

HYUNDAI WIA

# **SUSTAINABILITY**

## **REPORT 2022**

HYUNDAI WIA

# SUSTAINABILITY REPORT 2022



The HYUNDAI WIA Sustainability Report is available through the HYUNDAI WIA corporate website in PDF format.  
The PDF version is an interactive file containing links to move between pages and hyperlinks to relevant websites.

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# COMPANY OVERVIEW

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# About this Report

## Introduction

Since our first Sustainability Report in 2020, we are proud to publish our third Sustainability Report this year. We hope this annual publication helps us better disclose the company's ESG management goals and progress to our stakeholders, which are stepping stones to creating value from business. In preparing this Report, we conducted a structured materiality analysis to better reflect the input of our stakeholders on material issues. This Report prioritizes HYUNDAI WIA's effort and ensuing results from material issues and sustainable management perspective.

\* Our latest Sustainability Report was published in July 2021.

## Reporting Period

This Sustainability Report covers the company's sustainable management results for the period between January 1, 2021 to December 31, 2021. Quantitative data provided in the Report covers 3 years worth of data from 2019 to 2021. For material qualitative events outside of the reporting period, the Report includes events up to the first half of 2022.

## Reporting Boundaries

This Report covers HYUNDAI WIA's sustainable management efforts and results with respect to the company's places of business within Korea including the company's headquarters, production facilities, research facilities, and offices. For places of business outside of Korea, coverage is limited to information such as greenhouse gas emissions, overseas headcount, and sales by region.

## Reporting Standards

This Sustainability Report was written in compliance with the Core standards under the Global Reporting Initiative (GRI) Standards. Financial statements are presented on a consolidated basis, while financial reporting standards and definitions follow K-IFRS guidelines. Energy use data and greenhouse gas emissions data are presented following relevant emissions assurance reviews. Any material changes have been noted in their respective sections.

## Report Reliability

To enhance the reliability of this Sustainability Report, the company has engaged the Korean Foundation for Quality (KFQ) for third-party assurance. Additionally, the company has engaged DNV GL for third-party assurance on accuracy and reliability of greenhouse gas emissions and energy use data. Detailed assurance reports are available in the Report's Appendix.

## Sustainability Report Inquiries

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# CEO Message

HYUNDAI WIA puts the happiness of humankind as our prime value and commits to becoming a sustainable corporate



Dear respected stakeholders,  
Thank you very much for your unwavering support toward HYUNDAI WIA.

Despite a difficult business environmental in 2021, HYUNDAI WIA made considerable achievements and built a foundation for sustainable growth. HYUNDAI WIA grew more than 10% year-on-year, recording more than KRW 7 trillion in sales, and north of 40% growth in operating profit. Furthermore, the company marked a major advance as eco-friendly vehicle parts developer, having successfully acquired a contract for thermal management system modules, a key part in eco-friendly vehicles. Other achievements include successful developments of collaborative robots and parking robots in the robot and autonomous driving-based smart solutions business.

In particular, we made strides in ESG management. HYUNDAI WIA received an A rating for two consecutive years in the Korea Corporate Governance Service (KCGS) ESG Review, as well as the company's first Best rating in the Korea Commission for Corporate Partnership's Win-Win Growth Index, culminating in a Silver Tower Order of Industrial Service Merit recognition from the Korean government. These results are undoubtedly the product of the support of governments, shareholders, local communities, and other stakeholders that maintain an active interest in HYUNDAI WIA's growth.

HYUNDAI WIA has published Sustainability Reports to ensure transparency in our disclosures and seek sustainable growth strategies. This Report reflects our commitment to share with our stakeholders not just our present but also our future, as well as growth in partnership with our stakeholders at large.

The global economy continues to face stagflation following the coronavirus pandemic. Despite these challenges, HYUNDAI WIA will stay by the following principles to grow in partnership with our stakeholders:

First, the company will achieve solid competitiveness in the future mobility industry. HYUNDAI WIA has a mission to grow into an industry-leading future automotive parts developer with core strengths in 'Integrated Thermal Management Systems (ITMS)' and 'Electric Axles'. In the Integrated Thermal Management Systems category, the company will develop technology capable of covering HVAC components, delivering game-changing products to the industry. In the Electric Axles category, the company will speed up

development of electric axles with a goal to first apply electric axles to high-performance electric vehicles by 2025, and follow up by extending our target market to combustion vehicles, achieving leadership in the global automotive parts industry.

Second, the company will transform our traditional machinery-oriented portfolio to embrace future trends. To overcome the boundaries of the machine tools industry, HYUNDAI WIA has tapped into new business areas with robots and autonomous driving technology. In addition to the 'Smart Solutions Business Division' launched late last year, we have ongoing commercial developments for collaborative robots, unmanned parking robots, and mobile robots. HYUNDAI WIA aspires to not only contribute these technologies to the Hyundai Motor Group's smart factory business, but also to grow into a global manufacturer in our own right.

Third, we will step up ESG initiatives to embrace partnership in management. HYUNDAI WIA has bolstered ESG initiatives company-wide, creating a corporate culture conducive to growth in partnership with all of our stakeholders. In particular, we have paid special attention to the environment faced by small and medium-sized business, focusing our efforts on developing a culture of 'Corporate Partnership'. We will continue to work on community service initiatives including the 'Miracle of 1%' and 'HYUNDAI WIA Green School' projects to drive growth in partnership with our communities. Furthermore, we have finalized our membership in the RE100, and will continue to pursue projects to reduce emissions of carbon and pollutants. The RE100 is an initiative run by the Carbon Disclosure Project (CDP), a global environmental management organization.

This Sustainability Report marks HYUNDAI WIA's commitment to expanding communications with our stakeholders. Above all, we will strive to create a sustainable future in partnership with our stakeholders. We ask for your continued interest and support in HYUNDAI WIA's journey toward sustainable growth.

Thank you.

HYUNDAI WIA CEO  
Jae-Wook Jung

A stylized handwritten signature in black ink, likely belonging to Jae-Wook Jung, the CEO of Hyundai WIA.

# About the Company

## Company Overview

HYUNDAI WIA is a global automotive parts manufacturer and South Korea's first-rate developer of machine tools, which are machines that create machines. We supply the best quality, innovative parts to the world's top automotive OEMs.

Starting with the basic materials that make up automotive parts, we also manufacture engines, modules, and constant velocity joints (CVJ). We have developed thermal management systems (TMS) and electric axles for eco-friendly vehicles to actively respond to future automotive trends. Our micro precision machine tools, smart factory solutions, and collaborative robots continue to upgrade manufacturers' production capabilities and quality world-wide.

With a solid foundation in manufacturing, HYUNDAI WIA is ready to take the next step toward a better future with aggressive investments in research & development (R&D) and global sales network.

**Company Name** HYUNDAI WIA Corp.

**Address of Headquarters** 153, Jeongdong-ro, Seongsan-gu, Changwon-si, Gyeongsangnam-do, South Korea

**Chief Executive Officer (CEO)** Jae-Wook Jung

**Date of Incorporation** March 29, 1976

**Key Business Areas** Automotive parts, Machine tools, Defense Business

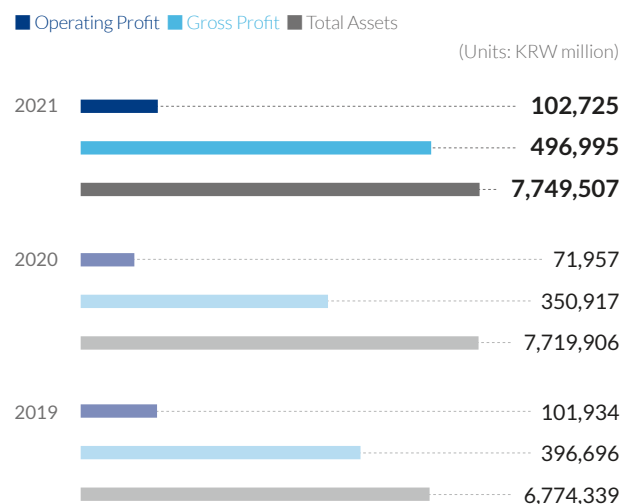
**Employees** 6,077 (including employees abroad)

**Credit Rating** AA-

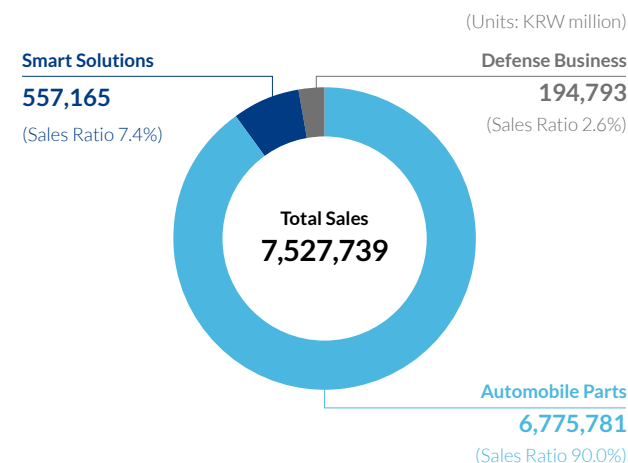
## Key Financial Performance (based on Consolidated Financial Statement)

(Units: KRW million)

Item	2019	2020	2021
Total Assets	6,774,339	7,719,906	7,749,507
Equity	3,091,809	3,525,860	3,695,264
Sales	7,314,626	6,592,242	7,527,739
Gross Profit	396,696	350,917	496,995
Operating Profit	101,934	71,957	102,725
Net Profit	55,207	53,672	56,071



## Sales by Business Area



\* Smart Solutions: Machine Tools + RnA (Robotics & Autonomous)

# Company History

## Foundation and Establishment of Business Principles

- **1976** Incorporation
- **1978** First production of machine tools
- **1979** First production of automotive transmission
- **1983** Development of Korea's first machining center
- **1989** Opening of U.S. entity

## Expansion and Development

- **1994** Localization of aircraft landing gear
- **1999** Acquired by Hyundai Motor Group

## Crisis Recovery and Development

- **2004** Opening of Jiangsu province entity (China)
- **2005** Acquisition of Hyundai Motor Company's machine tools division
- **2007** Opening of Shandong province engine entity (China)
- **2010** Awarded 「Technical Innovation Award」 at Korea Product Awards  
Opening of India entity
- **2011** Listed on Korea Exchange
- **2012** Selected 'Best Job Creator'  
Selected Best Company at Korea Corporate Partnership Conference
- **2013** Completion of Third Engine Plant at Shandong (China) entity  
Building of new CVJ plant in India

## Leap Forward

- **2014** Established automotive parts integrated production system (HYUNDAI WIA · Hyundai Metia · Hyundai Wisco Merger)  
Opened Technical Support Center (Changwon/Uiwang)
- **2015** Reached cumulative PTU production of 5,000,000 units  
Launch of turbocharger business and start of mass production  
Awarded the Korea Management Awards All-Round Grand Prize for 3 consecutive years  
Recognized with 4 Billion Dollar Export Tower award
- **2016** Completion of Mexico plant and start of mass production  
Completion of Seosan multi-purpose engine plant and start of mass production  
Reached cumulative constant velocity joint (CVJ) production of 100 million units
- **2017** Succeeded in Korea's first mass production of rear wheel-based 4WD system
- **2018** Implemented iRIS smart factory solution at First Changwon Plant and Seosan Plant  
Announced new corporate vision 'WIA, The Next Solution' and new business strategies  
Completed Europe 'Tech Cube' technical support center
- **2019** Developed world-first Integrated Drive Axle (IDA)  
Succeeded in Korea's first mass production of rear wheel-based electronic-Limited Slip Differential (e-LSD) device
- **2020** Started construction of Russia engine plant  
Signed mass volume constant velocity joint (CVJ) contracts with European and U.S. OEMs  
Developed integrated smart manufacturing logistics system using robot/autonomous driving technology
- **2021** Developed integrated thermal management system (ITMS)  
Launched 'E-Taxiing', a taxiing device for urban air mobility (UAM)  
Opened Digital Showroom for automobile parts & machine tools



# Management Principles

Achieving sustainable growth while maintaining economic and social responsibility as a global corporate citizen

## Slogan

## Experience The New Technology

Experience new technology with HYUNDAI WIA

The corporate slogan embodies HYUNDAI WIA's direction and confidence to achieve global leadership through excellence in automobile parts, machine tools, and defense technology, and illustrates the company's commitment to delivering satisfaction to our customers through technology.

### Management Philosophy

Realize the dream of mankind by creating a new future through creative 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 strive to enrich lives by delivering value, better products, and better services, to more people at faster speed.

## Vision

## WIA, THE NEXT SOLUTION

Becoming a solution for a better world

HYUNDAI WIA is preparing for a new tomorrow with cutting-edge machine technology. Turning imagination into reality, we aspire to bring new mobility technology to life and innovate manufacturing with smart networks that connect the entire world.



### Next Mobility

Realize Future-oriented Mobility

Produce eco-friendly vehicle parts

- Develop future-oriented AWD
- Eco-friendly vehicle ITMS Solution Provider



### Next Technology

Lead Advanced Future Technology

Develop smart machinery technology

- Implement smart factory systems
- Secure collaborative robot technology
- Automate ICT and other systems



### Next Possibility

Corporate Partnership and Innovation

Establish culture of partnership in growth

- Act on social responsibilities
- Establish forward-thinking labor relations
- Institute a creative corporate culture

## Core Values

The Hyundai Motor Group's drive is in the realization of our core values, centered on a challenging spirit and enthusiasm for our work.



### Customer First

Customer satisfaction is first priority in our decision-making



### Challenge

A new tomorrow begins with a brave endeavor today



### Communication and Collaboration

Collaborating with an open mindset to achieve greater goals



### Respect for People

We believe in growth through mutual respect



### Globality

Diversity is the basis of global market leadership

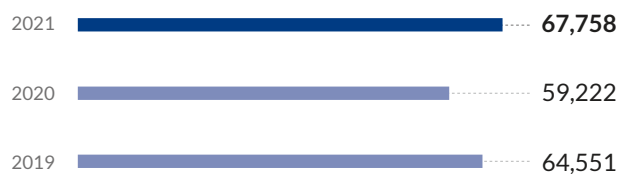
# Business Brochure

## AUTOMOBILE PARTS

HYUNDAI WIA is an expert manufacturer of power-trains and related parts, employing world-class technology and micro precision manufacturing practices to produce top quality automobile components. We supply the world with core automobile parts, pioneer development of new technology and eco-friendly parts, and lay the vision for future automobile culture.

### Business Performance (Sales)

(Units: KRW hundred million)



Eco-friendly	Thermal management modules / Electric axles
Engines	Gasoline / Diesel / Turbocharger
Modules	Chassis modules / Platform modules
AWD	Axles / PTU / ATC / e-LSD / Couplings
Constant Velocity	CVJ (Constant Velocity Joints) / IDA (Integrated Drive Axle)
Materials	Forged / Casted parts



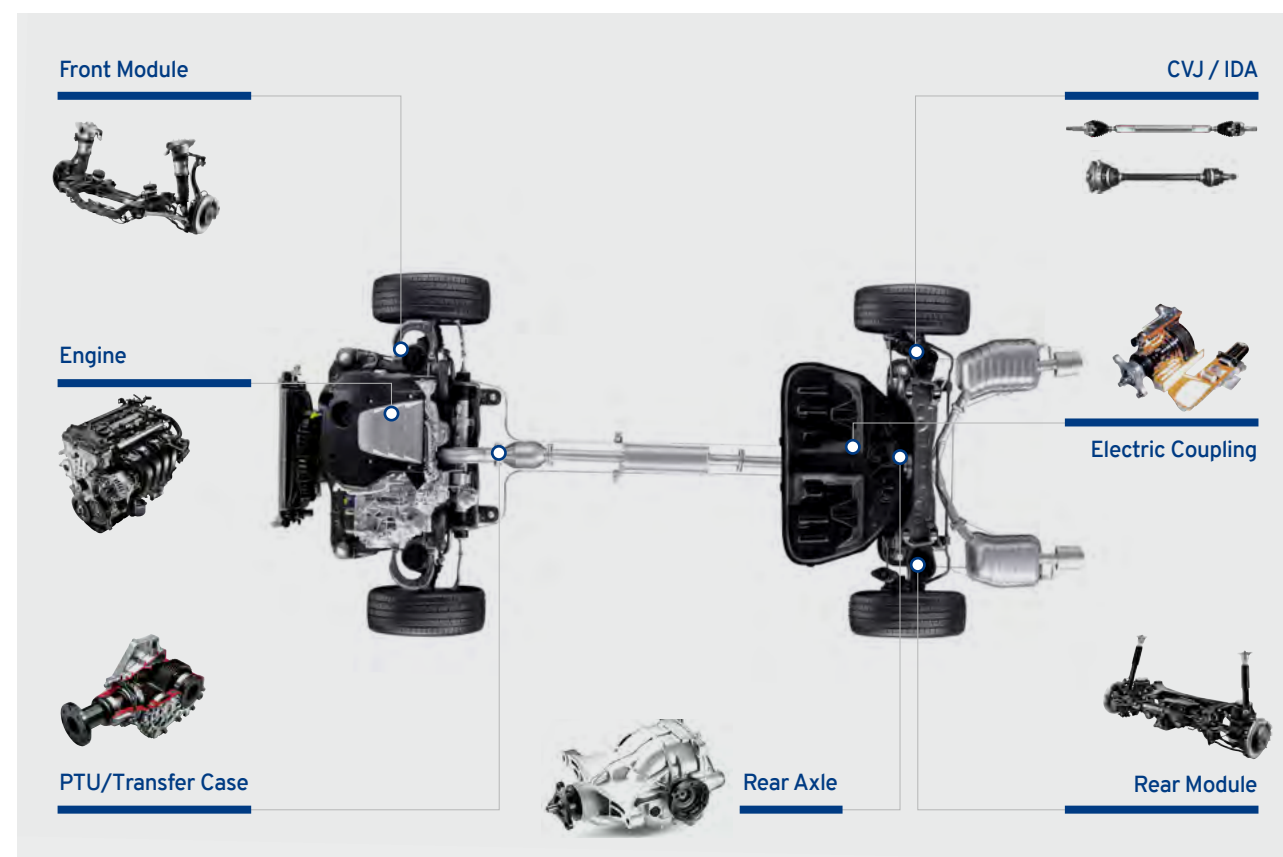


## Core Parts for Internal Combustion Engine Vehicle

HYUNDAI WIA became a driving force for high-quality automobile production with its advanced technology. The company is Korea's sole manufacturer of automobile engines, and has been recognized globally for producing top quality automobile modules, AWD systems, constant velocity joints, and integrated drive axles (IDA). Going forward, HYUNDAI WIA is committed to carry on our reputation for high quality, high efficiency automobile components with steady research and investment to implement innovative technologies and manufacturing practices.

## Eco-friendly Vehicle Parts

HYUNDAI WIA leads the eco-friendly vehicle parts market with innovative technological developments in line with the global movement toward eco-friendly vehicles. We leverage our experience manufacturing automobile parts for traditional combustion engine vehicles to develop parts for eco-friendly vehicles. In line with our corporate vision announced in 2018 and to respond to future sustainable mobility trends, we will strive to expand our eco-friendly automobile parts portfolio.



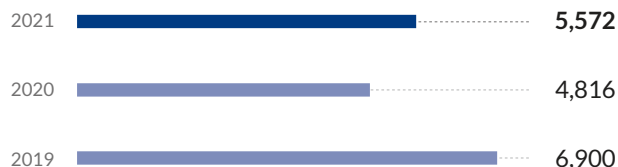


# Business Brochure

## SMART SOLUTION

As the Hyundai Motor Group's sole developer of processing machinery, HYUNDAI WIA strives to maintain industry competitiveness. In addition to launching new models on a regular basis, we provide integrated solutions for smart manufacturing · logistics and automated parts manufacturing line based on management · control · robot · autonomous driving technology.

### Business Performance (Sales) (Units: KRW hundred million)



Key Products	
Machine Tools	Lathe / Machining Center
Factory Automation System	Processing Automation / Assembly Automation / Robot & Jig System
Smart Factory	Smart Manufacturing, Logistics Solutions / Smart Software



Lathe



Machining Center

### Machine Tools Business

HYUNDAI WIA's machine tools business was launched in 2005 by merging Hyundai Motor Company's machine tools division. Since its launch, we have grown both in size and quality, securing better quality, production capacity, and brand power to break into the global market.

Meanwhile, we have embraced the smart manufacturing era, and made innovations to work in tandem with changing customer needs and manufacturing environment. For example, we have developed a Smart Manufacturing System that is capable of remote integrated device control across machines.



Smart Factory

### Robotics & Autonomous Business

HYUNDAI WIA's RnA(Robots & Autonomous) business consists of 4 sub-businesses – Smart Factory, Electrified Production Facility, Powertrain Machining, and Body Assembly & Robot Systems. The Smart Factory business markets flexible manufacturing cells (FMC) and intelligent logistics devices that are suitable for small quantity batch production. The Electrification business offers total solutions to manufacture EV motors and fuel cells. The Powertrain Machining business leverages our world-class knowledge of automobile production facility machining to offer high-performance machines and innovative automobile production lines. Finally, our Body Assembly & Robot Systems business offers total solutions concerning automated body assembly, including construction, jig production, body assembly, and robot welding.



Powertrain Line Center

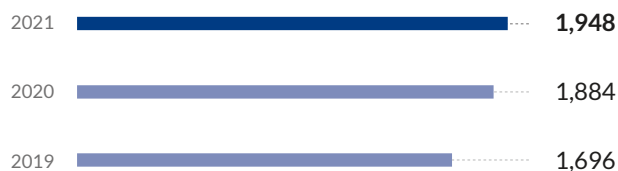
# Business Brochure

## DEFENSE BUSINESS

HYUNDAI WIA is Korea's sole dedicated manufacturer of military artillery, and has been recognized for excellence in quality and reliability. Our defense business consists of Ground, Naval, Aviation, and Future Weapons products.

### Business Performance (Sales)

(Units: KRW hundred million)



#### Key Products

Ground Weapons	Howitzer / Tank Gun / Mortar
Naval Weapons	5 inch / 76mm Naval Gun
Aviation Products	T50 / KUH Landing Gear
Future Weapons	RCWS

### Ground · Naval · Air Defense Business

HYUNDAI WIA is an established leader in the defense industry, with proven advanced technical capability in the development and production of ground · naval · air defense equipment. We serve humanity and homeland by combining in-house design and development function and quality management function to manufacture top quality defense equipment. We will continue to improve and develop the performance and quality of our defense portfolio to contribute to a better defense industry.

### Future Weapons Business

HYUNDAI WIA continues to invest in product R&D for solutions optimized for the fourth industrial revolution and changing battlefield environment. We strive to leverage R&D experience from traditional defense equipment combined with new technology to secure core technical assets in unmanned automated weapons systems with an objective to uncover innovative and high value-add business areas. Additionally, we have an ongoing expansion into the urban air mobility (UAM) business based on our technical expertise in defense and automotive.



Howitzer



Mortar



Naval Gun



Landing Gear



# Global Network

HYUNDAI WIA has built a competitive Global Network through business entities spread out over 15 sites in 7 countries including the U.S., China, Mexico, India, and Russia.



## Global Network

### Production

HYUNDAI WIA China  
(Beijing / Shandong / Jiangsu)  
HYUNDAI WIA Alabama  
HYUNDAI WIA Mexico  
HYUNDAI WIA India  
HYUNDAI WIA Russia

### Sales

China Branch Office  
- Beijing Office  
- Shanghai Office  
- Chengdu Office  
- Qingdao Office

HYUNDAI WIA Machine Tools America  
(New Jersey)  
America Branch Office (Detroit)  
HYUNDAI WIA Machine Tools Europe  
(Frankfurt, Germany)  
India Branch Office

## Domestic Network

### Headquarters

Changwon

### Research & Development

Changwon R&D Center  
Uiwang R&D Center

### Production

Changwon Plant  
Ansan Plant  
Pyeongtaek Plant  
Gwangju Plant  
Seosan Plant  
Ulsan Plant

### Sales

Changwon Technical Support Center



# ESG JOURNEY

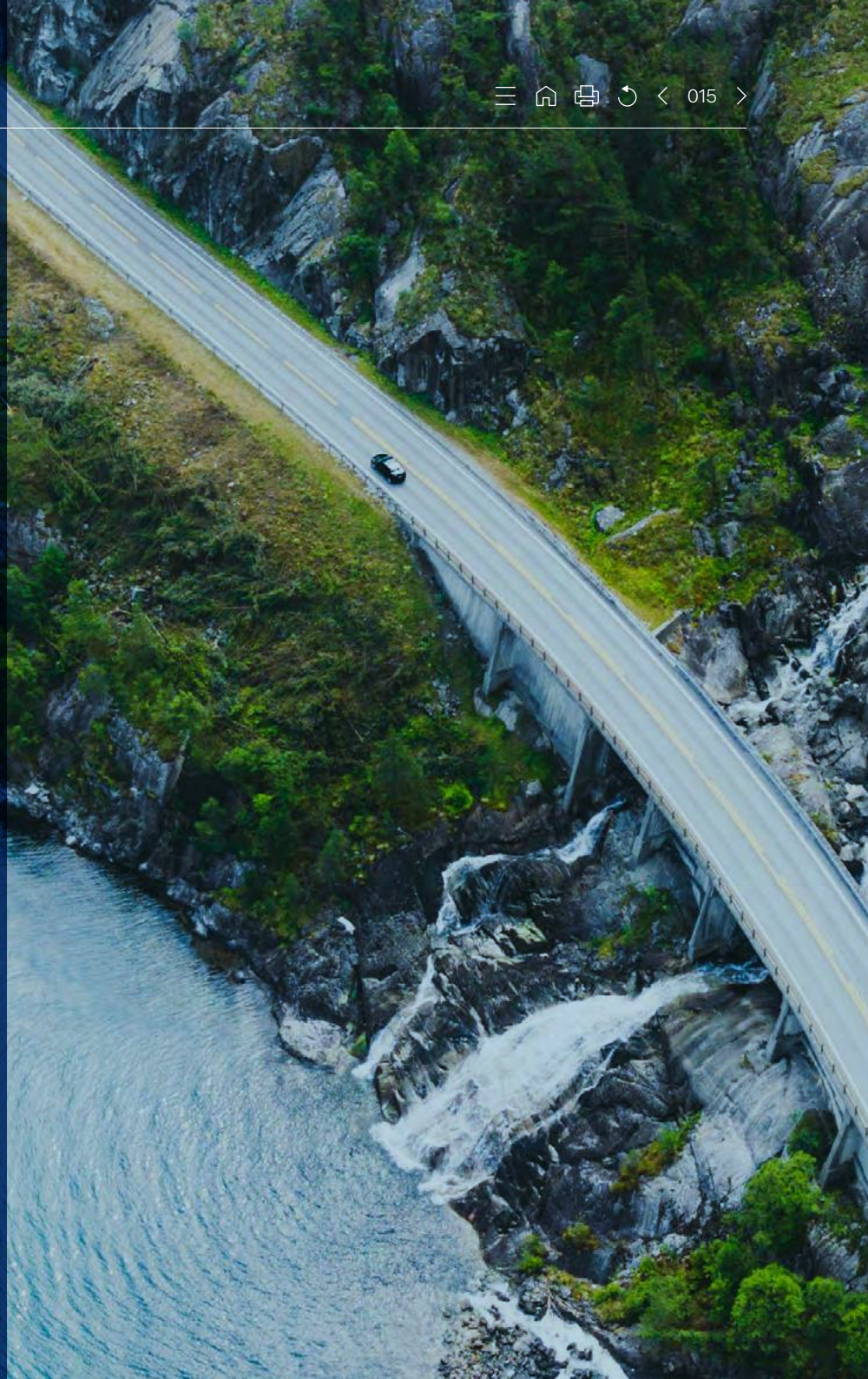
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ESG Management Strategy

016

Materiality Assessment

018





# ESG Management Strategy

## ESG Management Strategy

### Environmental



#### Climate Change

- Set and manage goals on carbon neutrality
- Participate in and pursue RE100 initiatives
- Establish climate change risk management framework

### Social



#### Supply Chain

- Partner risk management
- Develop supply chain ESG strategies



#### Employees

- Enhance diversity in employee pool
- Bolster management framework for Safety and Health

### Governance



#### Risk

- ESG Risk Management Framework



#### Board of Directors

- Achieve diversity and expertise in Board of Directors

## Philosophy

### 3 Key Pillars



#### Eco-friendly Management

Protect the environment for all humanity and generation to come



#### Social Capital Improvement

Generate social value for a happier world



#### Responsible Business

Establish good governance to act on responsibility management

### 9 Execution Strategies

#### 1) Achieve carbon neutrality

- Develop Net-zero Roadmap
- Heighten carbon emissions management
- Achieve carbon neutrality goals

#### 4) Strengthen employee rights and safety management

- Enhance diversity in employee pool
- Improve human rights risk management
- Bolster Safety/Health management framework

#### 7) Create a transparent management culture

- Achieve diversity and expertise in Board of Directors
- Set evaluation and compensation standards for Board of Directors

#### 2) Boost resource circulation

- Detail plans to reduce environmental impact
- Gradually reduce pollutant emissions
- Build eco-friendly supply chain

#### 5) Community service

- Expand Open Innovation
- Pursue value-generating Community Service

#### 8) Protect/Increase shareholder value

- Devise shareholder value protection policies

#### 3) Establish environmental management framework

- Set up environmental management process
- Assess business impact of climate change risks

#### 6) Improve supply chain ESG metrics

- Carry out supply chain ESG review

#### 9) Upgrade ESG risk management

- Revamp company-wide ESG risk management framework
- Materiality assessments and long-term goal-setting

### Key Tasks (49)

## Major Performance of Sustainable Management in 2021

### Environmental



**A-**

CDP Score

**1,691** tCO<sub>2</sub>eq

GHG Emissions Reduced

**RE100**

Global RE100 Membership Declaration

### Social



'Best' Rating in  
Win-Win Growth Index

Silver Tower Order of  
Industrial Service Merit  
Award

Created a Response  
Manual for Serious  
Accidents

**130**

Cumulative number of  
donated dreams cars

Conducted in-depth Safety  
Inspections at Korea Business  
Centers

### Governance



Set BOD Review  
Standards

Improved BOD Diversity  
(Added Female Board Member)

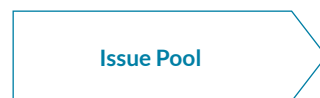


# Materiality Assessment

## Materiality Assessment Process

HYUNDAI WIA has conducted a comprehensive analysis of the company's internal data, media resources, global indices including the MSCI ESG Rating, and industry peer benchmarks to prioritize and assess issues pertaining to sustainable management. Following the analysis, we put together an Issue Pool of 25 issues, which was further consolidated to form a company issue pool based on stakeholder inclusivity, relevance to sustainability context, materiality, and completeness. Business Impact(Relevance) and Stakeholder Importance(Impact) were selected as the Materiality Assessment indices for each issue in the Issue Pool. We report a total of 8 material issues shortlisted from the initial Issue Pool.

### Step 1.



We put together a potential Issue Pool of 25 issues related to economic, environmental, and social impact on management as well as stakeholder interest by analyzing global indices, industry peer benchmarks, media resources, and internal company data.

### Step 2.



To prioritize the issues in the Issue Pool, we conducted a survey of company stakeholders including our own employees as well as our business partners. The survey provided insight into the company's level of sustainable management and stakeholder interest in these issues.

### Step 3.



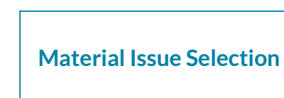
#### Business Impact

- Analyze internal data
- Industry peer benchmarking
- Global disclosure indices (GRI, SASB, TCFD, etc.)
- Domestic and foreign evaluation institution indices (MSCI, KCGS, etc.)
- Press research (300+ news articles)

#### Stakeholder Importance

- Leverage survey data

### Step 4.



Referring to the economic, environmental, and social issue indices set forth in the GRI Standards, we first put together a list of 'High' importance rating issues based on stakeholder interest. The Key Issues were prioritized with significance, scope, impact, reporting period, and limitations in mind. We considered scope of organizational impact, survey results, and value chain in defining the issue boundaries.



## Materiality Assessment Results

### Material Issues

	New issues for the current period
Workplace safety and health	○
Business growth drivers/Portfolio diversification	
Climate change response	○
Ethics and compliance	○
Technical competence through R&D	
Financial and non-financial risk management	○
Eco-friendly product development and recycling	
Corporate partnership in growth	

### Potential Issues

Greenhouse gas emissions management  
Wastewater and waste management  
Product safety and quality  
Saving energy and improving energy efficiency  
Guaranteeing work-life balance for employees and field staff  
Supporting employee work efficiency  
Corporate governance  
Talent acquisition and retention  
Improving customer satisfaction  
Information security management  
Strengthening labor relations and internal communications  
Respect for human rights  
Selection and review of sustainable supply chain  
Community participation and service  
Water resources management  
Employee diversity and equality  
Training to build capability

### 2022 WIA Sustainable Management Materiality Assessment Matrix



### Material Issues

Material Issue	Section	GRI Index	Page
Workplace Safety and Health	Safety & Health Management	Occupational Health & Safety	38~40
Business Growth Drivers/Portfolio Diversification	Generating Future Value	Economic Performance	32~37
Climate Change Response	Climate Change Response	Emissions	21~27
Ethics and Compliance	Risk Management	General Disclosures	60~62
Technical Competence through R&D	Generating Future Value	Economic Performance	32~37
Financial and Non-financial Risk Management	Risk Management	General Disclosures	63
Eco-friendly Product Development and Recycling	Generating Future Value	Economic Performance	32~37
Corporate Partnership	Corporate Partnership	Supplier Social Assessment	41~44



# Environmental

## Management Approach

Countries across the world including the United States have made climate change response a key agenda, requiring businesses to comply with high environmental standards. Investors and clients likewise require businesses to propose detailed business plans in line with carbon neutrality goals. Climate change response strategies have the potential to have a major impact on the global competitiveness of a business.

HYUNDAI WIA has developed an environmental management framework as well as a dedicated environmental safety organization, following up with a list of 5 key innovative tasks to reduce greenhouse gas emissions and save energy. Furthermore, HYUNDAI WIA has responded proactively to environmental issues with corporate standards that surpass those required by law, displaying the company's commitment to climate change response and minimizing environmental impact. Most recently, we have participated in the global CDP initiative, joined the RE100 initiative, and taken measures to reduce greenhouse gas emissions. We will continue to stay at the forefront of responding to climate issues worldwide.

### Key Performance

A-

CDP Score (2021)

RE100

Global RE100 Membership Declaration

1,691<sup>tCO<sub>2</sub>eq</sup>

GHG Emission Reduced





# Climate Change Response

## Minimizing Environmental Impact and Maintaining a Sustainable Ecosystem



Minimizing Environmental Impact



Contributing to Ecosystem Recovery



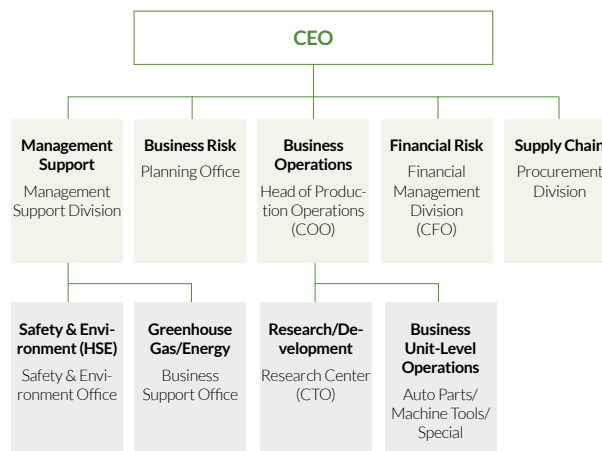
Green Factory

## Climate Change Response Strategy

### Environmental Management Framework

HYUNDAI WIA strives to care for the environment at each of our business centers and to minimize environmental pollution in the local community, having developed a clean management system to minimize pollutant emissions and maintain a zero-emissions workplace. HYUNDAI WIA has applied internal standards to all aspects of environmental management including wastewater, dust, and air pollution that are far stronger than those required by law, establishing ourselves as the 'World's Cleanest Factory'.

### Health · Safety · Environment (HSE) Management Organization and Framework



### 5 Key Tasks for Environmental Management

HYUNDAI WIA has shortlisted 5 key innovative tasks toward 'Minimizing Environmental Impact and Managing a Sustainable Ecosystem', on the basis of workplace and global environmental issues. We have circulated the shortlist both internally and externally to raise awareness of conserving the environment.

### 5 Key Tasks for Environmental Management

#### Greenhouse Gas and Energy Management

In addition to proactively setting up a greenhouse gas inventory to manage greenhouse gas and energy goals, we have implemented a Measurement, Reporting and Verification (MRV) system to manage greenhouse gases as well as in preparation for commercial adoption of emissions trading.

#### Conservation of Environment

To protect the environment as well as the health of our community and employees, we not only check the air quality around our business centers on a regular basis, but also have installed air pollution prevention facilities at each stage of the production process that meet internal standards far higher than those required by law.

#### Wastewater Treatment and Recycling

All wastewater discharged from each facility is collected in storage tanks broken down by state of matter and sent to dedicated wastewater treatment companies. Our wastewater treatment companies treat the material from HYUNDAI WIA in compliance with legal requirements.

#### Resource Circulation Activities

We actively minimize waste generation from our production processes using a manufacturing execution system, and have displayed leadership in resource circulation by sorting business waste into 26 categories including scrap metal, flammable waste, and inflammable waste.

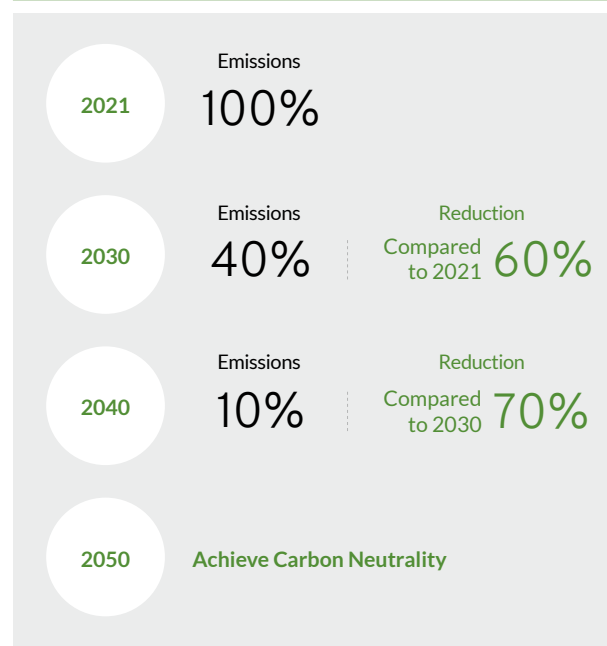
#### Harmful Materials Management

In addition to proactively setting up a greenhouse gas inventory to manage greenhouse gas and energy goals, we have implemented a Measurement, Reporting and Verification (MRV) system to manage greenhouse gases as well as in preparation for commercial adoption of emissions trading.

## Mid-to-long Term Greenhouse Gas Reduction Plans

HYUNDAI WIA has set greenhouse gas emission reduction plans in line with the Paris Climate Agreement, and will manage greenhouse gases throughout our business sites toward carbon neutrality goals.

### Mid-to-long Term Greenhouse Gas Reduction Plans (Domestic)



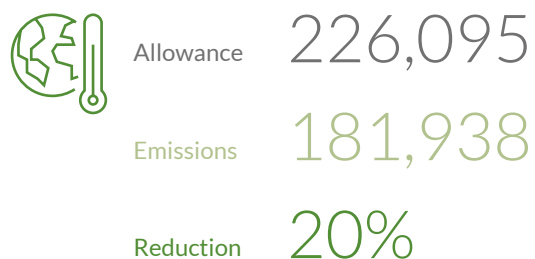
※ Based on company plans set at signup for RE100

## Current Year Targets and Results for Greenhouse Gas Emissions and Energy Usage

In 2021, HYUNDAI WIA targeted a 10% reduction in greenhouse gas emissions and energy usage relative to allowance. In the current year, we reduced total greenhouse gas emissions at our Domestic business sites to 181,938tCO<sub>2</sub>eq, reducing emissions by 20% relative to the 2021 allowance. Meanwhile, we reduced total energy usage at our Korea business sites to 3,665TJ, achieving a reduction of 22% in comparison to the allowance for 2021.

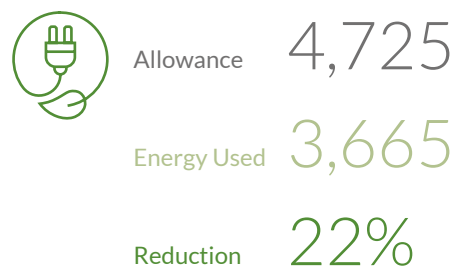
### 2021 Greenhouse Gas Emissions (Domestic)

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



### 2021 Energy Usage (Domestic)

(Unit: TJ)



## Climate Change Response Results

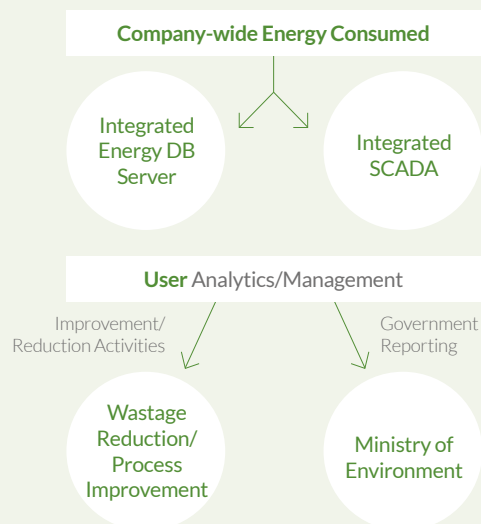
### Greenhouse Gas and Energy Management

HYUNDAI WIA is subject to greenhouse gas allowance allocations and yearly government reports on greenhouse gas emissions pursuant to the Articles 8 and 9 of the Korean Act on the Allocation and Trading of Greenhouse Gas Emission Permits and Articles 6 and 7 of the Enforcement Degree of the same Act. As such, we have implemented an MRV\* system to monitor greenhouse gas emissions and energy usage throughout our business sites, and continue to upgrade the system on a regular basis. WEMS(WIA Energy Management System) is the MRV system in use at HYUNDAI WIA.

\* MRV: Monitoring, Reporting, Verification

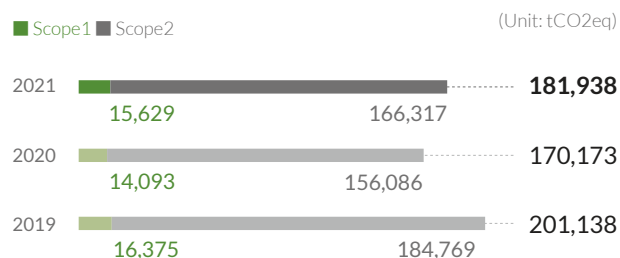
#### WEMS(WIA Energy Management System)

Company-wide energy monitoring and energy usage analytics system to save energy expenses and respond to government policy(greenhouse gas emissions trading)



Total greenhouse gas emissions throughout our Korea business sites(production line, sales office, and R&D centers) in 2021 summed to 181 thousand tons, of which Direct Emissions(Scope1) due to fuel usage was 15 thousand tons and Indirect Emissions(Scope2) due to power usage was 166 thousand tons. In the current year, greenhouse gas emissions at Korea business sites increased by 11 thousand tons versus the previous year. The increase was due to a 19% increase of product production in 2021, following recovery from COVID-19 pandemic lows.

#### Total Domestic Greenhouse Gas Emissions



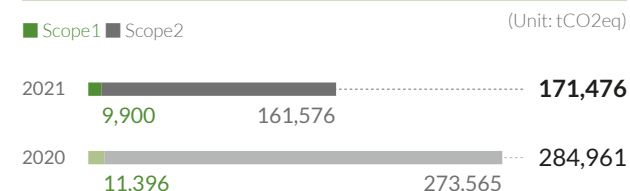
May not match with sum of Scope 1 and Scope 2 due to rounding by business site.

#### Total Domestic Energy Usage

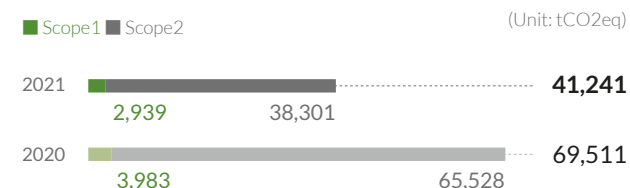
Item	Units	2019	2020	2021
Total Energy Consumption		3,987	3,387	3,665
Electric Power (Indirect Energy)	TJ	3,804	3,214	3,475
Fuel (Direct Energy)		191	182	197
Other (steam, etc.)		0	0	0
Energy Consumption by Sales	TJ/Ten billion KRW	9.45	8.66	7.79

HYUNDAI WIA has conducted third party assurance on greenhouse gas emissions at our overseas business sites since 2020. The 5 business sites subject to third party assurance are the Jiangsu entity, Shandong entity, Beijing entity, Mexico entity and India entity, all of which are overseas production centers. Total greenhouse gas emissions at overseas business sites in 2021 summed to 171 thousand tons, of which Direct Emissions(Scope 1) due to fuel usage was 9 thousand tons and Indirect Emissions(Scope 2) due to power usage was 162 thousand tons.

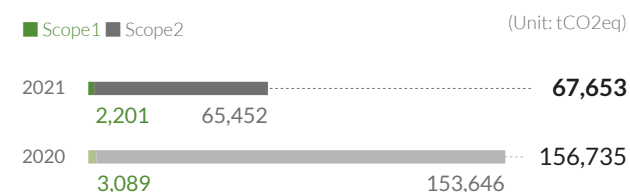
#### Total Oversea Greenhouse Gas Emissions



#### Jiangsu HYUNDAI WIA Co., Ltd.



#### Shandong HYUNDAI WIA Automotive Engine Co., Ltd.

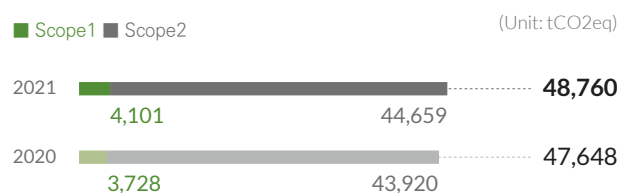




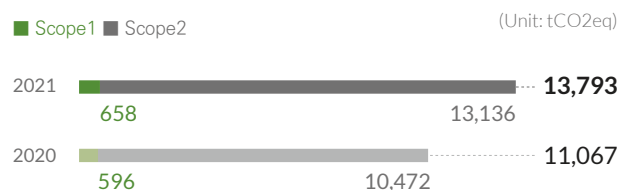
### Beijing HYUNDAI WIA Turbocharger Co., Ltd



### HYUNDAI WIA Mexico



### HYUNDAI WIA India



### Greenhouse Gas Reduction Activities

To reduce greenhouse gas emissions and save energy, HYUNDAI WIA regularly checks the energy efficiency of its energy-intensive facilities, actively following up with replacements and improvements. We also participate in the Power Demand Response Market to contribute to energy rationalization.

Investment	Locations
Low-efficiency Coolant Pump Improvement	Changwon
Participation in Power Demand Response Market	Changwon, Ulsan, Seosan, Pyeongtaek, Ansan, Gwangju
Water Usage Reduction (Installation of high-efficiency water saving device)	Ansan, Pyeongtaek
Energy Expense Savings via Mechanical Room Ventilation Improvement	Changwon, Pyeongtaek, Seosan



Improved Greenhouse Gas Reduction Activity

KRW **556** million saved per year

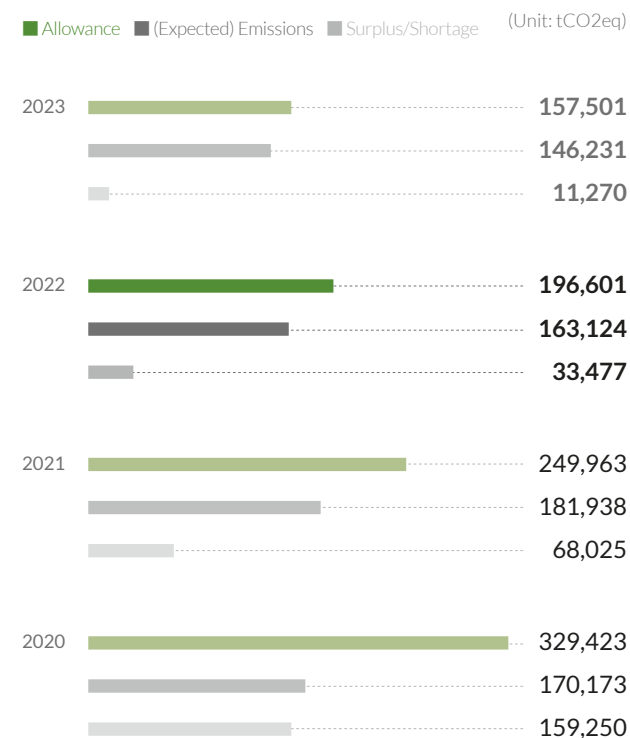


Low-efficiency Coolant Pump Improvement

### Progress on Greenhouse Gas Emissions Trading Scheme





Since the greenhouse gas emissions trading scheme was introduced in 2015, the government sets greenhouse emissions allowances and makes allocations to businesses each year. HYUNDAI WIA compares our actual greenhouse gas emissions against government allowances to assess shortages and surpluses of emission credits. Our allocations exceed actual emissions until 2023; as such, we expect to be able to either carry over or sell surplus credits on hand.

### Carbon Credit Supply and Demand Forecast



## Key Climate Change Risks, Opportunities, and Financial Impact

HYUNDAI WIA keeps a close eye on climate change-related risks and opportunities related to respond to climate change at the corporate level. Climate change issues discovered at each business center or organization are escalated to the HQ Planning Office, where we follow up with risks and opportunities analysis as well as the financial impact of each factor, to finally arrive at a corporate-level response strategy.

Type	Issue	Risk/Opportunity	Company Response	Financial Impact
 <b>Regulatory and Legal</b>	<ul style="list-style-type: none"> <li>• Framework Act on Carbon Neutrality (Korea)</li> <li>• Corporate Sustainability Due Diligence Directive (EU)</li> <li>• Carbon Credit Emissions Trading System</li> </ul>	<ul style="list-style-type: none"> <li>• Increased expenses due to GHG regulations (Purchasing credits, Securing eco-friendly energy)</li> <li>• Reduced export competitiveness in case of CBAM taxes</li> <li>• Gaining competitiveness via proactive response to climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Set mid-to-long term carbon neutrality strategy</li> <li>• Transition to renewable energy at business sites</li> <li>• Participate in Korean clean car(K-EV100) campaign</li> </ul>	Increased Expenses
 <b>Tech/Market</b>	<ul style="list-style-type: none"> <li>• Reduced ICE vehicle sales</li> <li>• Increased eco-friendly(EV/FCEV) car sales</li> <li>• Increased demand for eco-friendly vehicle parts</li> </ul>	<ul style="list-style-type: none"> <li>• Gradual reduction of engine sales due to reduced ICE vehicle sales (Engine sales KRW 3 tn/year : 40% of total sales)</li> <li>• Entry to eco-friendly auto parts market (ITMS, electric axles, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Portfolio adjustments to account for eco-friendly vehicles</li> <li>• R&amp;D for eco-friendly vehicle parts</li> <li>• Strategic reduction of auto parts sales and portfolio diversification (smart factory/robots, UAM landing gear, etc.)</li> </ul>	Decreased Sales
 <b>Reputation</b>	<ul style="list-style-type: none"> <li>• Stronger investor and stakeholder demand for climate change response</li> </ul>	<ul style="list-style-type: none"> <li>• Global client demand for carbon reduction activity data</li> <li>• Stock price drops, funding challenges following environmental issues</li> <li>• Increasing pressure for third party review on carbon reduction</li> </ul>	<ul style="list-style-type: none"> <li>• PR activity on climate change response work</li> <li>• Carbon reduction work with vendors</li> <li>• Global initiative participation (CDP, RE100)</li> </ul>	Decreased Sales Increased Cost
 <b>Physical Changes</b>	<p><b>Short Term</b></p> <ul style="list-style-type: none"> <li>• Increased natural disasters (typhoons, floods, and other abnormal phenomena)</li> </ul> <p><b>Long Term</b></p> <ul style="list-style-type: none"> <li>• Temperature and sea level increases</li> <li>• Change in precipitation levels</li> </ul>	<ul style="list-style-type: none"> <li>• Temporary facility shutdown on losses (ie. Flooding due to heavy rain at Changwon 1 Plant)</li> <li>• Production challenges due to raw material shortages</li> <li>• Delivery challenges due to logistics issues</li> </ul>	<ul style="list-style-type: none"> <li>• Devise natural disaster response manual</li> <li>• Diversify vendor network</li> <li>• Purchase insurance for disasters</li> </ul>	Asset Losses Reduced Sales

## CDP Score and Award

HYUNDAI WIA published reports in 2020 and 2021 to participate in the Carbon Disclosure Project (CDP), and continues to join global initiatives to respond proactively to climate change. Following our work, we were recognized with an A- score in Leadership as well as the year's first Carbon Management Honors Club membership and Carbon Management Sector Honors at the 2021 CDP Korea Awards, an event organized by the CDP's Korean committee. HYUNDAI WIA was recognized with a Special Award at the 2020 event; our achievement this year signifies the company's excellence in climate change response 2 years in a row. In 2022, we plan to participate in a city gas demand reduction project to reduce gas consumption to actively work toward carbon neutrality.

## CDP Score



A-

2020

A-

2021



1 Carbon Management Special Award

2 Carbon Management Honors Club, Carbon Management Sector Honors

## Climate Change Response and Greenhouse Gas Reduction Contribution Award

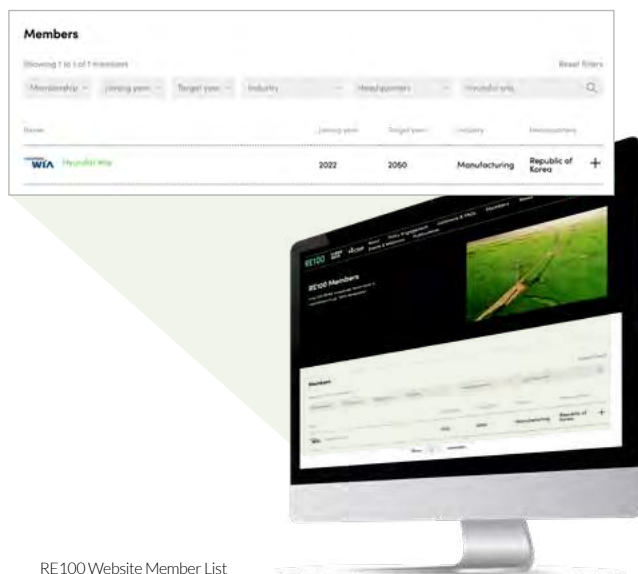
HYUNDAI WIA was recognized by the Minister for Trade, Industry and Energy for leadership in reducing greenhouse gas. We successfully reduced greenhouse gas emissions by a total of 2.712tCO<sub>2</sub>e from 2018 to 2021 by making key hardware investments in high-efficiency LEDs and air compressors. In addition, we have been a voluntary member of the Power Demand Response Market since 2018, earning recognition for excellence in reducing carbon emissions.



'Climate Change Response and Greenhouse Gas Reduction' MOTIE Award

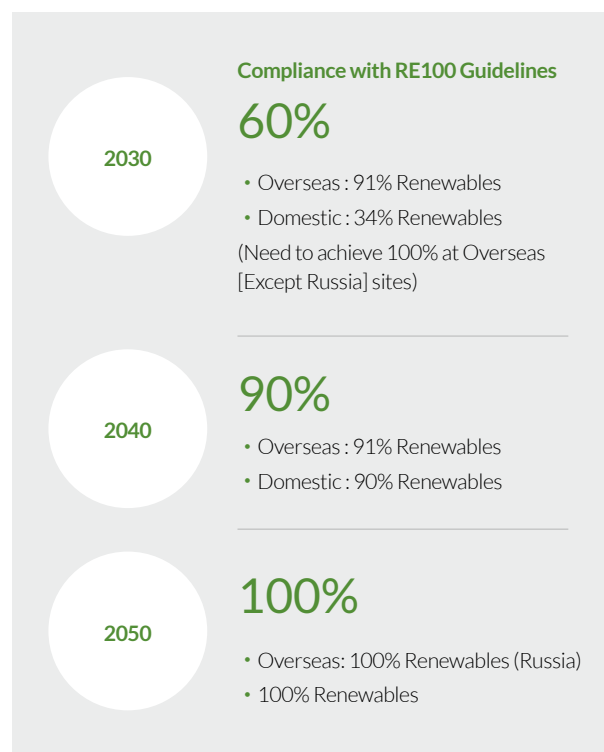
## Global RE100 Membership Declaration

RE100 is the abbreviation of 'Renewable Electricity 100%', and is a joint campaign launched in 2014 by The Climate Group, a global non-profit, and the Carbon Disclosure Project (CDP), a global environmental management certification institution, to promote transition of business power consumption to 100% renewable electricity by 2050. This campaign is not a compulsory legal measure initiated by governments or international organizations; rather, it is a completely voluntary initiative undertaken by businesses worldwide. To date, approximately 370 businesses have declared support for the RE100. To this regard, 'ESG Management Progress' is a regular issue at HYUNDAI WIA quarterly Board meetings; our RE100 membership was decided at the Board of Directors meeting in July 2021. We submitted our membership application to the Korea RE100 Committee and have since gained final approval following committee review. HYUNDAI WIA has set mid-to-long term goals to achieve RE100, and will manage energy at each of our business sites both locally and overseas to attain carbon neutrality.



RE100 Website Member List

## The RE100 Implementation Plan



## Carbon Footprint

To measure the environmental impact of our production activities and better respond to carbon regulations, HYUNDAI WIA has strived to attain 'Carbon Footprint' certification by 2022 starting with constant velocity joints (CVJ).

\* Constant Velocity Joints (CVJ): Automobile parts that deliver engine power from the transmission to the wheel at constant velocity



# Minimizing Environmental Impact

## Environmental Management System Certification

HYUNDAI WIA maintains an active environmental management certification (ISO 14001) certification at our business sites. In 2021, we maintained ISO 14001 certification at 7 sites in Korea and 4 sites at overseas locations.

### ISO 14001 Certification



Domestic **7**

(Changwon, Ansan, Pyeongtaek, Gwangju, Seosan, Ulsan, Uiwang)



Overseas **4**

(Shandong in China, Jiangsu in China, Mexico, India)

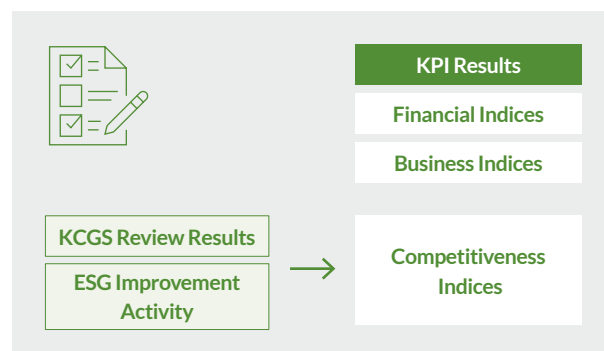


HYUNDAI WIA ISO 14001 Certificate

## Connecting Environment to KPI

We receive yearly ESG reviews from the Korea Corporate Governance Service (KCGS), and factor in ESG scores and ESG improvement activities in our KPIs. HYUNDAI WIA's KPIs consist of Financial, Business, and Competitiveness indices; ESG ratings are covered by the Competitiveness category.

### KPI Connections

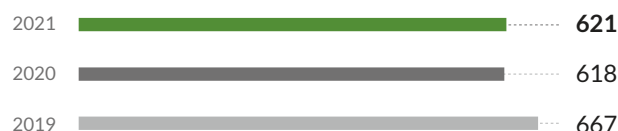


## Water Resources Management

HYUNDAI WIA has made a persistent effort to reduce water consumption at each of our business sites, protecting water resources and minimizing environmental impact. For example, we have installed water-saving devices at our facilities to reduce water consumption, and monitor water contamination regularly according to internal standards.

### Water Consumption

(Units: thousand tons)

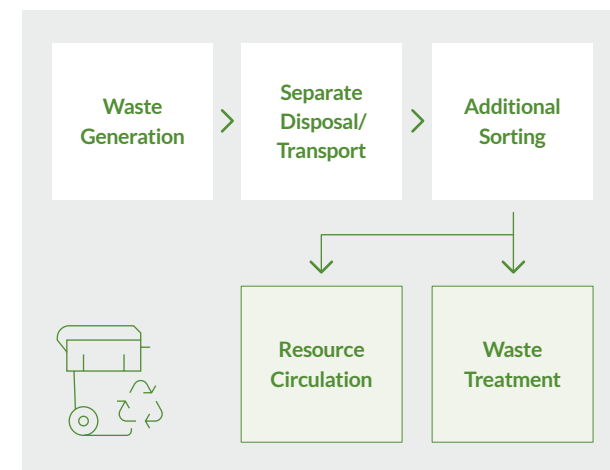


HYUNDAI WIA manages general wastewater strictly separate from blackwater, disposing general wastewater through sewage treatment plants as appropriate. We send all industrial blackwater to dedicated treatment companies to minimize impact to water resources.

## Waste Management

HYUNDAI WIA monitors the entire waste management process from waste disposal to transport and treatment, seeking to minimize waste generation and encourage recycling. Waste that can be recycled is kept separately for treatment, contributing to recycling of waste and resource circulation.

### Waste Treatment Process

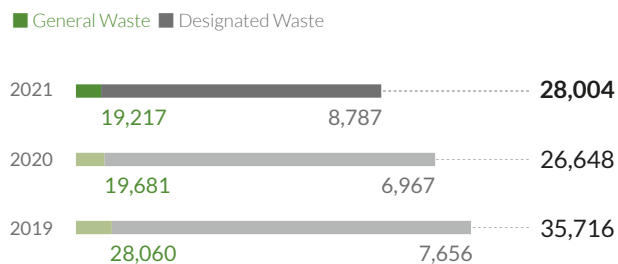


HYUNDAI WIA's waste treatment process reduces waste generation each year; we recycle over 90% of all waste generated each year. Endless effort will be carried on by HYUNDAI WIA to reduce resource wastage.



## Waste

(Units: tons)



## Recycling

(Units: tons)



## Recycling Rate

(Units: %)



## Air Quality Management

To improve air quality in Gyeongsangnam-do and the areas surrounding our business facilities, HYUNDAI WIA signed a 'Voluntary Agreement to Reduce Microdust' with the province in 2019. The agreement is renewable every 5 years, and entails a joint effort to reduce emissions of dust, sulfur oxides, nitrogen oxides, and flammable organic compounds in the region. To this regard, we submit microdust emissions results as well as inspection results on air emissions and prevention facilities, and adjust utilization hours at production plants. Furthermore, we monitor emissions of 17 air quality markers including Sox and Nox.

## Green Procurement

Green Procurement is the practice of purchasing eco-friendly goods, which are goods that either have environment/energy saving certification or are recycled/reused goods. HYUNDAI WIA's procurement organization acts on green procurement guidelines by purchasing eco-friendly goods first. In addition, we engage in green procurement to encourage environmental protection at our vendors.

## Green Procurement Guidelines

- Procurement team registers eco-friendly product manufacturers on company vendor list.
- When reviews of 2 vendors are identical, procurement team purchases eco-friendly products first.
- Procurement team regularly discloses green procurement results through Sustainable Management Report.

## Green Procurement Results

(Units: million KRW)



## Environmental Risk Inspection

Toward sustainable management goals, HYUNDAI WIA conducts regular inspections to remove environmental risk factors and promote early discovery of risk. Regular inspections follow an Environment Manual and target items are managed through a structured framework. In addition, we conduct special inspections on socially sensitive issues such as microdust and odor to manage emissions of key pollutants.

## Regular Inspections

Facility	Business Team	HSE Team	Inspection Items
Air Pollution Prevention	Daily	Monthly	Normal functioning of facility and legal compliance
Outsourced Wastewater Storage	Daily	Monthly	Status of outsourced facility and legal compliance
Hazardous Materials	Daily	Monthly	Compliance with guidelines on handling of hazardous materials
Waste Storage	Daily	Monthly	Compliance with waste storage guidelines
Soil Contamination Management	Daily	Monthly	Fuel storage status and leakage



Environmental Risk Inspections

## Reducing Environmental Impact

### One Company, One Stream

To improve water quality at local streams and recover marine biodiversity, we have held annual One Company, One Stream campaigns near the Gaeumjeong Stream in Changwon, Gyeongsangnam-do. Our employees voluntarily participate in picking up trash, removing harmful weeds, and monitoring water quality to make cleaner waterfront areas.

### Masan Harbor Recovery Agreement

HYUNDAI WIA has entered into a joint agreement with 16 institutions including Changwon city to build an organic cooperative toward creating a cleaner Masan Harbor. In addition to active participation in reducing pollution at the Masan Harbor Specially Managed Sea Area, we continue to engage in local environmental cleanup initiatives including ocean cleanups and minimizing plastic use.



1



2

## Protecting the Ecosystem

### Acorn Bank

Acorn serves food to many wild animals including chipmunks, squirrels, and jay birds. Animals that fail to find food in their natural habitat and venture out often become a victim of road kills. To solve this issue, HYUNDAI WIA has launched 'Acorn Bank' campaign that installs a piggy bank filled with acorns for the wild animals in the forest. This campaign has not only earned the satisfaction of our employees for protecting the environment but also contributed to making a healthier forest where wild animals are not left to starve.

### Biodiversity Conservation Agreement

HYUNDAI WIA has entered into a joint agreement with civil, governmental, business, and academic institutions including Changwon city to preserve urban biodiversity in Changwon; we aim to conduct research that leads to sustained protection of biodiversity. We view biodiversity as a key asset, and will strive to preserve a sustainable ecosystem where people and nature can co-exist.



3



4

- 1 One Company, One Stream
- 2 Masan Harbor Recovery Agreement
- 3 Acorn Bank
- 4 Biodiversity Conservation Agreement



# Social

## Management Approach

Amid rapidly changing industrial paradigms, innovative technology that creates future value is essential to capture a competitive edge. As such, businesses must secure the growth drivers that help to capture future markets. HYUNDAI WIA has been proactive in developing eco-friendly automobile parts, RnA(Robotics and Autonomous) solutions, futuristic weapons and other technologies with a goal to achieve both technical innovation and sustainable development, bringing the company a step closer to global market leadership.

The journey towards a better future begins with safety. Safer environments lead to happier employees, which in turn results in better quality products and customer satisfaction. HYUNDAI WIA has made it a priority to provide a safe environment for staffs of the company and partners engaging in a range of activities related to the prevention of serious accidents.

HYUNDAI WIA's production is made possible through partnership. Given these conditions, communication and growth with our business partners are essential to the sustainable growth of our business. HYUNDAI WIA has made collaborative growth a prime value for sustainable management, and continue to provide education, financing support, and R&D partnerships to encourage mutual growth with our business network.

## Key Performance

- First Korean auto parts manufacturer to develop integrated coolant distribution-supply module
- Developed collaborative robot and mobile robots for autonomous driving
- Conducted detailed safety inspections on domestic business sites and partners
- Achieved Best rating in Win-Win Growth Index





# Generating Future Value

## Future Value Creation Framework

HYUNDAI WIA aims to develop sustainable products by building product competitiveness, acquiring new technologies, and creating a collaborative R&D culture. In addition to continuous product development work and new client-specific developments, we plan to make R&D investments to acquire technologies related to integrated thermal management modules, electric parts, smart manufacturing/mobile robots and other new businesses. Furthermore, we aim to boost communications with research staff and build processes conducive to a more collaborative R&D culture, working steadily toward future value creation.

### Future Value Creation Framework



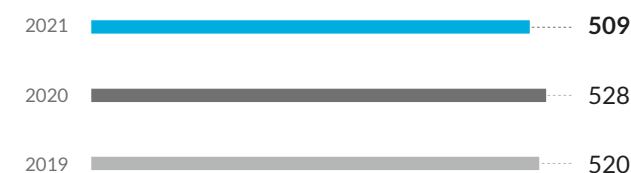
## R&D Network

HYUNDAI WIA's Uiwang R&D Center located in Uiwang, Gyeonggi-do has an ongoing project to develop automobile parts and smart manufacturing/logistics technology based on green principles. Meanwhile, our Changwon R&D Center's current work involves using new technologies to develop micro-precision machine tools and modern artillery.

Region	R&D Center	Key Projects
Korea	Uiwang	Automobile engine / 4WD / Thermal management modules / HVAC and collaborative robot development
	Changwon	Machine tools, Test research, New defence technology development

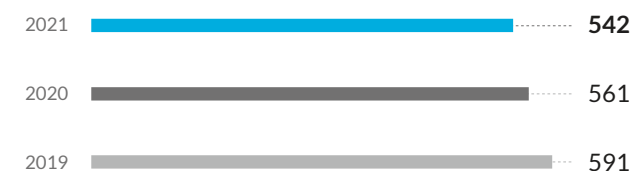
### R&D Personnel

(Units: persons)



### R&D Investment

(Units: KRW hundred million)



## Eco-friendly Automobile Parts Development

HYUNDAI WIA is a proactive research institution in eco-friendly automobile parts, working to achieve leadership in the rapid growing eco-friendly automobile market. As a result of our efforts, we have made key achievements including green technology certification for engine charging technology for mild hybrid vehicles using an electric supercharger and the first integrated coolant distribution and supply module in the Korean automobile parts industry. HYUNDAI WIA will continue to invest in R&D for eco-friendly products to achieve global competitiveness and secure our foundation for mid-to-long term growth.

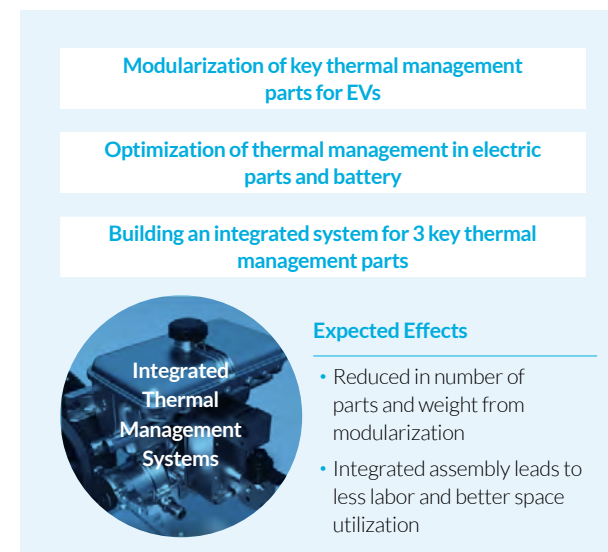


## Integrated Thermal Management Systems (ITMS)

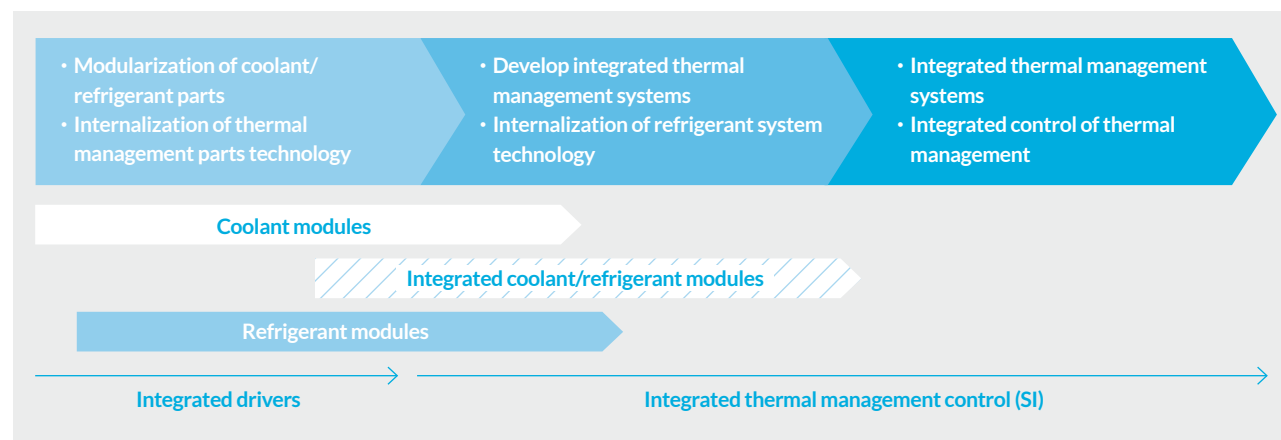
Current electric vehicles see a rapid drop in driving efficiency upon activation of HVAC systems; the increase in thermal management parts has heightened system control complexity. To solve this problem, HYUNDAI WIA has initiated research to develop and commercialize an integrated thermal management system that increases efficiency by functional modularization of thermal management parts. Additionally, we have an ongoing project to develop an integrated thermal management system that can efficiently manage the 3 key components of thermal management (electric parts, battery, internal/external heating and cooling) to capture leadership in the integrated thermal management market.

As a result, we have become the first Korean automobile parts developer to develop an integrated coolant distribution and supply module, a type of thermal management system for eco-friendly vehicles; this product has been introduced to Hyundai Motor Company's E-GMP electric vehicle platform and will commence mass production in 2023. The significance of this module is the integration of previously separate traction parts and battery cooling parts as well as maximal utilization of engine room space by minimizing the

number of parts. HYUNDAI WIA plans to take the development a step further by offering an 'Integrated Thermal Management System (ITMS)' that covers interior cooling from the cooling module by 2025 and supplying these systems to global OEMs.



## Thermal Management System Development Strategy



## Electric Axles (eTVTC)

HYUNDAI WIA's ongoing research aims to digitalize 4WD by transitioning the mechanical axles in combustion engine vehicles to electric axles, leveraging our expertise in 4WD technology for combustion engine vehicles. Upon completing preliminary development of an unified e-axle 4WD system for eco-friendly vehicles in 2019, we have reached beyond front & rear motor power distribution to initiate development of left & right motor power distribution technology. The technology under development aims to provide a dynamic driving experience to the electric vehicle owner, fulfilling demand for a "Fun Driving" experience. HYUNDAI WIA's future research will focus on combining 4WD technology with various electric axles to achieve global competitiveness and acquire future growth drivers.

Lubrication technology for wet clutch application

Individual precision control technology for left and right clutches

Optimization technology for instrument systems (wet clutch module combination)



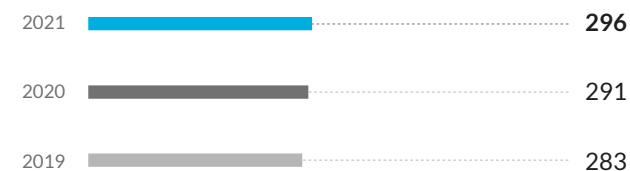
Electric Axles (eTVTC)

### Expected Effects

- Driving performance enhancement in high-performance and sports vehicles (left and right power distribution control)
- Environmental improvement from better fuel efficiency (main driving – flexible driving)

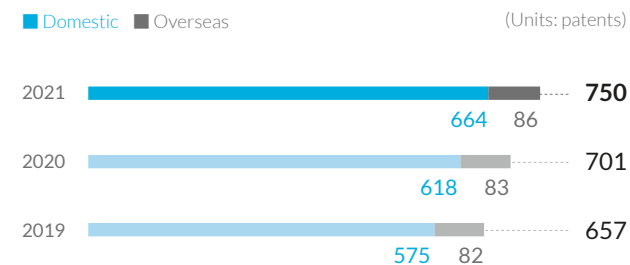
## Automobile Parts R&D Personnel

(Units: persons)



## Cumulative Registered Patents in Automobile Parts Business

(Units: patents)



## Electric Axle Development Strategy

Develop 160kw (integrated) product

Develop 270kw (integrated) product

Diversify actuators (hydraulic, bowl and lamp)

Diversify products (external type)

Gradual development of electric axles and customized response by vehicle concept



## RnA Solution (Smart Manufacturing/Logistics)

HYUNDAI WIA aims to innovate the future manufacturing industry by offering an integrated solution for control · robot · autonomous-based smart manufacturing/logistics and electric parts production line. HYUNDAI WIA will diversify and advance RnA solutions in line with E-Mobility trends by developing a smart factory/robot that provides flexible manufacturing cells (FMC) and smart logistics devices.

### Smart Manufacturing/Logistics Robots

HYUNDAI WIA is in the process of developing smart robots, which are the core component of the smart factory. HYUNDAI WIA plans to improve flexibility and efficiency in the manufacturing environment with a human-friendly collaborative robot that works with people without the need for a safety net. Meanwhile, we believe Autonomous Mobile Robot (AMR) that freely moves objects without guidance, Automatic Guided Vehicle (AGV) that delivers objects following the optimal predesignated routes, and a parking robot (AGV-Parking) that lifts the tire have the potential to advance logistics automation and maximize efficiency in supply chains.

In terms of new technology, HYUNDAI WIA also has ongoing developments of self-driving unmanned cleaning robot (AMR-Cleaning), robot that automatically picks up and assembles parts using an integrated interface system (MPR, Mobile Picking Robot), and various other smart manufacturing/mobile robots. HYUNDAI

WIA will continue to expand product lineups to offer clients with the best custom solutions possible.

### AI Mobile Robot Management Solution

HYUNDAI WIA is in the process of developing an 'AI Mobile Robot Management System' that can combine with client systems to maximize manufacturing flexibility and business profitability. The 'AI Mobile Robot Management System' would monitor and control multiple robots of multiple types real time, while a connected Mobile Robot Auto Control System (ACS) would have a built-in capability to manage task schedules and conduct fleet management. Other projects under development towards manufacturing/logistics situations include a Parking Control System that can control parking robot and monitor parking lots. HYUNDAI WIA will offer the best AI-based control systems to our clients to create an excellent smart manufacturing/logistics environment.

### Cell-based Smart Factory

HYUNDAI WIA seeks to develop a smart factory system suitable for flexible batch production processes by combining collaborative robot, industrial robots, 3D machine vision and other technologies; furthermore, we seek to offer clients with AMR/AGV-equipped smart logistics systems to build efficient production systems. HYUNDAI WIA strives to offer client-specific production systems and digital twin systems through in-depth 3D simulations of production/assembly/logistics processes.

#### CASE Study

### First Release of Collaborative and Self-Driving Mobile Robots

At the SIMTOS 2022 Exhibition this year, HYUNDAI WIA released 2 new collaborative robot (payload of 10kg, 15kg each) and 2 self-driving mobile robots (AMR) (payload 300kg, 1Ton each) as well as an integrated manufacturing and logistics mobile robot (MPR). We also released a 'Mobile Robot Smart Integrated Control System' to monitor all robot activity real time through 2D moving graphics. We aim to provide 'smart manufacturing solutions' by using smart robots such as the collaborative robot and AMR with machine tools.



Smart Manufacturing/Logistics  
- Collaborative Robot



Smart Manufacturing/Logistics  
- AMR



Smart Manufacturing/Logistics  
- Parking Robot



Smart Manufacturing/Logistics  
- Cleaning Robot



AI Mobile Robot Management Solution

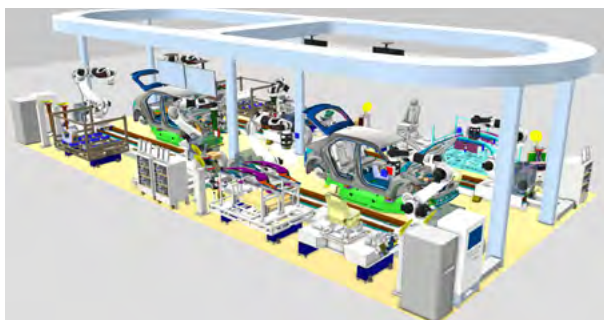
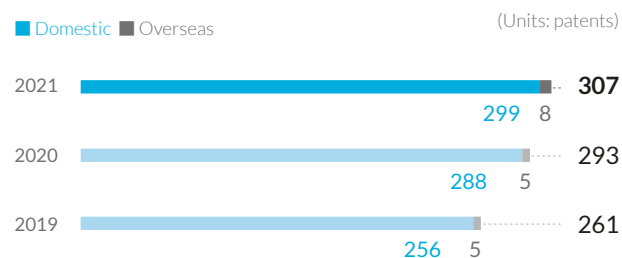
## Electric Systems

In addition to developing core hairpin motor stator facilities for electric vehicles, we continue to leverage experience building mass production lines to speed up commercialization of new systems. Work under progress includes a project to develop Power Electric (PE) systems production facilities via internalization of front/rear wheel motor reducer technology for electric vehicles. HYUNDAI WIA will continue to leverage existing technology and analytical capabilities to develop core facilities for production of hydrogen parts and other electric vehicle-related facilities.

## Machine Tools and RnA Business R&D Personnel



## Cumulative Registered Patents in Machine Tools and RnA Business



Cell-based Smart Factory



Electric Systems

## Special Business

Recent defense policies call for adoption of fourth industrial revolution weapons systems to attain national security, focusing on acquisition of advanced technologies such as AI and unmanned robots as well as further downsizing and precision control in new hardware. HYUNDAI WIA has stepped up development of an innovative future weapons system to meet national needs. We also plan to venture into parts for UAM and unmanned flight in line with increasing demand for eco-friendly and unmanned products.

### Remote Controlled Weapon Station (RCWS)

The national Army has recently planned to gradually implement a fourth industrial revolution-ready weapons system and an AI-based superconnected ground combat system (Army TIGER 4.0). HYUNDAI WIA has developed and initiated internal tests on a Remote Controlled Weapon Station (RCWS) that can meet evolving defense requirements while maximizing weapon survivability and operability. We will continue to acquire key technologies to develop innovative weapons systems while venturing into new business opportunities and contributing to Korean national security.

### Urban Air Mobility (UAM)

Urban Air Mobility (UAM) is a gamechanger in the mobility market, catalyzing competition for technology and markets among the world's business leaders. In preparation for the transformation in the air mobility markets, we are preparing to develop key aircraft components including landing gear, actuators, controllers, cockpits, and main rotor control that are suitable for an eco-friendly UAM, AAM environment. HYUNDAI WIA is able to leverage 30 years of R&D and mass production experience in aircraft components to develop new parts that contribute to a more comfortable and safer flight experience. To enhance passenger convenience and safety, we are in the process of developing an electric taxiing device that can operate on its own electric power without rotor/propeller power; a patent has been filed on the device's basic structure. HYUNDAI WIA will combine technologies in aircraft and automo-

bile engineering to grow the future mobility market, contribute to technological advancement, and establish technological leadership in the industry.

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

The Republic of Korea Navy has recently decided to locally develop a 30mm close-in weapons system that can protect national naval vessels against high-performance anti-ship missiles and attacks from small high-speed vessels. Following the decision, HYUNDAI WIA entered into a partnership in the first quarter of 2022 with a global partner to develop the gun system that serves as the core shooting component of close-in weapons systems.

The new upcoming close-in weapon system is expected to greatly enhance the Navy's power with marked technical improvements versus existing facilities. HYUNDAI WIA will leverage production know-how of the 76mm and 5 inch artillery currently in use at the Navy to speed up development of a close-in weapon system, guaranteeing survivability of naval vessels, contribution to national independence, and opening new business opportunities to export our products.



### Special Business R&D Personnel



### Cumulative Registered Patents in Special Business (Domestic)





# Safety and Health Management

## Safety and Health Management Framework

HYUNDAI WIA has made the protection of staff members of the company and partners the top priority. HYUNDAI WIA has received ISO 14001 and ISO 45001 certifications for modernization and scientific principle in HSE management. Our HSE management system has been implemented at all of our business centers including overseas production centers, and we will strive to always maintain a safe and clean workplace.

## Safety and Health Management Innovation Tasks

### Enhance prevention in preparation for environmental risks

- Establish preemptive prevention framework
- Secure 'golden time' for emergencies
- Devise standard models for machine safety

### Conduct structured reviews to establish responsibility in safety

- Assessment/improvement of safety management knowledge levels
- Rewards/penalties scheme to promote legal compliance
- Equal safety managements standards for HYUNDAI WIA and partners

### Improve professional capability for safety

- Better field support for safety
- Secure effectiveness of employee safety skills
- Standardize safety management system

### Build a safety culture through communication/collaboration

- Campaigns to promote safety culture on the ground
- Create safety training system with employee participation
- Expand media/services to promote safety culture

## "Safe Journey for a Happier Tomorrow"

Safety comes first for a better future



Achieve Zero Hazard

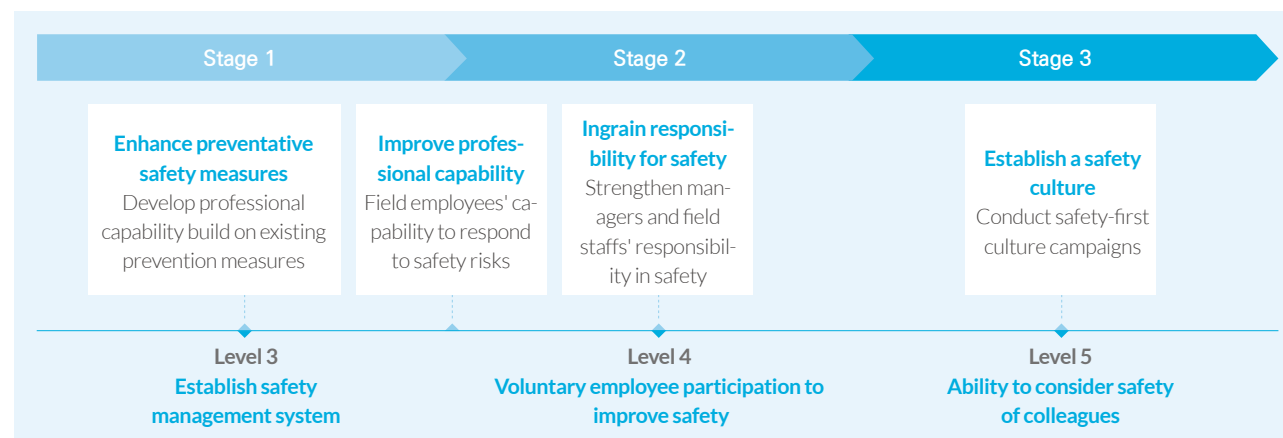


Establish Safety Culture and Change Safety Paradigm

ZERO

Promote Zero Serious Accidents

## Mid-to-long Term Roadmap for Safety Management



## Workplace Safety and Health Committee

HYUNDAI WIA has put together a joint Workplace Safety and Health Committee of ten labor-side members including the Deputy Head of Branch and ten representatives from HYUNDAI WIA including the company's Head of Management Support. The Committee prepares for potential safety and health risks, convening regular sessions to discuss key issues at each business center, and coming up with improvement tasks to respond to risk factors at the workplace. Key 2021 issues include COVID-19 response policies and roadmap design to prevent safety accidents at the workplace. HYUNDAI WIA conducts safety and health activities toward a zero-hazard workplace, and strives to establish a safety management framework for the business.

## 2022 HSE Goals

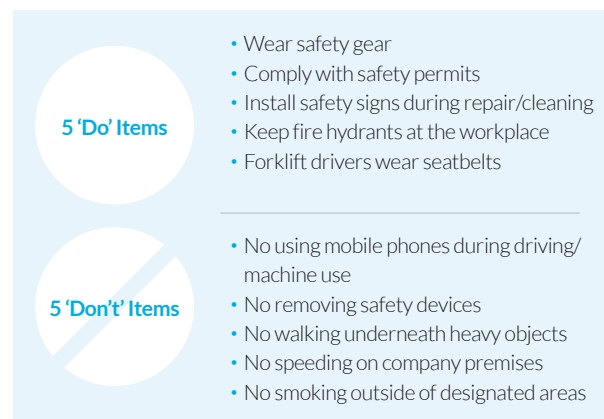
HYUNDAI WIA has set annual HSE goals to improve and manage workplace safety, and regularly monitors progress on each issue to achieve goals at the issue level.

NO	Goal	Detailed Goals
1	Zero Serious Accidents	Attain "ZERO" serious accidents status via regular safety inspections and training
2	Zero Serious Accidents at WIA Partners	"ZERO" serious accidents at business partners (internal, construction)
3	Zero Serious Fires	"ZERO" serious fires via regular fire safety inspections and training
4	Attain injury rate goals	10% reduction from previous year
5	Attain absenteeism goals	10% reduction from previous year
6	Zero Environmental Accidents	"ZERO" environmental accidents (air quality, water quality, chemical spills)
7	Zero Environmental Violations	"ZERO" legal violations via environmental inspections and employee awareness

## Fostering a Safety Culture

HYUNDAI WIA has put in place the '10 Essential Safety Rules' to foster employee safety awareness and prevent accidents. In addition, HYUNDAI WIA has adopted a joint statement between the company and our employees to establish a culture of safety that can contribute to employee happiness and an injury-free workplace. Our management's Safety and Health Conference monitors safety inspections and progress on safety & health tasks on a regular basis.

### 10 Essential Safety Rules



## Safety Risk Ombudsman Channel

HYUNDAI WIA runs a Safety Risk Ombudsman Channel to promote employee safety awareness and establish an integrated company-wide safety management platform. The Channel is expected to make significant contributions to not just immediate response following occurrence of accidents, but also early removal of safety hazards and other preemptive risk management measures such as inspections and follow-up improvements. HYUNDAI WIA will step up prevention of safety accidents by opening up the Safety Risk Ombudsman Channel company-wide, allowing employees to report workplace safety risks real time and participate in improving their own safety.

## Preventing Serious Accidents

HYUNDAI WIA conducts various safety inspections to achieve 'Zero Hazard' and 'Zero Serious Accidents'. All teams on ground conduct safety and health inspections daily. For high-risk equipment including cranes and pressure vessels, we conduct regular safety inspections to prevent potential serious accidents.

In 2021, we conducted first-half and second-half safety management progress checks at the leadership level as well as field inspections to confirm normal operations of safety and health governance principles at the workplace. Additionally, we engaged an external institution to conduct detailed safety inspections at 18 business sites and internal partners throughout the country. These detailed safety inspections consisted of management metrics such as risk analysis and legal compliance and field inspections to confirm fire safety and hazardous materials management. The inspections resulted in a total of 2,813 improvement points, all of which have been followed up with. HYUNDAI WIA has a focus on improving safety at the company to create a healthier workplace.



Preventing Serious Accidents

## Employee Safety Training

HYUNDAI WIA employees undergo safety training to prevent safety accidents at the workplace and develop awareness of safety risks.

Module	Target	Method	Detail	Cycle
HSE Workshop	Team HSE manager	Group	<ul style="list-style-type: none"> <li>Direction of HSE Policy Implementation</li> <li>HSE Sector Issues Discussion</li> <li>Speeches, etc. invited by professional instructors;</li> </ul>	Yearly
New Employee Training	New hires	Group	<ul style="list-style-type: none"> <li>HSE principles and scope</li> <li>Key safety laws</li> <li>Training on accident case studies</li> </ul>	On-the-job training
Overseas Staff Training	Team HSE manager	Group	<ul style="list-style-type: none"> <li>HSE policy directions</li> <li>HSE Division issue debate</li> <li>Invited lectures</li> </ul>	Before overseas transfer
Special Training	Team heads	Group	<ul style="list-style-type: none"> <li>Sharing of HSE issues and prevention of recurrence</li> </ul>	Upon issue occurrence
Task Change	Transferring employees	Group	<ul style="list-style-type: none"> <li>HSE Division regulations</li> <li>Case study training on accidents</li> </ul>	Before switching tasks
Risk Assessment Training	Team managers	Group	<ul style="list-style-type: none"> <li>Hands-on training on risk assessment</li> <li>Safety and health risks</li> </ul>	Yearly

## Partner Safety and Health Management

In respect of our social responsibilities regarding workplace safety and to develop a partnership framework, HYUNDAI WIA conducts yearly partner visits to our partner facilities to conduct safety training. Our on-site training was interrupted by COVID-19 social distancing restrictions in 2020 and 2021. We plan to go ahead with normal on-site training in 2022.

Furthermore, we continue to invest in managing and monitoring accident rates at our partners to facilitate a safer and healthier workplace for everyone. We also maintain a VOC (Voice of Customers) channel to receive our partners' safety & health issues and other suggestions, turning this input into tangible improvement tasks. We received no VOC complaints on safety and health during 2021. We supported ISO 45001 and ISO 14001 certification approvals for twelve partners in 2021, all of which successfully received the certifications. We continue to build on these successes, providing certification guidelines to our partners to support their effort in maintaining a safer workplace.

### Partner Safety Training and On-site Inspections

Type	Unit	2019	2020	2021
Safety Training	Sessions	50	12	12
Safety Training Targets	Companies	754	850	808
Environment/Safety On-site Inspections	Companies	17	-	-

\* Targeted external partners of HYUNDAI WIA

## COVID-19 Response

HYUNDAI WIA has developed an immediate emergency response framework to launch an infectious diseases task force in the event of a breakout. Additionally, we responded diligently to a range of situations based on detailed COVID-19 response guidelines. HYUNDAI WIA has strived to maintain a safe workplace, prioritizing the safety of our employees and providing work-from-home measures as well as masks and other prevention supplies.

### Key Activities





# Winning Partnerships

## Mutual Growth Framework

HYUNDAI WIA pursues mutual growth with our partners and sustainable management by supporting fair business practices and shared growth. HYUNDAI WIA and our partners share culture and vision beyond business partnership and recognize that communication, cooperation, and co-prosperity as eternal partners create greater value. HYUNDAI WIA and our partners comply with the Fair Transactions in Subcontracting Act as well as other relevant regulations to build a fair collaborative business environment. We have also implemented and abide by the Fair Trade Commission's '4 Key Guidelines on Subcontracting between Large Businesses and SMEs'.



In order to comply with fair business practices and subcontracting laws to facilitate partnership and transparency, HYUNDAI WIA supports our business partners' financial soundness and capacity development. We have been recognized by the Fair Trade Commission with Best ratings in both the FTC's Fair Business Agreement progress review and Win-Win Index assessments. Finally, we have established ourselves as a model company for mutual growth, receiving a Silver Tower Order of Industrial Service Merit recognition at the 2021 Corporate Partnership Week.

### Fair Business Agreement Progress Review/Win-Win Index Assessment

Type	2019	2020	2021	2022(Target)
FTC	Average	Best	Best	Best
KCCP	Good	Good	Best	Best

\* Fair Trade Commission Fair Business Agreement Progress Review / Korea Commission for Corporate Partnership Win-Win Growth Index Assessment

\* As of year of announcement



Silver Tower Order of Industrial Service Merit

## Mutual Development Framework

Goals	Sustainable Management through Corporate Partnership		
Key Strategy	1. Improve Policy	2. Establish Fair Business Practices	3. Strengthen Competitiveness
Key Tasks	<ul style="list-style-type: none"><li>• Expand earnings sharing and support policy</li><li>• Expand payment partnership system to 2 rounds</li><li>• Expand cash payments</li></ul>	<ul style="list-style-type: none"><li>• Adopt and comply with FTC's 4 Key Guidelines</li><li>• Implement second and third FTC standard contract forms</li></ul>	<ul style="list-style-type: none"><li>• Provide additional financial support via Shared Growth Fund and other resources</li><li>• Adjust prices for vendors</li><li>• Expand capability building programs for partners</li></ul>
Support Groups	Corporate Partnership Secretariat		
Function	<b>Purchase</b> <ul style="list-style-type: none"><li>• Devise corporate partnership policies and programs</li><li>• Adopt FTC's 4 Key Guidelines and enter into standard subcontracts</li><li>• Check partner VOC(Voice of Customers) input and subcontractor business</li></ul>	<b>Finance &amp; Other</b> <ul style="list-style-type: none"><li>• Provide financial support and improve payment systems for partners</li><li>• Protect partner technology and engage in co-development</li><li>• Support partners with opening new sales channels and marketing</li></ul>	
Core Value	Fair Trade • Transparency • Partnership		

## Dedicated Corporate Partnership Organization

HYUNDAI WIA has created a dedicated 'Supplier Cooperation Team' to focus on corporate partnerships, bringing consistency to policy execution and directing resources to risk management regarding non-compliance with subcontracting laws. The 'Supplier Cooperation Team' team covers fair business agreements, subjective progress surveys, and VOC to strengthen the win-win relationship of our partners.

### Supplier Cooperation Team's Scope of Work

Item	Detail
Fair Business Agreement	<ul style="list-style-type: none"> <li>• Signing of FTC &amp; HYUNDAI WIA fair business agreement</li> <li>• Management of fair business agreement compliance results</li> <li>• Management of changes to basic contract forms and 4 Key Guidelines from FTC</li> </ul>
Perceived Progress Analysis	<ul style="list-style-type: none"> <li>• Introduction to corporate partnership programs and on-site VOC surveys</li> <li>• Profit sharing and performance management</li> <li>• Participation in government procurement fairs</li> </ul>
Subcontracts	<ul style="list-style-type: none"> <li>• Dispute mediation in legal disputes with partners surrounding subcontract terms</li> <li>• Internal legal review of subcontracts and improvements</li> </ul>
Cooperative	<ul style="list-style-type: none"> <li>• Organization of cooperative and regular meetings</li> </ul>
Government Relations	<ul style="list-style-type: none"> <li>• Participation in FMC/KCCP and other government policy conferences</li> <li>• Participation in HMG corporate partnership conference</li> </ul>

## Partner Management and Progress

As of 2021, HYUNDAI WIA has active business partnerships with 1,522 different companies. We encourage mutual growth with our partners, having finalized a Partner Code of Conduct in July 2020 to facilitate compliance with regulations and growth in partnership with HYUNDAI WIA. Furthermore, HYUNDAI WIA plans to conduct regular reviews of our partners to ensure compliance with Code of Conduct. Lastly, HYUNDAI WIA enters into fair business agreements with our partners each year, and conducts visits and conferences to collect partners' opinions and arrive at tangible improvements that can prevent breach of fair business practices and contribute to a more transparent business environment.

## Mutual Growth with Partners

HYUNDAI WIA is proud to diligently comply with our corporate partnership agreement, offering partners various mutual growth opportunities to build their own edge. We will continue to strive to serve as a model company for corporate partnership, bolstering partner relationships with a belief in mutual growth.



### Partner Overview

(Units: KRW hundred million)

Region	2019		2020		2021	
	Companies	WIA Spend	Companies	WIA Spend	Companies	WIA Spend
Korea	1,344	51,634	1,106	39,605	<b>1,303</b>	<b>51,408</b>
Overseas	253	4,908	208	3,732	<b>219</b>	<b>4,314</b>
Total	1,597	56,542	1,314	43,337	<b>1,522</b>	<b>55,722</b>

## Building a Platform for Partner Growth

HYUNDAI WIA is fully aware that sustainable partnership and development is only possible in a transparent and trust-bound environment. As such, we have adopted the Fair Trade Commission's 4 Key Guidelines of Subcontract, collecting partner VOCs via both online and offline channels, and returning feedback on improvements. Lastly, we have strived to create a sustainable management ecosystem by providing bonus points in bidding processes to primary vendors that have fair business agreements with their secondary vendors.

### CASE Study

#### Innovation-driven Wage Gap Reduction Agreement

HYUNDAI WIA has entered into an Innovation-driven Wage Gap Reduction Agreement with the Korea Commission for Corporate Partnership to develop technical excellence in small-to-medium businesses. Following this agreement, HYUNDAI WIA has plans to invest a total of KRW 100 billion to run a range of programs including financial support, technical development, and quality assurance. HYUNDAI WIA will strive to establish a culture of corporate partnership and provide our partners with ample support to this end.



## Partner Training

HYUNDAI WIA conducts a range of training programs targeted at improving quality and customer satisfaction through a stronger supply chain. We offer partners training programs in quality, technology, safety, and security to facilitate growth in building of a better future. To develop partners' expertise in future technologies, we also provide partners with access to the Hyundai Motor Group's 'GPC (Global Partnership Center)', an exclusive training facility.

### 2021 Partner Training Results

Type	Modules	Sessions	Persons
Quality Awareness	14	39	857
Quality Improvement	13	38	569
Technical Improvement	9	12	92
Skills Improvement	18	49	1,026
Total	54	138	2,544

## R&D Partnerships

Technical excellence is essential to business growth and customer satisfaction. HYUNDAI WIA actively engages partners in R&D co-developments, offering opportunity for technical growth and sharing the company's existing patent assets.

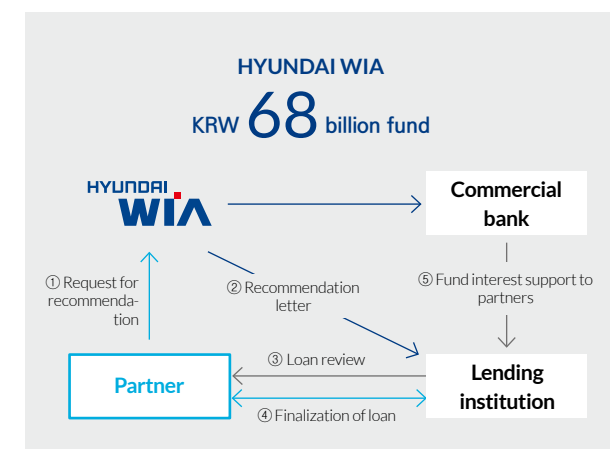
### Key Activities



## Financial Support

HYUNDAI WIA provides a range of financial support schemes to our partners, including improving payment terms to relieve financial challenges and providing liquidity. In particular, we have launched a KRW 68 billion Shared Growth Fund to provide partners with low-interest loans. We also improved payment terms in 2020, ensuring that small businesses, with less than sales of KRW 100 billion, pay in cash within 10 days of delivery.

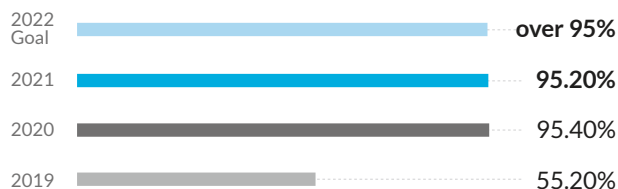
### Shared Growth Fund



### HYUNDAI WIA Vendor Payment Terms

Vendor Type	Payment Terms
Small businesses with less than KRW 100 billion sales	Cash
Medium businesses with less than KRW 300 billion sales	60 day loans backed by foreign exchange
Other companies	90 day loans backed by foreign exchange
Common criteria – Any purchase less than KRW 100 billion as of weekly/monthly closing	
	Cash

## Cash Payments to Partners with Fair Business Agreements



## Corporate Partnership Events

HYUNDAI WIA opens a range of corporate partnership events aimed at building partnerships that foster mutual growth and development. Of particular note are the annual Partnership Day and quarterly conference meetings. The Partnership Day entails meetings between HYUNDAI WIA employees and members of the cooperative, where we share management visions and mutual growth plans. Quarterly conference meetings are get-togethers of the company's business divisions to share progress on future businesses, introduce corporate partnership programs, and collect partner suggestions.



## Partner Review and Selection

Customer satisfaction is HYUNDAI WIA's most important priority. We evaluate our partners against our goal of creating a 'Sustainable Value Chain'. When we select our vendors, we evaluate not only quality management frameworks, quality results and credit ratings, but also non-financial factors such as environment, ethics, human rights, and safety.

### Partner Review and Selection Process

#### Preliminary Review

- Comprehensive review of financials, quality management framework, safety/environment, human rights/ethics, and other factors with focus on fit for long-term contracts

#### Partner Network Management Framework

- Register satisfactory partners per review standards, create pools by item, draft bidding procedures
- Build supply chain competitiveness by encouraging competition among partners

#### Quotations, Bidding, Contracts

- Fair/transparent business
- Electronic bidding via AONE procurement system
- Factor in price, quality, delivery, ethics, environment, and safety in partner selection

#### Regular Partner Reviews

- Manage partners and check review criteria
- Grow partners with focus on bolstering SCM
- Provide benefits and penalties to partners in new contracts following partner review

### Partner Review Framework for Safety/Environment

Item	Detail
Management Framework 1	Set safety/environment guideline compliance program for workers
	Designate safety/environment risk factors and risk factor management plans
	Hazard response processes
Management Framework 2	Internal review criteria and improvement plans for safety/environment management
	Outsourced partner safety/injury risk response plans
Organization/Field Management	Assignment of internal and external R&R for safety/environment management organization
	Conduct employee training for safety and environment management
	Emphasize posting of safety signs and safety rules on the ground
Execution/Review	Install accident prevention gear/equipment against key risk factors
	Factor in safety management reviews and progress in internal KPI
	Regular reviews of safety/environment and follow-up
Improvement	Environment Management System (ISO14001) certification
	Assignment of safety/environment manager
	Prepare alternative business sites and conduct yearly mock exercises
	Business Continuity certification (ISO22301) in preparation for injuries/disasters

\* Partners undergo yearly Q5 Star reviews; review results are factored into bidding processes along with criteria laid out above.



# Employees

## Talent Development Strategy

HYUNDAI WIA has developed and carried out talent development strategies to develop future-oriented talent in line with the paradigm shift occurring in the company's machinery, automobile, and special businesses. We have made developing strategic talent, cultivating a creative culture, building functional expertise, and upgrading global expertise our 4 key goals toward creating future value. HYUNDAI WIA will strive to develop innovative and creative talent that able to lead our industry.

### Talent Development Strategy

Goals  
Building Employees' Expertise and Mindset for a Sustainable Development

Strategy	Tasks
Training Strategic Leader	Train leaders for change and innovation
Cultivating Creative Organizational Culture	Transform mindset and create a self-driven learning culture
Building Expertise	Expand training curriculums in the new business
Strengthening Global Competence	Support resident employees and conduct multiple langue campaigns

## Developing Leadership

HYUNDAI WIA's leadership development programs offer employees a structured training program, targeting skill improvement and developing future leaders at each level of seniority. We also actively invite guest speakers and offer reading and debate sessions to gain insight on leadership trends. Other programs coach employees on each subcategory of the multilateral leadership assessment to improve leadership risk factors and encourage employees to grow as innovative leaders.

### Leadership Development Programs



### CASE Study

#### 'Eeum' - HYUNDAI WIA Leaders' Book Debate Club

'Eeum' is HYUNDAI WIA's book debate club aimed at developing insight on the role of leaders. The club met 3 times at Changwon and Uiwang in 2021, with WIA leaders sharing views and expanding their horizons. Leaders also shared their learning through the company website. HYUNDAI WIA will work to expand the target pool for our 'Eeum' book club, cultivating leaders in an environment of self-driven learning and sustainable growth.



## Upgrading Global Expertise

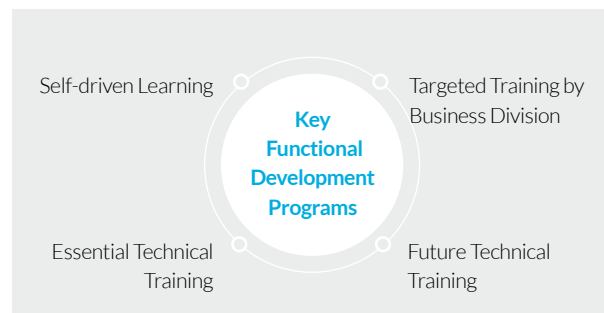
HYUNDAI WIA provides employees with a range of intensive language courses including study groups and telephone courses to respond to changing global business environments. Additionally, we provide on-demand language self-learning materials and conduct language campaigns on a regular basis to encourage build-up of global business skills as well as a culture of learning. HYUNDAI WIA will continue to develop and upgrade global competency education programs to foster experts with global leadership.



## Building Functional Expertise

HYUNDAI WIA has developed functional expertise programs to develop the future technical experts in our field. We provide targeted training and special courses for each job title and business division, and offer technical training on core & future HYUNDAI WIA technology and production practices according to our strategic and technical roadmap. The company also supports employees to enroll in outside professional training programs. Lastly, we manage internal 'learning cell' study groups to encourage self-driven learning, goal achievement, and growth.

## Functional Skills Development Roadmap



### CASE Study

#### Learning Cells

Learning Cells are self-driven learning communities of employees with common interest. Employees have organized learning cells on issues ranging from conventional technologies such as 5-axis machining pivot cells to newer and popular topics such as RnA line simulation, hydrogen fuel cells, ESS, machine tool systems, and data mining. HYUNDAI WIA will expand support for learning cells to establish a culture of self-driven learning and facilitate personal goal achievement as well as professional skills development.



## Organizational Culture Transformation Roadmap

The slogan 'Professional Wave' embodies HYUNDAI WIA's target organizational culture, whereby colleagues equipped with professional expertise and creativity are able to take action and drive change.

### Slogan Professional Wave

**Statement** A culture of creative self-autonomy and responsibility based on expertise

### 5 Pillars of Organizational Culture Innovation

- Professionalism and creativity founded upon expertise
- Leaders take self-initiative and serve as models for innovation
- Fostering a culture of collaboration and communication
- Sense of ownership driving innovation activity
- Heightened safety awareness backed by action

## Regular Organizational Culture Assessments

HYUNDAI WIA is a participant in the Hyundai Motor Group's Organizational Culture Survey. The survey is conducted every September, and involves analysis of ability to respond to business environment, empowering employees, more efficient/structured ways of work, self-initiative from leaders and willingness of leaders to change, and company-level policies and infrastructure. HYUNDAI WIA actively refers to survey results in planning and execution of organizational culture programs, in order to work towards a healthier work culture.

### Culture Survey Results

Item	2019	2020	2021
Score	63.4	79.4	76.4

## Organizational Culture Programs

HYUNDAI WIA has planned and introduced a range of organizational development/activation programs to mitigate the risk factors discovered at regular organizational culture reviews. Our employees' experiences provide valuable feedback to drive tangible change and create a better organizational culture where colleagues can more effectively contribute to business results.

### Business Partnerships Team Scope of Work

Program	Description	Results
Vision Wave	Leader-driven online vision/organizational culture discussions	Creates sense of agreement on business vision and change
Challenge Wave	Personal development/health/happiness goal setting and action using a habit-making mobile app	Motivates employees and adds vitality to team
Innovation Wave	Company-wide idea competitions for work efficiency (work diet, work smart, etc.)	Transitions employees toward innovation and catalyzes idea generation
Collaboration Network Analysis	Analysis and improvement of collaborative relationships across the company	Improves organizational efficiency by analyzing and resolving collaboration issues
Heart to Heart	Work-related online letter-writing between employees to appreciate effort; sharing of best cases	Fosters culture of positive feedback and appreciation between employees
WIA Heroes	Employee-driven peer recommendation, rewards, and sharing of best cases	Fosters culture of appreciation and motivates employees to dive into work
Pro Confident Campaign	Broadcasting of cases of employee freedom and responsibility through company Vlogs	Cultivates culture of freedom and responsibility based on expertise

## Employee Communications

HYUNDAI WIA has strived to create a relationship between management and staff that is built on trust and collaboration which has enabled success in reaching 27 years and counting free of labor disputes. We continue to pursue transparency in management, building upon relationships bound by collaboration, communication, and trust.

### Labor-Management Cooperative

HYUNDAI WIA respects the 3 basic labor rights, offering working conditions and guaranteeing economic & social security to our employees in line with the national constitution and other laws. Pursuant to relevant laws, we join collective bargaining meetings with labor unions to support the livelihoods of our employees and improve their working environments. Furthermore, a Labor-Management Cooperative convenes once every quarter, and enables employees to discuss grievances, welfare, workplace safety and other matters. Lastly, a 'Job Security Committee' convenes once every month to share business results and discuss productivity improvement & efficient utilization of human resources, contributing to a better working environment.



Labor-Management Cooperative

### Information Transparency and Shared Initiative

While the quarterly management meetings which bring together all of our management and staff could not take place in 2021 due to COVID-19 restrictions, we alternatively conducted manage-

ment presentations for our labor unions. We introduced future business strategies and visions to senior labor union representatives, and arrived at a sense of agreement by sharing key business issues and engaging in transparent business communications through a labor-management newsletter.

HYUNDAI WIA pursues productivity and work process improvements through small field discussion groups organized by business division, contributing to cost savings and product quality. Each small discussion group engages in healthy competition to discuss and split key achievements, enhancing employee skills and providing important motivation. The discussion groups however did not take place face-to-face in 2021 due to COVID-19 restrictions, and were replaced by similar written reviews.

### 2021 Key Employee Communication Activities

Program	Type	Results
Negotiations and Discussion	Collective bargaining	• Compensation and collective agreements, improvement of working environment
	Regular/Special Labor-Management Cooperative	• Regular meetings & special meetings following occurrence of issues • Discussion of environment/safety and other grievances, improvement of employee welfare and productivity
	Job Security Committee	• Sharing and discussion of business results and plans • Discussion of job security, production plans, and mutual growth plans
Communications and Transparency	Management-labor communications	• Around-the-year tea party discussions with each level of field staff • Diversification of management-labor communication channels and targeted approach to reaching different generations
	Leadership Communication	• Visits by leadership and support for company/clubs
	Information Transparency and Promotion	• Regular management meetings to share business results and industry information • Publishing company newsletters to share industry trends and issue highlights
Organizational Culture	Club activity support	• Active support for company club membership
	Technical field education	• Training opportunities to acquire field technical expertise
	Joint community service	• Joint community service activities of leadership and working-level staff (Miracle of 1% and other service activities)

## Hiring

HYUNDAI WIA strives to hire talented people who possess creative thinking and can contribute to sustainable development. We hire fresh graduates and experienced hires year-round, and also open offer-based internships, overseas recruitments, and research scholarships to bring on board talent with the best technical expertise.

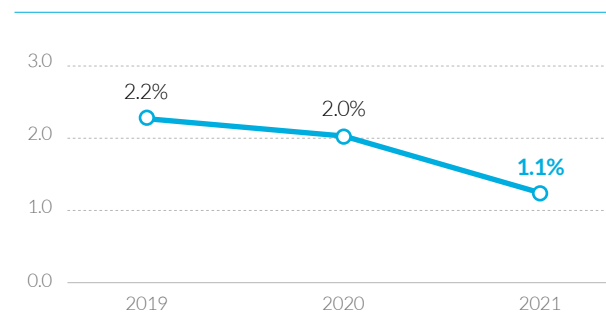
HYUNDAI WIA interviewers sign a written pledge pursuant to the Fair Hiring Procedure Act, and also undergo interviewer training to prevent unfair hiring practices. In addition to supporting programs for retirees, the company is enthusiastic about hiring more women and building support infrastructure for female talent, projects which make up HYUNDAI WIA's strategy to secure diverse talent.



## Employee Turnover

Employee turnover in 2021 dropped 0.9%p versus 2020, reaching 1.1% this year. HYUNDAI WIA will strive to create a workplace where the best talent want to create a future with the business.

### Turnover



\* Turnover : Voluntary turnover rate of employees

## Senior Mentorship Program

HYUNDAI WIA's senior mentorship program entails short-term hiring of HYUNDAI WIA retirees who have left the company at retirement age (60+); these staff join the company on contract for expertise, skill, and essential processes. HYUNDAI WIA hired a total of 6 (2020) and 86 (2021) senior members in the past 2 years, displaying our commitment to retiree support and employee diversity.

## Employee Compensation

HYUNDAI WIA offers equal and fair compensation schemes irrespective of nationality and gender, motivating employees to excel. The compensation scheme is pegged to absolute scores of personal results, offering employees pay that factor improvement in results. The company also shares a reasonable percentage of excess business earnings with employees each year.

## Workplace Improvement

HYUNDAI WIA has been certified as a family-friendly business, and strives to facilitate work-life balance and create an efficient working environment. The company offers work-at-home schemes and flexible time working schemes to improve work efficiency and encourage a family-friendly working culture. In 2021, we developed a company-wide co-working platform that upgrades mobile and online work and communication utilities, once again helping employees benefit from flexibility. Lastly, we conduct regular surveys at company dormitories, kindergartens, and other welfare facilities to uncover areas for improvement, greatly contributing to employee satisfaction of both work and life.

## Employee Welfare Schemes

HYUNDAI WIA has in place a range of livelihood, leisure, and medical welfare schemes to help employees enjoy a more stable lifestyle.



### Support of Livelihood Stability

- Provide company housing and dormitories
- Provide financial support for home rentals and purchases/cars
- Support for pensions and insurance



### Culture/Leisure Support

- Support for leisure accommodation (condominiums/resorts, etc.)
- Provide welfare credit for arts/cultural activities and personal development
- Support for gym use and company clubs



### Medical/Health Support

- Support for regular medical checkups, comprehensive checkups
- EAP psychological counseling support
- Support for various medical expenses, operation of company medical center



# Strengthening CSR

## CSR Roadmap

HYUNDAI WIA generates social value through community service activities that leverage our resources, people, and technological expertise. We conduct targeted climate response, local community growth, mobility improvement, and employee service activities that aligns with a detailed CSR roadmap.

### Vision

“ A Partner for a Happier World ”

### Core Values



#### Stakeholder Communication

Improving corporate image and maximizing community contribution



#### Building Integrated Synergy

Mutual growth with stakeholders and creation of shared value



#### Risk Management

Establishing safety, environment, labor, and culture management frameworks



#### Creating Social Innovation

Capturing future growth drivers considering social impact

### Roadmap

#### Short-term

##### CSR Framework Improvement

- Setting direction
- Expanding employee participation/experience
- Community service from beneficiary's perspective

#### Mid-term

##### Creating Social Value

- Reinforce 4 key programs
- Promoting shared value
- Strengthening eco-friendly media
- Active collaboration with local community

#### Long-term

##### Social Contributions

- Creation of a sustainable corporate image
- Preemptive action toward business environment changes
- Efficient business strategies centered on social impact

### CSR Directionality

#### Cloud Climate

Environmental Conservation and Climate Change Response

#### Car Mobility

Mobility Support for the Socially Less Privileged

#### Shield Safety

Traffic Safety and Social Safety

#### Speech bubble Commitment

Community Service with Employees and Customers

## Climate

### Creating sustainable green earth

Clean air and lush forests protect our health and our lives. Small actions add up to clear the air's microdust and provide moisture to pitch-dry land that allows for new sprouts to grow. HYUNDAI WIA will strive to create an earth where all life can co-exist.

4 Schools supported

38 Rare plants preserved

#### HYUNDAI WIA Green School

The HYUNDAI WIA Green School is a tree-planting program that protects children, an age group, particularly at risk for microdust damage. The program creates forests near large roads and at children's commute routes to school as well as within their classrooms. Following the expansion of the program's target to cover national special needs schools in 2021, we selected the Hanguk Seonjin School in Ansan not just to reduce microdust in the area, but also to provide students opportunity to acknowledge plant diversity. HYUNDAI WIA formed a rare plants garden, a greenhouse garden, and a 'pocket garden' across 600 m<sup>2</sup> of campus space. Our work involved an additional environmental training program for students, allowing them to experience gardening first-hand and feel the importance of the environment and life.

At the Busung Elementary School in Seosan, another school selected in 2021, we formed a water garden in idle space near the campus field, providing children the opportunity to experience the importance and beauty of waterborne plant life.

HYUNDAI WIA's Green School has generated environmental, education, and health value including reduction of microdust and environmental learning opportunities. We have generated total estimated social value of KRW 274 million through the Green School initiative.



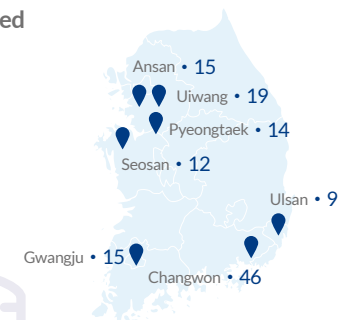
## Mobility

### Free movement is an exciting experience

HYUNDAI WIA supports the free movement for everyone. We provide the means for anyone to move as they desire, the environment to travel as they desire, and the freedom for vulnerable users of transportation to travel free of restrictions.

#### Cumulative Vehicles Provided

130 units  
(2013 ~ 2021)



#### Dream Car

The Dream Car project donates cars to mobile disabilities. Since 2013, we have donated a total of 130 service vehicles including special-purpose cars wheelchair lifts, and moving shower vehicles. HYUNDAI WIA is proud to offer our neighbors the environment to move and travel as they desire.



## Safety

### Everyone contributes to a safer experience

Safety depends on a range of hardware input and training to help both ourselves and our peers. HYUNDAI WIA strives to raise awareness of safety in our society, offering a variety of experiences to maintain safety in daily life.

1,345 participants

### HYUNDAI WIA Employee Walk Together Campaign

HYUNDAI WIA supports the financial recovery of children who have lost their parents in automobile accidents. Through our 'Employee Walk Together Campaign', we have saved funds proportionate to the total distance walked, run, and biked together by our employees. We have pegged our fundraising to the Korea Transportation Safety Authority's 'Safety Speed 5030' campaign, saving funds when drivers comply with 5030 speed limits. Considering our role as an automobile parts developer, we delivered these funds to orphan children who have lost their parents in traffic accidents but also cannot receive government support due to their inability to save money toward a designated 'self-reliance account'. HYUNDAI WIA provides much-needed aid to children left behind, offering them help to grow as members of our society.

\* Safety Speed 5030 Policy: Government policy to limit car speeds to 50km/h in urban areas and under 30km/h in residential areas nationwide in order to guarantee pedestrian safety and reduce traffic accidents



## Commitment

### Sharing and sympathy are the foundation of a caring world

We believe in the joy of sharing and imagine a happier world. We share our abilities and resources, and send our thoughts beyond the barriers of language and culture. HYUNDAI WIA leads in offering more people to experience the value of sharing and guiding society toward a better future.

4,927 beneficiaries

### Miracle of 1%

The Miracle of 1% is HYUNDAI WIA's marquee community service program that collects voluntary donations of 1% of an employee's salary, returning the funds to the local community.

In 2021, 1,245 employees participated in the initiative to 'support school bags for low-income children in the new semester', 'support sharing refrigerator at Seosan Administrative Welfare Center', 'support for the cost of remodeling essential safety equipment for children to school', 'support for lip view masks for the hearing impaired', and 'support for heating products for low-income elderly households'. HYUNDAI WIA aims to impact society at large, spreading the universal value of sharing beyond the local communities in our proximity.



## GLOBAL



### Global Community Service

HYUNDAI WIA conducts a range of global community service activities throughout Shandong (China), Jiangsu (China), Chennai (India), and other regions where we have places of business, seeking to communicate with our stakeholders and create social value. HYUNDAI WIA India donated medical devices to national hospitals to help locals recover from the global pandemic. Shandong HYUNDAI WIA has planted trees in rural areas since 2003 with a focus on rural environment protection and improvement. Also in the Shandong area, we have consistently donated infectious diseases prevention material, food, and other welfare kits to social welfare facilities including elderly homes. Jiangsu HYUNDAI WIA has likewise collaborated with local elderly welfare facilities to offer staple goods, among a range of community service activities. As a partner in creating a happier world not just at home but in the global context, HYUNDAI WIA creates sustainable future value at the various places we do business.



- 1 India - Medical device aid at national hospitals
- 2 China - Tree planting

# Customer Satisfaction

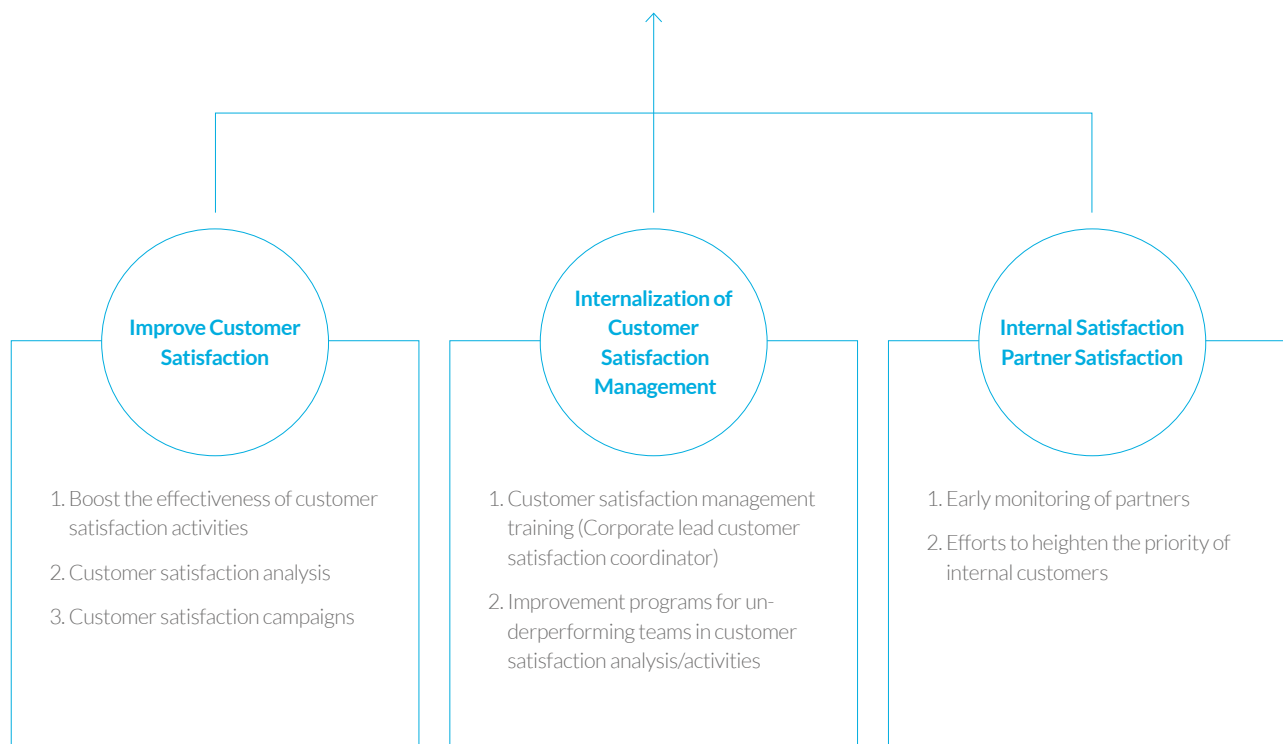
## Customer Satisfaction Roadmap

HYUNDAI WIA conducts regular monitoring of customer feedback and customer service leadership training to strengthen our customer relationships. For teams underperforming in the customer satisfaction area, we provide targeted programs to improve the quality of service, ultimately aiming to achieve both internal and external customer satisfaction as well as to internalize customer satisfaction management. By building our expertise in customer satisfaction, we will seek to upgrade the standards we look to.

## Customer Satisfaction Management Activities

To improve customer service at the company level, we conduct a range of customer satisfaction management activities. We have designated customer satisfaction coordinators for each of the company's 123 teams, and train these coordinators on principles of customer satisfaction management and best-case studies on customer satisfaction management. We also conduct once-a-year campaigns in partnership with our customers. Finally, we actively reward high-performing customer satisfaction coordinators, driving consistent improvement in the company's customer satisfaction management framework.

### Customer Satisfaction Management



## Customer Satisfaction Campaigns

### Team Resolutions for Internal and External Customer Satisfaction

- STEP 1 Selection of customer satisfaction coordinators**
- Coordinators at all 123 teams company-wide
- STEP 2 Customer satisfaction coordinator training**
- Professional customer satisfaction training (Sharing of best cases)
- STEP 3 Intensive training**
- Additional training for underperforming teams in the CS area
- STEP 4 Campaigns**
- Campaigns targeting internal and external customers
- STEP 5 Conclusion & Rewards**
- Rewards for high-performing teams and team coordinators

### Internal & External Customer Communication



## B2B Clients/Internal Customer Satisfaction Surveys

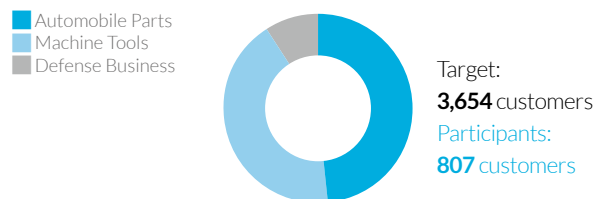
'Customer first' is our core value at HYUNDAI WIA, and we conduct regular customer satisfaction surveys to identify improvement points and deliver better service. B2B customer service surveys target all of our Korean and overseas clients; survey items encompass the entire customer experience running from purchasing to product use, and range from contract signing, sales staff, and product delivery to product performance, convenience, and after-service. For qualitative aspects not accounted for by the survey, we conduct detailed online interviews to identify further pain points. HYUNDAI WIA recorded a customer satisfaction score of 80.2 in 2021.

Internal customer satisfaction surveys target the support groups that work with our front office. These questions evaluate communication, work attitude, skills, and collegiality. We use these survey results to resolve internal VOC grievances and build a better collaborative working culture. HYUNDAI WIA recorded an internal customer satisfaction score of 71.4 in 2021.

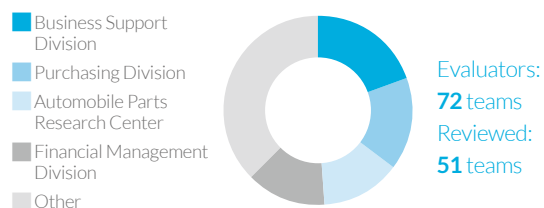
### Satisfaction Survey Process



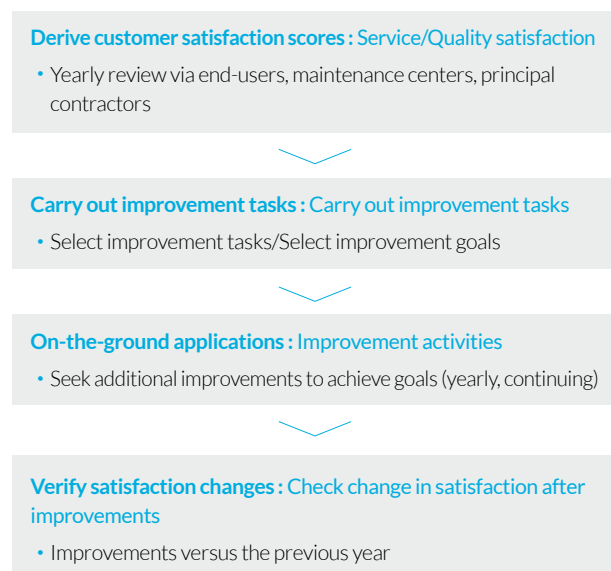
### Customer Satisfaction Survey



### Internal Customer Satisfaction Survey



### Customer Satisfaction Improvement Process



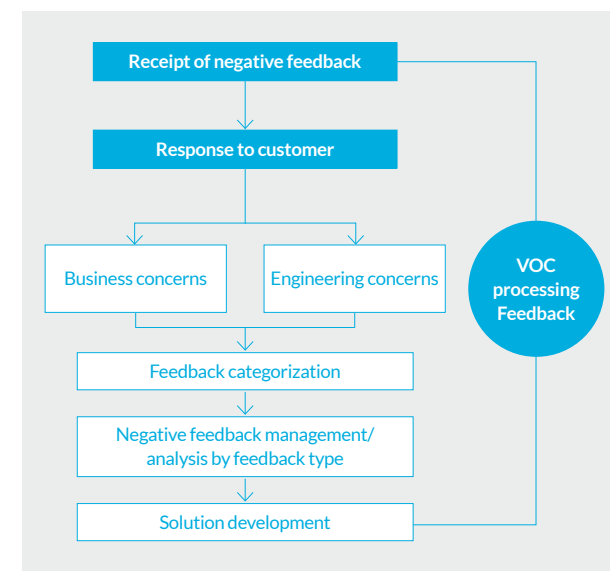
## VOC(Voice of Customers) System

HYUNDAI WIA's VOC(Voice of Customers) system was set up to collect customer feedback. The VOC system is structured to efficiently collect and relay customer feedback to respective teams, where the manager in charge responds directly to the customer. We use the VOC system to further improve our business practices and offer the best customer service.

### VOC Statistics

Metric	2019	2020	2021
Received	74	104	<b>105</b>
Processed	74	104	<b>105</b>
Resolved (%)	100%	100%	<b>100%</b>

### Customer Dissatisfaction Response Process



## Quality Management Framework

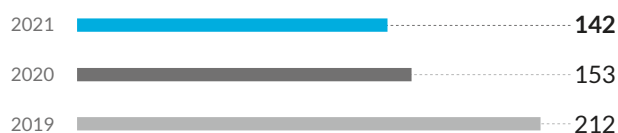
We have set our mid-to-long term strategic focus on developing IT systems, improving early preventive quality control, and superior customer satisfaction. In respect of these goals, we have channeled our resources to improving quality company-wide. Internally, we have implemented a quality information system (GQMS/GQIS) that tracks quality history and manages a quality framework. We have also earned IATF 16949 certification for quality management systems in the automotive industry, ISO 9001 certification for our machine tools business at the Changwon 1 Plant, KS Q 9100 certification for special business at the Changwon 1 Plant, and finally KDS 0050-900 certification for special business at the Changwon 1 and 2 plants. These certifications are symbols of HYUNDAI WIA's dedication to preventive quality control from product development to after-service throughout all of our business divisions.

## Quality Information System (GQMS & GQIS)



## Cost of Claim Per Vehicle

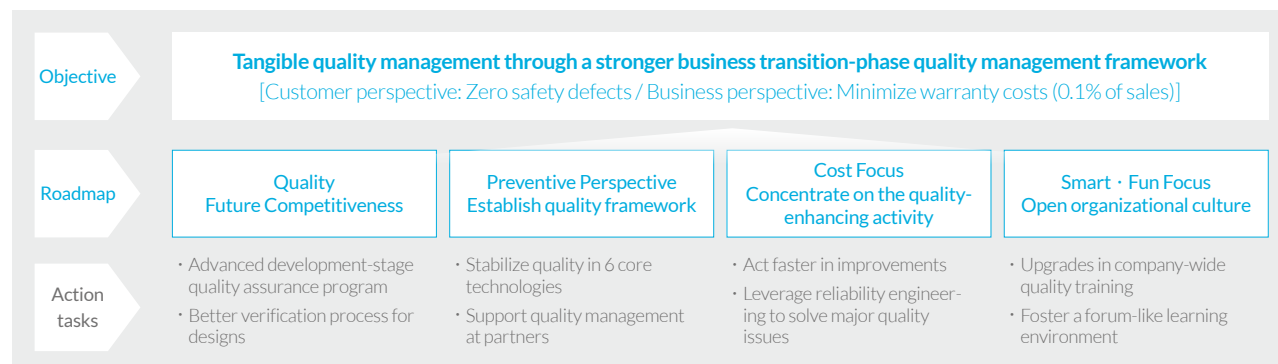
(Unit: KRW/vehicle)



\* Engine and automobile parts quality division

## Quality Policy

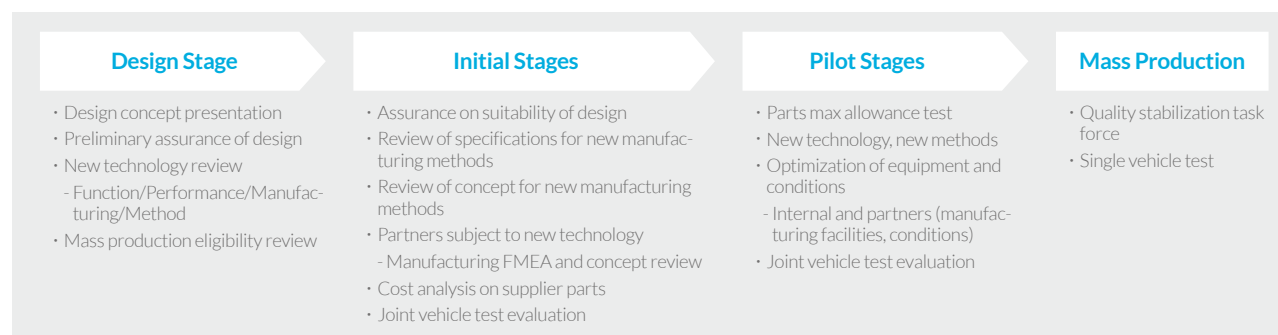
HYUNDAI WIA has secured competitiveness for best quality in the automotive parts, machine tools, and defense sectors by establishing a company-wide quality policy, conducting preventative quality assurance activities, and continuously improving the quality of our products and services. As we take corrective measures, conduct satisfaction surveys, collect customer complaints, prepare improvement measures and seek solutions in the customer quality management process, we spare no effort to improve our quality, secure a competitive edge and achieve customer satisfaction.



## Better Quality Assurance for New Technology

HYUNDAI WIA strives to stabilize early-stage mass production quality in our new automobile parts, bolstering the quality assurance process starting at the development stage for new technology and designs. Our engineers take quality assurance a step further and carry out design verification, manufacturing optimization, and joint manufacturing process review at each stage of the development process. In July 2021, we successfully confirmed parts' durability through reliance engineering methods including the Weibull test. We will strive to consistently improve coverage of upgraded quality assurance processes and improve product quality.

## New Technology Quality Assurance Process by Development Stage



## Quality Improvement Activities

HYUNDAI WIA conducts a range of quality improvement activities including system improvements and partner quality management support based on the belief that customer safety and happiness start with quality management. HYUNDAI WIA will continue to plan and execute quality improvement programs to offer more customers better products and services.

### 2021 Key Quality Improvement Activities

Category	Activities and Results
Digital Transformation	<b>Compilation of database of quality failure cases</b> <b>(Integrated DB of development/mass production quality issues and technical training material)</b> <ul style="list-style-type: none"> <li>Registered 50 failure cases, shared real-time throughout the company (technical internalization)</li> </ul>
	<b>Improvement of quality analysis and prediction system (Developed 16 interfaces)</b> <ul style="list-style-type: none"> <li>Standardization of field claims analysis tool, application of data visualization tools, launch of prediction management system</li> </ul>
	<b>Building of mobile quality management system</b> <ul style="list-style-type: none"> <li>Real-time mobile sharing and improvement of receipt &amp; manufacturing test data / quality issues</li> </ul>
Building Independent Quality Assurance Systems at Partners	<b>Quality improvement at Worst Partner by Production Plant</b> <b>(Improved 369 cases at 16 partners)</b> <ul style="list-style-type: none"> <li>Equipment, tools, F/Proof, Build management framework basis, Construct new NG masters for automatic inspection system, etc</li> </ul>
	<b>Basic quality improvement thematic campaign (Improved 156 cases at 15 partners)</b> <ul style="list-style-type: none"> <li>Point of change management, Nonconforming product management, Setting items management, F/Proof, Lot trackability, Oil materials management improvement, etc</li> </ul>
	<b>Standardization of partner manufacturing practices (98 cases at 11 partners)</b> <ul style="list-style-type: none"> <li>Disposal of nonconforming products, Day-to-day checkup of facilities, Management of alterations to working conditions, Measuring instrument management, Compliance with standards, etc</li> </ul>



# Human Rights Protection

## Human Rights Management

HYUNDAI WIA published a Human Rights Declaration in July 2020 to proactively execute human rights management principles, prevent human rights violations at the workplace, and mitigate relevant risks. We comply with the Universal Declaration on Human Rights, the UN Guiding Principles on Business and Human Rights (UNGPR), the Constitution of the International Labor Organization (ILO), OECD Due Diligence Guidance, and other global standards/guidelines related to human rights. HYUNDAI WIA shares the company's human rights principles as laid out in the Declaration, and has set 8 key principles to guide employees on respect for human rights.

### Principles of the HYUNDAI WIA Human Rights Declaration

- |   |  |
|---|--|
| 1. No discrimination  | 5. No forced labor and child labor             |
| 2. Compliance with working conditions                         | 6. Guarantee workplace safety                  |
| 3. Humanitarian treatment                                     | 7. Protect human rights of community residents |
| 4. Guarantee freedom of association and collective bargaining | 8. Protect customer human rights               |

## Execution of the Human Rights Declaration

All HYUNDAI WIA employees are required to comply with the principles set forth in our Human Rights Declaration. Employees include executives, full-time employees, and contract employees; the scope extends to such members of both Korean and overseas production entities, subsidiaries and second-tier subsidiaries, and joint ventures.

HYUNDAI WIA employees are bound by human rights principles when they do business with suppliers as well as sales and service personnel; the company also strongly recommends all stakehold-

ers in our business ecosystem respect human rights principles. Local laws take precedence when human rights policies collide with local laws, and the company can modify human rights principles in consideration of local regulations and industry characteristics. The company can also devise new detailed principles as required. Except where local laws, charters, or internal business regulations specify otherwise, all HYUNDAI WIA employees do business in compliance with human rights principles.

## Human Rights Impact Assessment Framework

HYUNDAI WIA has put together an HRIA Framework to respect the human rights of all our employees and stakeholders. We plan to start assessments in 2022, and factor these results in managing human rights risk and developing detailed human rights protection activities.

### HYUNDAI WIA Human Rights Impact Assessment Process

#### Select assessment targets

- Select target stakeholders subject to human rights declaration and provide human rights assessment rubric and guidelines

#### Written inspection

- Self-analysis by target and recommendation to set own improvement goals

#### Due diligence

- Review internal human rights regulations and systems based on a written review and confirm presence of risks from interviews and due diligence

#### Development of improvement plans

- Immediate resolution and proposal of improvement plans for high-risk factors and aberrations found in written reviews, on-site due diligence, third party reviews, and human rights impact reviews

#### Monitoring

- Additional monitoring of follow-up on improvement plans

## Company Ombudsman

HYUNDAI WIA has opened an online Company Ombudsman to foster a democratic working culture. Employees can access the People Lounge around the clock to report human rights violations including sexual harassment and workplace bullying. Reports can only be opened by the reporting individual and personnel in charge of the ombudsman; the company takes special care to protect the privacy of reporting employees. One report was made and successfully resolved during the 2021 year. No other reports were made, and no reports concerned workplace discrimination.

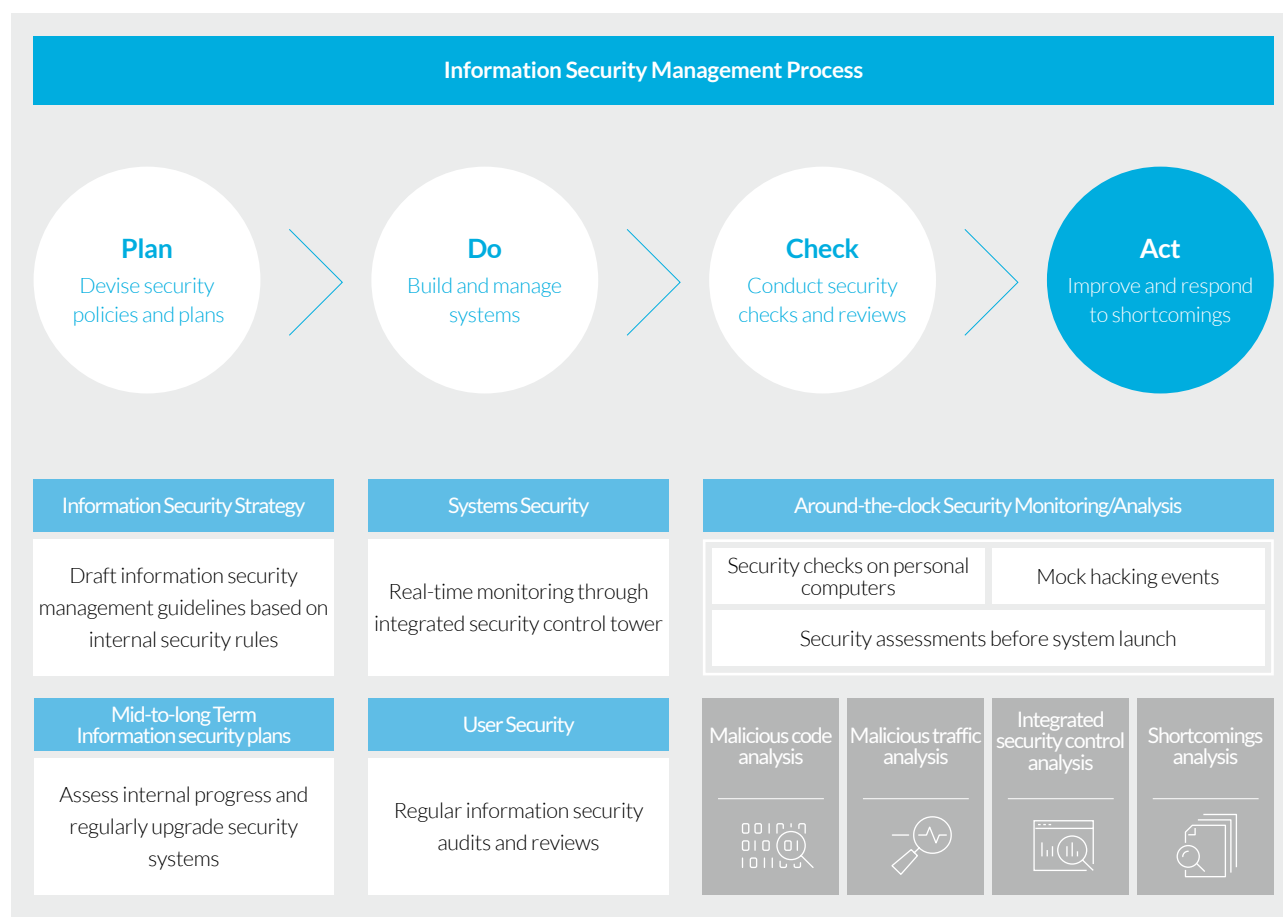
### Ombudsman Process





# Information Security Management Process

## Information Security Management Process and Processing of Personal Information



## Information Security Management Process

HYUNDAI WIA has invested in information security management through a dedicated framework. We have established information security policies for our business sites locally and overseas, built and managed systems, conducted security inspections, and identified improvement areas to earn stakeholder trust and protect employees' personal information.

Collection of personal information to support sales, enhance employee welfare, and issue certificates

Third party agent: Hyundai Autoever

Information can be made available to welfare service providers, corporate insurers, and Hyundai Motor Group affiliates (for business purposes)

Retention period: 3 years from the departure

## Personal Information Security Training

Employee awareness is the most important factor in information security. HYUNDAI WIA conducts regular training sessions to raise awareness of personal information security. We provide regular sessions at least once a month in various formats such as video materials and webtoons and provide targeted information security training by position and function.

### Information Security Training

Item	2022 Training Sessions		
Target	1,645 Working-level staff and outsourced staff	149 Leaders (team heads and above)	Average company headcount: 1,800
Dates	Jan 11, 2022 ~ Feb 11, 2022	Feb 14, 2022 ~ Mar 18, 2022	Monthly training
Topic	E-mail use and malware prevention	Essential information security training for leaders	Monthly information security issues

### Information Security Declaration

HYUNDAI WIA Information Assets	HYUNDAI WIA Security Strategy
1. Key technologies (incl. national assets) developed for business	1. Develop information security management framework to protect information, technology, and assets.
2. Personal information collected for business	2. Prepare people, facilities, and policies to execute information security measures.
3. Servers/networks and other IT facilities for business	3. Develop and act on managerial, physical, and technical information security guidelines to protect information, technology, and assets.
4. Key business information and business environment assets	4. Conduct training to promote compliance with security guidelines.
5. Physical business space	5. Prepare key strategies to manage security incidents, ensure business continuity (accident prevention), and comply with laws.

## Information Security Activities

Given the state of the global machinery industry, HYUNDAI WIA is well aware of the threats information leakage can pose to our business and assets. In response, we have adopted an Information Protection Declaration to confirm awareness of information security risks. We continue various security activities based on an Information Security Manual.

On one 'Security Day' designated each month, employees conduct inspections at the team level and join training to internalize self-awareness of security. Apart from the 'Security Day' event, the security team conducts "Random Security Checks" on the company's systems. We continue to make investments to mitigate shortcomings in the company's information security framework.

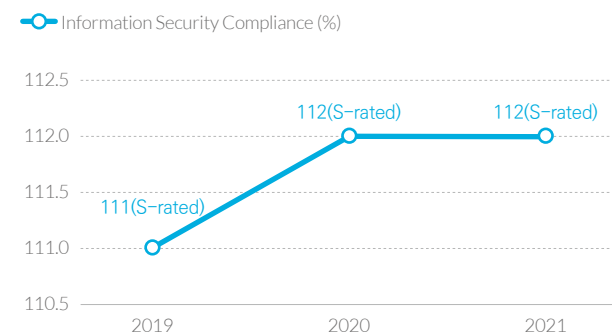
HYUNDAI WIA evaluates information security compliance at the department level. We rate each team's performance and award the top performing team at each evaluation. These efforts are aimed at promoting self-awareness of information security among HYUNDAI WIA employees.

Lastly, we have attained certification from a number of Korean and foreign institutions for our information security framework. We hold active ISO/IEC 27001 certification for information security.

## Information Security Investments

Index	Amount (KRW hundred million)	Manpower
2021 Information Technology Investments / Manpower	258.98	66
2021 Information Security Investments / Manpower	21.4	8
Information Security Activities	<ul style="list-style-type: none"> <li>• Company-wide Cybersecurity Policy Committee CISO conference</li> <li>• Build Data Loss Prevention (DLP) system</li> <li>• Purchase personal information protection compensation liability insurance</li> <li>• Group user guidelines on cyberthreats</li> <li>• Mock exercise on e-mail phishing</li> </ul>	

## Information Security Compliance Standards and Scores



# Governance

## Management Approach

In today's business environment, risk management is required. In addition to traditional financial risks, non-financial risks such as infectious diseases and ethical and compliance risks are also growing in importance. The increasing complexity and interdependence of risks, legal requirements and globalization are playing a major role in heightening the importance of risk management as a business practice.

HYUNDAI WIA identifies financial and non-financial risks while systematizing risk management and response methods to identify and more effectively and efficiently respond to financial as well as non-financial risks. In addition, for ethical and compliance risk management, the company provides regular training for our employees and strives to minimize risks through a supplier ombudsman system. We plan to minimize uncertainty by reshuffling the risk management organization and establishing a systematic reporting process for each risk type.

## Key Performance



Develop BOD  
Review Metrics



Secure Diversity  
in BOD

# Risk Management

## Ethical Management Framework

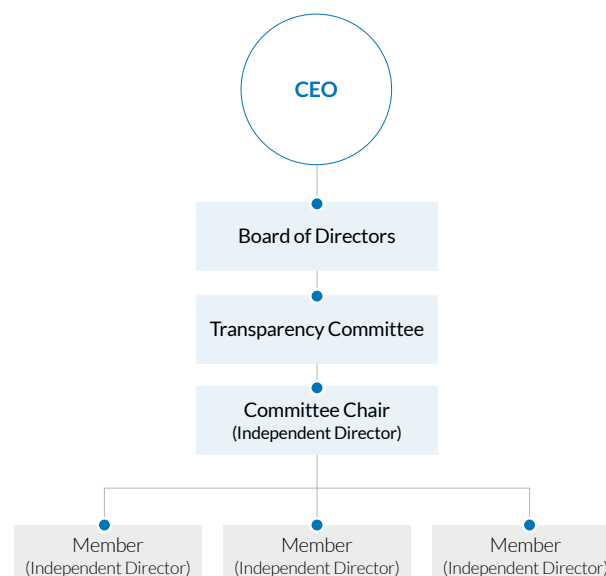


## Ethics and Compliance

### Ethical Management Framework

The Transparency Committee organized under the Board of Directors promotes compliance with laws and ethical culture among employees, and forms the basis for transparent management. The company's Ethics Charter provides ethical action principles to employees, and is the foundation for the Employee Practical Manual on Ethics and Employee Ethical Guidelines. All employees at HYUNDAI WIA comply with relevant rules and guidelines, while striving to improve awareness of ethics at the workplace.

## Ethical Management Organization



## HYUNDAI WIA Ethics Charter

HYUNDAI WIA adopted an Ethics Charter in 2020. The Charter designates transparency, fairness, customer satisfaction, employee human rights, and social responsibility as the 5 key issues. We strive to comply with ethics principles throughout our business.

### Ethics Charter

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

## 3 Key Action Principles of Ethical Management





## Ethical Management Training

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

### Ethical Management Training

Year	Topic	Participants
2019	Raising ethical awareness	1,570
2020	Transparency and ethical management for leaders, Team Plus ethical awareness seminar	1,166
2021	Need for ethical management, Key ethical guideline violations, Attitude for ethical action	1,716

## Ethics Audits and Cyber Audit Office

HYUNDAI WIA conducts both regular and year-round special to promote ethical awareness and achieve ethical management in the organization. Regular ethical audits take place according to business plans, and while other audits take place on occurrence of social issues or anonymous reports.

The company's Cyber Audit Office allows employees to anonymously report irrational behavior, corruption, acts that harm corporate culture, and other violations of ethics regulations. Internal and external stakeholders can anonymously report unfair practices anytime through the Cyber Audit Office; the reporting employee and the details of their reports are kept strictly confidential. Upon confirmation of wrong behavior, the company follows up with formal disciplinary and other measures. We are actively working to raise the awareness of our employees, prevent recurring violations, and uphold trust surrounding the HYUNDAI WIA brand.

### Cyber Audit Office

#### Issues handled by the Cyber Audit Office

1. Employee misbehavior, corruption and socially incorrect behavior (bribery, unreasonable request or provision, etc.)
2. Mistreatment of employees, solicitation, and acts that harm corporate culture
3. Suggestions for improvement of unreasonable practices
4. Other matters that violate ethics regulations

#### Informant Protection

The informant and the details of their report are kept strictly confidential at the Cyber Audit Office; the reporting system is kept under security. In addition, the Office is run by a limited number of people who have pledged to strictly preserve the confidentiality of reports.

Protections for informants include:



- The identity of the informant



- Evidence presented by the informant or information collected related to the report



- Identity of people who can pinpoint the suspect



- Follow-up measures, etc.

## Anti-corruption activities, reports to suppliers and transparency investigations

HYUNDAI WIA engages in anti-corruption activities to eradicate unfair business practices, unreasonable demands using position, bribes, conveniences, interference with business partners, complaints related to payment, leakage of confidential information, and other illegal and corrupt practices. Every year, we evaluate the risk of corruption at our business sites to prevent potential problems before they arise. In addition, we continue to work toward ethical management and legal compliance by reporting partner companies and conducting transparency investigations.

### Anti-corruption Activities

Type	Item	Unit	2019	2020	2021
Anti-corruption	Number of target business sites (Korea/Overseas entities)	Locations	16/9	17/8	15/9
	Number of business sites analyzed for corruption risk (Korea/Overseas entities)	Locations	1/3	16/1	15/0
	Ratio of business sites analyzed for corruption risk	%	16	68	63
Inspections	Regular inspections	Inspections	4	3	4
	Round-the-year inspections	Inspections	-	2	4
	Follow-up inspections	Inspections	-	-	2
	Cyber reports, phone reports, mail reports and transparency inspections	Inspections	8	9	13

### Partner Reports and Transparency Analysis

Item	Unit	2019		2020		2021	
Partner Report	Reports	Reported	Analyzed	Reported	Analyzed	Reported	Analyzed
Cases	Cases	7	5	7	9	9	9

## Voluntary Compliance with Fair Business Norms

HYUNDAI WIA introduced the Compliance Program (CP) in 2002 with the approval of the BOD. CP presents clear guidelines to employees about fair trade-related laws and regulations to enhance their awareness of voluntary compliance and ethics. The company uses the CP to promote self-awareness of compliance and ethics among employees, discover misbehavior, and arrive at an early solution. We conduct fair business training at least once a year as part of the Compliance Program.

HYUNDAI WIA employees have signed an anti-collusion pledge to promote fair business. The pledge covers 5 issues including exchange of information with competitors, price-fixing, and reporting obligations. We will strive to comply with the Ten Fair Business Commandments going forward.

### Compliance Organization



### 7 Principles of the Voluntary Compliance Program



## Fair Trade Voluntary Compliance Program Training

Date	Topic	Participants	Lecturer
May 2019	Objective of Fair Business Voluntary Compliance, Overview of Subcontracting Laws, Case Studies	213	Hongki Kim, Esq (Bae, Kim & Lee LLC)
Nov 2019	Cases in Violation of Fair Business Laws	331	Younggug Kang (Shin & Kim LLC)
Oct 2020	Cases in Subcontracting Laws and Technology Theft	1,225	HYUNDAI WIA staff
Apr 2021	Overview of Subcontracting Laws and Case Studies	403	HYUNDAI WIA staff
Nov 2021	Overview of Fair Business Laws and Case Studies	225	Hongki Kim, Esq (Bae, Kim & Lee LLC)
May 2022	Objective of Fair Business Voluntary Compliance, Overview of Subcontracting Laws, Case Studies	260	Seungho Sohn, Esq (Bae, Kim & Lee LLC)

## The Ten Fair Business Commandments

1. Do not discuss price with your business partners.
2. Do not share the markets with your competitors.
3. Leave when you hear price discussions at industry conferences.
4. Compete fiercely.
5. Be extra cautious if you have market-making power.
6. Do not sell below the cost of product.
7. Do not force your price onto the customer.
8. Do not sell in bundles.
9. Implement voluntary fair business compliance programs.
10. When in doubt, consult a legal expert on fair business.

### HYUNDAI WIA Pledge to Stop Collusion

To promote fair competition and transparent management, I will actively participate in the company's fair business compliance program and do my best to avoid any legal risks related to collusion by observing the following employee behavioral guidelines and document management guidelines. I promise to do my best and hereby sign the pledge.

First, we will not contact or exchange information with competitors' executives and employees outside of official meetings.

Second, we do not discuss price and market trends when we inevitably come into contact with a competitor.

Third, we will report the nature/content of meetings with competitors will to the Compliance Team.

Fourth, we will immediately express our intent to refuse when receiving misleading information.

Fifth, we will prohibit the use of expressions that can be mistaken for collusion, such as "avoiding competition, cooperation, sympathy, and consensus building" when writing documents, and describe the source and method of obtaining competitor information.

If I violate this pledge, I will bear all responsibilities in accordance with the relevant laws and company regulations.

January 25, 2021

## Strategic Supplies Trader and Voluntary Compliance

The Strategic Supplies Trader with Voluntary Compliance (Compliance Program) is a certification given by the Ministry of Trade, Industry and Energy to companies equipped with the following qualifications: those with proper task forces, rules and systems for exporting and managing strategic items, and capability of autonomously implementing export regulations such as judging strategic materials, permits, and applications. HYUNDAI WIA received this certification in 2008, and has been contributing to the peace and prosperity of international society ever since.

### Compliance Organization

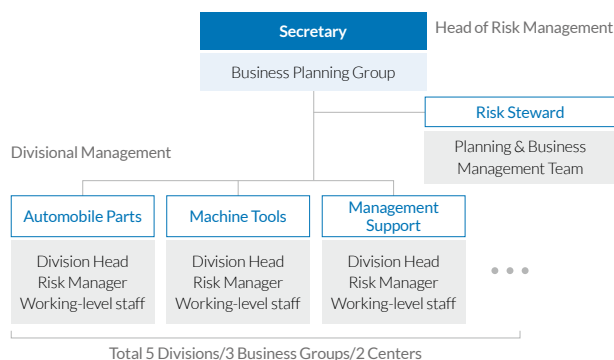


## Financial and Non-Financial Risk Management

### Risk Management Organization

At HYUNDAI WIA, the Planning & Business Management Team coordinates the risk management secretariat, and the manager of the Business Planning Group serves as secretary. This agile risk response system is subdivided into 5 divisions, 3 business groups, and 2 centers. The chief of each division is responsible for controlling risks, and the chief of the secretariat supervises risk management at the corporate level. This efficient, systematic approach to reporting risks and operating conferences allows us to quickly troubleshoot problems and run an efficient and professional risk management system.

### Risk Management Organization and Framework



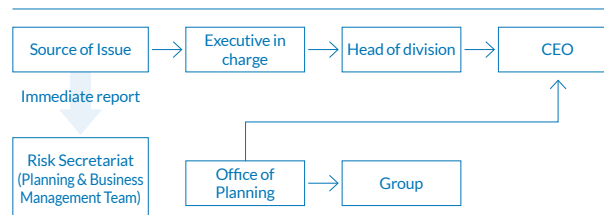
### Risk Response Council

When risk arises, HYUNDAI WIA holds the Risk Response Council meeting to discuss and control major issues related to the risk and to identify the current and ongoing circumstances. The chief of each division attends this council meeting to discuss and share ideas about the current status of the risk, about its impact, and about the countermeasures. In case of a major risk that cannot be addressed solely by each division, all relevant departments and divisions make concerted efforts.

### Risk Reporting Processes

In addition to the Risk Response Council, HYUNDAI WIA has established risk reporting processes by risk type. The risk reporting process allows for a structured and rapid response. Through a structured approach, we aim to enhance the efficiency and effectiveness of our response to risk.

#### Risk Reporting Process



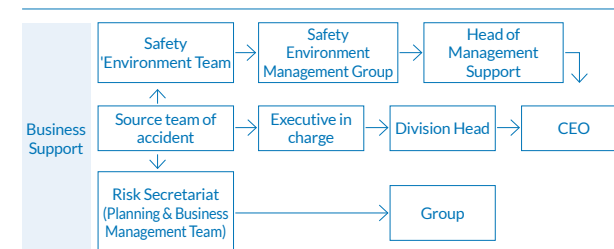
#### Risk Reporting Timeline

Type	Scope of Report		Timeline
Production	Fires and safety accidents (incl. serious accidents)	Causes, state of recovery	Within 2 hours
	Health/riots	Damages, responses	
	Mass strikes	Production threats and response	
	Shutdown of production lines	OEM production threats WIA production threats Partner supply risks	
	Owner issues	WIA and OEM impact	
Policy	Affiliate, partner issues	Expected and actual results	ASAP
	Court rulings	Expected and actual results	
	Laws/government regulations	WIA impact, responses	
PR	Journalists	Plans and results	
	Criminal investigators, auditors	Audit plans and results	
Investment	Equity	Investment plans and results	
	Affiliate	Investment plans and results	
Other			

### Serious Accidents Reporting Process

Pursuant to the Serious Accidents Punishment Act enacted January 2022, HYUNDAI WIA has implemented reporting processes to respond efficiently and effectively to risks arising from serious accidents.

#### Serious Accidents Reporting Process



### Tax Risk

#### Tax Policy

HYUNDAI WIA's tax policy upholds compliance with tax laws and fulfillment of tax obligation as basic principles. We follow the country's tax regulations as an exemplary taxpayer and maintain a cooperative and faithful relationship with the tax authorities. We systematically control tax risks arising due to major changes in our business, including existing business at home and abroad as well as new businesses and the modified structure of transactions.

#### Tax Risk Management

To manage tax risks, HYUNDAI WIA strictly follows relevant tax laws and regulations. At the request of tax authorities, we provide all relevant data and evidence to present details and facts in line with legal requirements. We also understand that there are differences in tax laws between countries and try to prevent tax risks in each country. It is our principle to conduct international trade or transactions based on normal prices in order to proactively prevent risks of double taxation. We also cooperate with external experts to check and analyze ambiguous tax risks in advance.

# Governance

## Establishment of Corporate Governance Charter

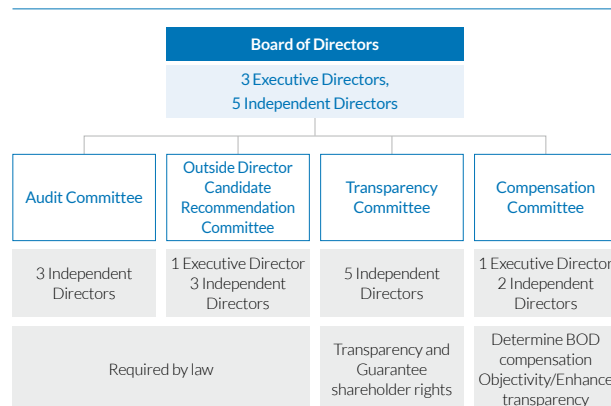
HYUNDAI WIA established the Corporate Governance Charter to disclose its sound and transparent governance and declare its related principles. Based on the charter, we will enhance the interests of our stakeholders in a balanced manner through transparent business management.

## Composition of the Board of Directors

The Board of Directors (BOD) is an essential committee within a corporation that is elected by the general meeting of shareholders to make key business decisions. As of publication of this Report, the HYUNDAI WIA BOD is comprised of 8 directors (3 executive directors and 5 independent directors). Executive directors are nominated by the recommendation of BOD and independent directors by the Independent Director Nomination Committee. Both are finally appointed by the general meeting of shareholders. To ensure transparency in information and to allow ample time for review, details on BOD candidates are disclosed 4 weeks prior to the general shareholder meeting. Included in the same disclosures available through shareholder meeting announcements and annual reports are details on past BOD meeting attendance and voting records; activity records are a factor in reviewing directors put up for reappointment.

The Chairman of the Board serves to improve operational efficiency of the Board and act on responsible management principles. The BOD governs through 4 subcommittees, including the Audit Committee (run by 3 independent directors), the Independent Director Nomination Committee (run by 4 directors, including 3 independent), the Transparency Committee (run by 5 independent directors), and the Compensation Committee (run by 3 directors, including 2 independent).

## Board of Directors Governance Structure



## Board of Directors Membership

Classification	Name	Gender	Recommended by	Title and Experience	Date of Appointment	Term (years)	Shares held	2021 BOD Meeting Attendance	Comments
Executive Directors	Jae-Wook Jung	Male	BOD	(Current) CEO, HYUNDAI WIA (Former) Director of at Purchasing at Hyundai Motors	2021.03.24	3	-	100%	Chairman of the BOD, Member of the Outside Director Candidate Recommendation Committee
	Bong-Woo Lee	Male	BOD	(Current) Production/Operation Representative at HYUNDAI WIA (Former) Director of Automobile parts business at HYUNDAI WIA	2021.03.24	3	-	100%	
	Sha-won Kim	Male	BOD	(Current) Director of Finances at HYUNDAI WIA (Former) Director of Administration Managing Group at HYUNDAI WIA	2022.03.23	3	-	New	Member of the Compensation Committee
Independent Directors	Eun-Ho Kim	Male	Independent Director Candidate Recommendation Committee	(Current) Senior Advisor of Kim & Chang law firm (Former) Chief of Busan Regional Tax Office	2022.03.23 (2019.03.15)	3 (Reappt)	-	100%	Chair of the Audit Committee, Member of the Transparent Committee, Member of the Compensation Committee
	Sung-Hoon Ahn	Male	Independent Director Candidate Recommendation Committee	(Current) Professor at Seoul National University Department of Mechanical Engineering (Former) Associate Dean of Seoul National University Graduate School of Engineering Practice (Former) International Journal of Precision Engineering and Manufacturing - Green Technology (IJPEM-GT) Chief Editor	2022.03.23 (2019.03.15)	3 (Reappt)	-	100%	Member of the Outside Director Candidate Recommendation Committee, Member of the Transparent Committee, Chair of the Compensation Committee
	Ik-Hyun Nam	Male	Independent Director Candidate Recommendation Committee	(Current) Professor at Seoul National University Department of Business Administration (Former) Dean of Seoul National University Graduate School of Business Administration (Concurrent) Independent Director of Doosan Heavy Industries & Construction Co. Ltd. (-'23.3)	2020.03.25 (2017.03.17)	3 (Reappt)	-	100%	Member of the Audit Committee, Chair of the Outside Director Candidate Recommendation Committee, Member of the Transparent Committee
	Sung-Kuk Jo	Male	Independent Director Candidate Recommendation Committee	(Current) Professor at Joongang University Department of Law (Former) Associate Dean of Joongang University Law Research Institute (Former) Chief of Contract Policy at Korea Fair Trade Commission	2020.03.25 (2017.03.17)	3 (Reappt)	-	100%	Member of the Audit Committee, Chair of the Transparent Committee
	Kyu-Jin Lee	Female	Independent Director Candidate Recommendation Committee	(Current) Professor at Myongji University Department of Mechanical Engineering (Former) Researcher of National Renewable Energy Laboratory (USA)	2022.03.23	3	-	New	Member of the Outside Director Candidate Recommendation Committee, Member of the Transparent Committee

## BOD Gender Makeup

Male	Female
87%	13%

## BOD Independent Director Makeup by Year

Index	2019	2020	2021	2022
Legal requirement (Commercial Act)	50%	50%	50%	50%
Independent Directors Ratio	57.1% (4/7)	57.1% (4/7)	57.1% (4/7)	62.5% (5/8)



## Independence Criteria for Board of Directors

- Relationship between the candidate and the largest shareholder, the transactions between the candidate and the company for the past 3 years
- Those currently holding a managing director position of a company, those who have an important stake in a company or are the largest shareholder of a company, or those who have served as a director or an executive officer within the past 3 years are ineligible as candidates for independent directors
- Doing personal business with company in the same industry as HYUNDAI WIA without approval of the BOD is prohibited
- The tenure of independent directors cannot exceed 6 years; the total tenure across the company and affiliated companies cannot exceed 9 years.

## BOD Independence and Expertise

Pursuant to the Commercial Act, independent directors make up more than a half of HYUNDAI WIA's BOD. This is to guarantee the Board independence and expertise in decision-making, while holding the Board accountable and establishing a system of checks and balances. The company factors expertise and experience in professional business management as well as social reputation and ethical awareness in electing the Board. Candidates are nominated by recommendation of the Independent Director Nomination Committee, and their final appointment is determined at the general shareholders' meeting. Our current independent directors bring expertise in accounting, finance, business management (production management), law, and mechanical engineering. The directors evaluate and supervise important management or business matters by actively sharing opinions and insights. Furthermore, independent directors undergo regular training to attain industry expertise. Finally, the company strives to build diversity in the Board of Directors by actively considering gender, nationality, area of expertise, as well as a range of other factors when electing the Board.

## BOD Training

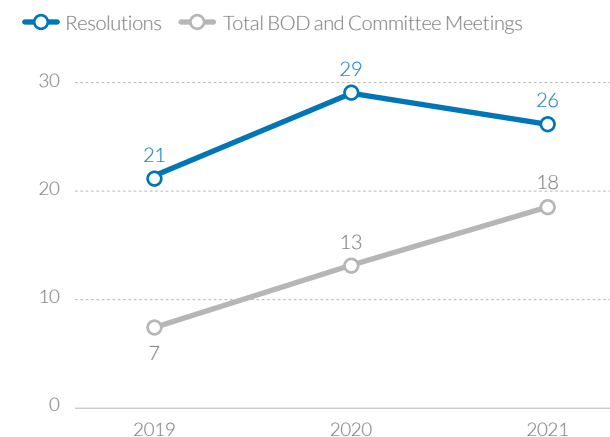
Date	Lecturers	Members Present	Detail
April 22, 2021	Lecturers from Audit Committee Forum Dr. Kyu-An Jeon (Professor, Soongsil University), Mr. Jaeheum Park (Partner, EY Hanyoung)	4	Role of the audit committee in covid-era ESG reporting
July 23, 2021	Mr. Dongsoo Kim (Head of Sustainable Management Planning, KPC)	4	ESG principles and key trends
July 26, 2022	Mr. Sangwon Moon (Partner, Samjong KPMG)	8	ESG trends and response strategies

## BOD Operations and Activities

Board of Directors meetings take the form of regular meetings and special meetings. In principle, regular board meetings are held every quarter, meeting times can be changed if necessary. On the other hand, special board meetings can be held whenever necessary. Resolutions of the Board are made with the attendance of a majority of directors and the consent of a majority of the directors present. Should some or all Directors be absent at a meeting, the company allows participation via telephone, given all Directors and simultaneously listen to each other's voice. In 2021, a total of 8 BOD meetings (4 regular, 4 special) and 10 sub-committee meetings were held; the BOD resolved a total of 26 agendas during the year.

In respect of the current environment emphasizing shareholder value, shareholder rights, and sustainable management, HYUNDAI WIA's Board of Directors receives regular reports on sustainability management-related plans and performance. Sustainability management-related activities and strategies are discussed and finally approved by the BOD before they are implemented. The BOD strives to play a major role in creating a sustainable future for HYUNDAI WIA by actively exploring various policies and activities for sustainable management.

## Board of Directors and Committee Results



## Board of Directors ESG Activities

Meeting	Date	Agenda	Notes
Regular	Jan 29, 2021	1. 2020 ESG Review Results and 2021 Plans 2. 2020 Compliance Support Activities and 2021 Plans	Approved
Special	Feb 19, 2021	1. State of Safety	Report
Special	Mar 24, 2021	1. Request for approval of 2021 Safety and Health plans	Approved
Regular	Apr 23, 2021	1. 1Q2021 Safety and Health results	Report
Regular	Jul 23, 2021	1. 2021 ESG Management progress 2. 2Q2021 Safety and Health activity results 3. 1H2021 compliance support results	Report
Regular	Oct 29, 2021	1. 3Q2021 Safety and Health activity results	Report

## Performance Reviews and Compensation

BOD compensation is determined within the limits approved by a resolution at the general meeting of shareholders pursuant to the company's Articles of Incorporation. In addition, the performance of the BOD's compensation is disclosed through regular reports (annual, semi-annual, quarter).

Performance review standards for Board members were introduced in 2022. These standards help us pursue sustainable management and to ensure proper board leadership and fair board performance reviews.

## Board of Directors Key Performance Review Standards

Category		Detail
BOD Roles	BOD Roles	Execution of duties in line with shareholder value
		Facilitation of communication between shareholder and management
BOD R&R	BOD Responsibilities	Oversight of company management
		Oversight of compliance regarding financial metrics, accounting, and laws
		Understanding of company ethics commitments and social responsibility
BOD Structure	BOD Structure	Professional eligibility to carry out Director duties
		Preparation of committees and processes for Director candidate selection
		Training for new Directors
BOD Structure	BOD Independence	Regular training for incumbent Directors
		Composed of Independent Directors confirmed for actual independence
		Reflect independence criteria in recommending and appointing independent directors
BOD Leadership	BOD Leadership	Respect for authority and responsibility between BOD and management
		Regular Independent Director-only meetings
		Independent execution of duties by Chair for shareholders and business
BOD Operations	BOD Operation Processes	Balanced communication between executive/independent directors by BOD Chair
		Regular convening of BOD meetings
		Faithful participation at meetings by Directors
BOD Operations	BOD Agenda and Information Collection	Setup and application of BOD operating rules
		Disclosure of BOD activities
		Mutual consultation on BOD agenda between BOD Chair and company management
BOD Committees	Committee Structure	Provision of sufficient time to Directors to review agenda
		Provision of external expert support to Directors upon BOD or Director request
		Inclusion of multiple independent directors in Audit Committee and other key committees
BOD Committees	Committee Operations	Setup and application of Committee-level operating rules
		Composed of over 3 independent directors
		Composed of independent directors with fundamental audit knowledge
BOD Committees	Audit Committee	Composed of at least 1 finance expert
		Understanding of powers and responsibilities of Audit Committee
		Setup and application of Audit Committee operating rules
BOD Committees	Audit Committee	Regular convening of Committee meetings
		Regular reporting by Audit Committee to BOD

## Audit Committee

The Audit Committee audits accounting and business matters, deliberates and resolves decisions made under the law, the company's articles of association, or the BOD, and supervises the activities of directors and company leadership to make reasonable management decisions.

Committee members are appointed at the general shareholders' meeting. An independent director chairs the committee. The committee consists of accounting and finance experts to strengthen its expertise and independence. It presents independent opinions for reasonable decision by company management. The Audit Committee convened 5 times in 2021, and reports to the Board on a regular basis.

## Independent Director Nomination Committee

The Independent Director Nomination Committee recommends candidates for independent directors and verifies their qualifications to keep the nomination process transparent and fair.

The committee is responsible for recommending Director candidates who can align with shareholder interests following a fair and transparent process. To exclude candidates ineligible to serve pursuant to Commercial Act restrictions, but Committee first shortlists candidates who align with shareholders and the company to the count of 3 times the target number of Directors. The Committee is entrusted with the task of managing the candidate pool, selecting 3 times the required number of candidates, and referring candidates to the general shareholder meeting.

HYUNDAI WIA's Independent Director Nomination Committee consists of 4 members consisting of 3 independent directors and one executive director; independent directors make up the majority of the committee. We strive to maintain transparency and independence in the candidate selection process via clarity and meticulous review.

## Transparency Committee

The Transparency Committee was formed in January 2020 to maintain transparency in internal transactions, control ethical business management, and protect the rights and interests of shareholders. The committee discusses agendas related to business management, including assurance for protecting the rights and interests of shareholders, M&A, and acquisition and sale of major assets.

To uphold transparency and independence, the committee is comprised only of independent directors. HYUNDAI WIA provides full support for the committee in terms of information and funding. We will continue to offer full support to the Committee's work in transparency and sustainable growth. The Transparency Committee convened 7 times and resolved 7 issues in 2021.

## Compensation Committee

The Compensation Committee was established to uphold objectivity and transparency in the decision of compensation for the Board of Directors; the Committee is entrusted with reviewing compensation schemes and limits before these issues are presented to the Board agenda. The Compensation Committee was established in October 2020, and maintains independence from company management through a membership of 1 Executive Director and 2 Independent Directors, resulting in a majority composition of Independent Directors. The Committee is chaired by an Independent Director to preserve independence.

### Board of Directors Compensation (2021)

Item	Unit	Director
Headcount	Persons	7
Total Compensation	KRW million	2,385
Average Compensation	KRW million	341

### Compensation Committee Approvals

Round	Date	Present/ Total Members	Agenda		Approval
			Result	Detail	
First (2021)	2021.01.29	3/3	Resolved	1. Appointment of Chair of Compensation Committee 2. Approval of compensation scheme	Approved
Second (2021)	2021.02.19	3/3	Resolved	1. Approval of Director compensation limits	Approved
First (2022)	2022.02.18	3/3	Resolved	1. Approval to modify compensation scheme for executive directors 2. Approval of Director compensation limits	Approved
Second (2022)	2022.03.23	3/3	Resolved	1. Appointment of Chair of Compensation Committee	Approved

## General Meeting of Shareholders

HYUNDAI WIA strives to protect the rights and interests of shareholders. We encourage shareholder participation by voluntarily participating in the "Autonomous Distribution Program" organized by the Korea Listed Companies Council and the Korea Exchange and avoiding dates when we expect crowding of shareholder meetings. We have also introduced an electronic voting system and proxy voting system in respect of shareholder convenience. We protect the rights of shareholders through a shareholder proposal system, in which a certain percentage of shareholders can propose an issue to the official meeting agenda.

To enhance shareholder value, the company has paid consistent cash dividends since 2012, taking into account cashflow and business environment. We plan to develop further mid-to-long term financial management and dividend strategies that factor in future eco-friendly parts and other new businesses.

# APPENDIX

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## Stakeholder Participation

Our six stakeholder groups are shareholders and investors, customers, local community partners, government, and employees. We run dedicated communication channels for each stakeholder group. Better communication among stakeholders has allowed us to respond better to changes in major issues and carry out sustainability management practices. We will listen to the opinions of each stakeholder, identify important issues, and actively reflect their opinions in the company's sustainable management strategy.

Stakeholder	Areas of Interest	HYUNDAI WIA Response	Communication Channels	Cycle
Shareholders and Investors	- Portfolio diversification - Business risk management	- Regular disclosures - Improvement in mid-to-long term business strategy - Platform to create future value	- Shareholder Meetings - Management Disclosures - IR Activities	Yearly Quarterly Year-round
Customers	- Product quality - Transparency in product information	- Customer surveys and implementation of feedback - Sales and marketing	- Customer surveys - Offline/online consultations - Sales/marketing	Year-round
Local Community	- Environment and safety improvement - Contribution to local economy and society	- Environment and workplace safety activities - Community service	- Community service	Year-round
Partner Businesses	- Corporate partnership and technical collaboration - Prevention of unfair business practices and corruption	- Support for partner technology and management - Prevention of unfair business practices and corruption	- General assemblies with partners - On-site training at partner business	Yearly Year-round
Government	- Compliance with laws and regulations - Private partnership in defense business and other areas	- Communication with government and related institutions - Prevention of unfair business practices and corruption	- Participation in government conferences - Participation in government policy drives and investment projects	Year-round
Employees	- Working environment and organizational culture	- Improvement of welfare schemes and organizational culture - Training for skills and leadership	- Labor-management committee - Labor-management tea parties - Job Security Committee	Year-round

## Partners' Ethics Guidelines

The partner will prioritize 'ethical management' in our business activities, maintaining fairness and transparency, and upholding principles of trust.

### 1. Compliance

- We comply with subcontracting laws and fair business laws in our business activity

### 2. Transparent Management

- Accounting and financial management is conducted in a transparent manner based on facts.
- We do not offer or accept money or valuables under any circumstances in our relationship with stakeholders such as customers and business partners.

### 3. Corporate partnership

- Relationships with stakeholders such as customers and suppliers are mutually beneficial; they are based on mutual trust and support for mutual growth.

### 4. Environmental and safety management

- Practice green purchasing, and refrain from using harmful substances in product development and production processes.
- We guarantee the safety of our workers, and create a culture in which human rights are respected.

### 5. Information Security

- We value information with stakeholders such as customers and business partners, and protect technical data.

### 6. Social Contributions

- Respect human dignity and the right to happiness, observe the principle of gender equality, and reject child labor and forced labor.
- Care for the socially disadvantaged, contribute to the local community, and maintain courtesy and dignity as a global citizen.

## HYUNDAI WIA Human Rights Charter

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. HYUNDAI WIA has established this 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.

CEO, HYUNDAI WIA

Jaewook Jung



## Sustainable Management Results

### Environmental Performance

#### Greenhouse Gas Emissions (HYUNDAI WIA Korea Totals)

	Item	Unit	2019	2020	2021
Business GHG Emissions	Total Emissions (Scope 1, Scope 2)	tCO2eq	201,138	170,173	181,938
	Scope 1 Emissions		16,375	14,093	15,629
	Scope 2 Emissions		184,769	156,086	166,317
	GHG Emissions Intensity (Total emissions ÷ Separate sales)	tCO2eq/KRW hundred million	3.15	3.05	2.82
Other GHG Emissions (Scope 3)		tCO2eq	274,490	137,764	365,689

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

\* Includes all of CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs or SF<sub>6</sub> as defined in Article 2, No. 9 of the Framework Act on Low Carbon, Green Growth

\* Calculated according to the guidelines on emission reporting and certification of the greenhouse gas emission trading system

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

#### Current Year Greenhouse Gas/Energy Allowances and Emissions (Korea)

Item	GHG Emissions (tCO2eq)			Energy Consumption (TJ)		
	2021 Allowance (Total Allowance)	2021 GHG Emissions (Actual)	Reduction	2021 Allowance (Total Allowance)	2021 Energy Consumption (Actual)	Reduction
Korea Sites	226,095	181,938	20%	4,725	3,665	22%

#### Utilization of Recycled Materials

Material	2019		2020		2021	
	Mass (tons)	Spend (KRW hundred million)	Mass (tons)	Spend (KRW hundred million)	Mass (tons)	Spend (KRW hundred million)
Scrap Metal	76,508	322.0	46,387	161.6	55,250	312.5
Copper	312	21.7	217	15.4	236	23.9

**Waste Management**

Item	Unit	2019	2020	2021
General Waste	Tons	28,060	19,681	19,217
Designated Waste		7,656	6,967	8,787
Total		35,716	26,648	28,004
Recycling	%	32,221	24,367	26,090
Recycled Material		90.2%	91.4%	93.2%

**Overseas HYUNDAI WIA GHG Emissions (Total)**

Item	Jiangsu HYUNDAI WIA Co., Ltd.		HYUNDAI WIA Automotive Engine (Shandong) Co., Ltd.		Beijing HYUNDAI WIA Turbocharger Co., Ltd.	
	2020	2021	2020	2021	2020	2021
Scope1 (Unit : tCO2eq)	3,983	2,939	3,089	2,201	-	-
Scope2 (Unit : tCO2eq)	65,528	38,301	153,646	65,452	-	29
Total	69,511	41,241	156,735	67,653	-	29

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

Item	HYUNDAI WIA Mexico		HYUNDAI WIA India		Total WIA Overseas GHG Emissions	
	2020	2021	2020	2021	2020	2021
Scope1 (Unit : tCO2eq)	3,728	4,101	596	658	11,396	9,900
Scope2 (Unit : tCO2eq)	43,920	44,659	10,472	13,136	273,565	161,576
Total	47,648	48,760	11,067	13,793	284,961	171,476

**Air Emissions Facilities**

Item	Unit	2019	2020	2021
Air Emissions Facilities	Facilities	619	506	522
Air Emissions Prevention Facilities		115	91	102
Exempted Facilities		171	221	256

**Air Pollutant Emissions Volume**

Chemical	Unit	2019	2020	2021
Total Pollutant Emissions	Tons	30.5	23.6	26.36
NOx (nitrogen oxides)	Kg	-	497.3	773.08
SOx (sulfur oxides)		-	-	115.9
Dust		22,460.0	9,766.6	14,767.11
Lead & its compounds		5.1	26.7	3.37
Nickel & its compounds		17.1	9.7	11.39
Copper & its compounds		1.7	9.3	14.1
Zinc & its compounds		197.7	160.9	68.72
Cadmium & its compounds		1.3	0.3	0.52
Chrome & its compounds		82.4	18.8	18.57
Dichloromethane		161.6	149.7	239.75
Fluorine compounds		13.4	19.8	12.28
Hydrogen cyanide		5.3	55.2	4.06
Ethyl benzene		126.6	144.5	302.83
Hydrogen chloride		290.1	269.3	306.65
Hydrocarbons		6,654.3	11,363.4	8,055.84
Trichloroethylene		421.0	1,062.2	1,604.09
Formaldehyde		144.6	66.8	59.77

**Total Energy Consumption**

Item	Unit	2019	2020	2021
Total Energy Consumption	TJ	3,987	3,387	3,665
Electric Power (Indirect Energy)		3,804	3,214	3,475
Fuel (Direct Energy)		191	182	197
Other (Steam, etc.)		-	-	-
Energy Consumption by Sales	TJ/KRW ten billion	9.45	8.66	7.79

\* Pursuant to emissions trading regulations, sum of Indirect Energy and Direct Energy consumption does not match with total energy consumption. (Energy consumption is summed by company after rounding by business site.)

**Renewable Energy Consumption (Last 3 years)**

Item	Unit	2019	2020	2021
Renewable Energy Consumption	kWh	3,816	3,854	3,795

**Water Resources Consumption**

	Item	Unit	2019	2020	2021
Water Use	Total Water Use	Thousand tons	667	618	620
	Water Use Intensity	Thousand tons / KRW hundred million	15.81	15.80	13.18
Wastewater Treatment	Total Wastewater		5,415	6,494	8,240
	Treatment Method		Physico-chemical	Physico-chemical	100% Outsourcing
	Final Discharge Point	Tons	Dukdong Water Recycling Center	Dukdong Water Recycling Center	Outsourced Company
	Treated Wastewater		780	968	-
	Outsourced Treatment		4,635	5,526	8,240
	Wastewater Intensity	Tons / KRW hundred million	0.13	0.17	0.18

\* Certain wastewater treatment facilities have ceased operations as of December 31, 2020 (unable to analyze pollutants in disposed water)  
 → Values given refer to concentration levels as provided by professional wastewater treatment company

**Business Water Intake/Consumption by Water Source**

	Item	Unit	2019	2020	2021
Intake	Total	Thousand tons	667	618	620
	Tap water	Thousand tons	619	571	585
	Underground	Thousand tons	48	47	35
Consumption	Total	Thousand tons	667	618	620
	Tap water	Thousand tons	619	571	585
	Underground	Thousand tons	48	47	35
Consumption Intensity	Korea	Tons / KRW hundred million	15.81	15.80	13.18

**Business Waste Water Treatment**

	Index	Unit	2019	2020	2021
Wastewater Treatment	COD	ppm	8.7	5.2	2.8
	BOD		0.6	0.3	1.6
	SS		10	4	1.5

**Chemical Pollutant Emissions**

	Item	Unit	2019	2020	2021
Chemical Emissions	TCE	Tons	10.9	7.1	3.907
	Chrome		0.044	0.009	0.005
	Manganese		-	-	-
	Tin		-	-	-
	Copper		0.002	0.005	0.003
	Total		10.94	7.11	3.915

**Environmental Facility Investments**

	Item	Unit	2019	2020	2021
	Cases (Planned/Executed)	Projects	5/6	14/14	9/9
	Investments (Planned/Executed)	KRW million	392/1,768	1,111/1,376	2,685/287

**Environmental Regulatory Violations**

	Item	Unit	2019	2020	2021
	Cases	Violations	-	-	-
	Fines	KRW million	-	-	-

\* Cases resulting in a fine over KRW 5 million

**Green Procurement**

	Item	Unit	2019	2020	2021
	Green Procurement	KRW million	147.7	211.0	677

**Disclosure of Environmental Information by Business Center**

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

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

**Eco-friendly Sales**

	Item	Unit	2019	2020	2021
	Eco-friendly Sales	KRW hundred million	257	422	604



## Social Performance

### Employees

Country	Unit	2019	2020	2021
Total		3,063	3,041	6,077
Korea		2,983	2,957	2,905
China		38	36	1,424
Mexico		17	16	905
India	Persons	8	8	385
Germany		7	6	23
United States		7	7	27
Russia		2	10	407
Vietnam		1	1	1

\* To reflect global human resources, employee headcount as reported in the Sustainability Report includes local hires as of 2021.

### Employee Diversity

Item			Unit	2019	2020	2021	
Total Employees				3,063	3,041	6,077	
Gender	Male			2,980	2,956	5,687	
	Female			83	85	390	
Form of Employment	Full-time	Male	Persons	2,977	2,946	5,392	
		Female		76	78	381	
	Temporary	Male		3	10	295	
		Female		7	7	9	
	Age	Under 30		310	216	1,401	
		30~50		1,877	1,884	3,674	
Above 50		876	941	1,002			
Employment of Socially Underprivileged Citizens **	Disabled		58	53	50		
Non-member Employees **	Male		1,963	2,331	1,925		
	Female		213	174	208		

\* To reflect global human resources, employee headcount as reported in the Sustainability Report includes local hires as of 2021.

\*\* Korea-basis

### Base Salary of Women Relative to Men

Item	Unit	2019	2020	2021
Average Compensation (Male & Female)	KRW million	75	88	94
Proportion of Base Pay to Compensation by Gender (Starting pay at respective job title)	%	100	100	100

### Female Employees

Item	Unit	2019	2020	2021
Employees	Total employees	3,063	3,041	6,077
	Female employees	83	85	390
	Proportion	2.71	2.80	6.42
Leadership (Manager and above)	All leadership	1,041	1,098	1,365
	Female leadership	2	4	35
	Proportion	0.19	0.36	2.56

\* To reflect global human resources, female employee headcount as reported in the Sustainability Report includes local hires as of 2021.

### Hiring and Turnover

Type			Unit	2019	2020	2021
New Hires	Total hires		Persons	90	41	44
	Gender	Male		77	32	43
		Female		13	9	1
Turnover	Total turnover		%	2.2	2.0	1.1
	Gender	Male		2.1	1.8	1.0
		Female		4.7	7.2	4.7

\* Turnover: Employee voluntary turnover

### Local Managers

Item	Unit	2019	2020	2021
Leaders* at Overseas Business Sites	Persons	75	85	79
Local Leaders	Persons	26	29	29
Local Leader Ratio	%	34.7	34.1	36.7

\* Leaders: Business leaders with a formal leadership title such as group head/team head

**Talent Development**

Item	Unit	2019	2020	2021
Total Trainees	Persons	17,017	11,580	14,625
Total Training Time	Hours	124,601	68,653	73,670
Average Training Time	Hours/Persons	42	23	25
Leaders	Ethics	1,570	1,166	1,716
(Manager and above)	Fair Business	999	1,277	748
	Environment/Safety	3,062	3,041	2,905

**Quality Management Talent Development**

Item	Unit	2019	2020	2021
Quality Management Training Hours	Hours	1,616	1,446	1,671
Quality Management Manpower	Persons	371	371	345
Quality Management License Holders	%	4	4	5

**Ethical Management Training**

Item	Topics	Participants
2019	Raising ethical awareness	1,570
2020	Transparency and ethical management for leaders, Team Plus ethical awareness seminar	1,166
2021	Need for ethical management, Key ethical guideline violations, Attitude for ethical action	1,716

**Information Security Training**

Date	Topics	Targets	Average Target Attendance	Average Actual Attendance
Jan	Security guidelines for working from home_WFH employees	All employees	1,800	1,700
Feb	Personal information protection	All employees	1,800	1,700
Mar	How to manage core technology and business secrets	All employees	1,800	1,700
Apr	Need for security management	All employees	1,800	1,700
May	Overview of security concepts and security regulations related to technology innovations	All employees	1,800	1,700
Jun	Security policy_People security	All employees	1,800	1,700
Jul	Security organization	All employees	1,800	1,700
Aug	Physical, technical security	All employees	1,800	1,700
Sep	Documents, Asset categories, Civil/criminal legal response	All employees	1,800	1,700
Oct	Understanding laws on technical asset protection and security & Security frameworks in key countries	All employees	1,800	1,700
Nov	Cause analysis and case studies on technology leakage	All employees	1,800	1,700
Dec	Self-assessment of trade secret standards and internalization of security habits	All employees	1,800	1,700

**Information Security Training by Seniority**

Item	2022 Training Sessions by Seniority	
Target	1,645 Working-level staff and outsourced staff	149 Leaders (team heads and above)
Dates	Jan 11, 2022 ~ Feb 11, 2022	Feb 14, 2022 ~ Mar 18, 2022
Topic	E-mail use and malware prevention	Essential information security training for leaders

**Compliance Scores for Information Security**

Compliance	105%+	100%+	95%+	90%+	85%+	80%+	Under 80%
Grade	S	A+	A	B+	B	C	D

Item	Unit	2019	2020	2021
Actual Score	Points	111	112	112
Actual Grade	Grade	S	S	S

**Culture Survey Results**

Item	2019	2020	2021
Score	63.4	79.4	76.4

**VOC (Voice of Customers) System**

Metric	2019	2020	2021
Received	74	104	105
Processed	74	104	105
Resolved (%)	100%	100%	100%

**Employee Welfare Expenses**

Item	Unit	2019	2020	2021
Sales	KRW million	6,462,161	5,585,482	6,385,921
Welfare Expenses		60,067	72,058	71,065
Ratio	%	0.93	1.29	1.11

\* Sales and welfare expenses: Korea-basis

**Employee Grievance Processing**

Item	Unit	2019	2020	2021
Complaints Processed	%	100	100	100
Complaints Received at Human Rights Infringement Center	Cases	2	2	1

**Parental and Childbirth Leave**

Item	Unit	2019	2020	2021
Targets *	Male	895	828	946
	Female	8	5	6
Parental and Childbirth Leave Use	Male	8	7	16
	Female	7	4	4
Returnees	Male	-	8	14
	Female	2	6	4
Ratio of Employees Returning to Work After Parental and Childbirth Leave	%	100	93	100
Ratio of Employees Remaining for 12+ Months After Returning from Leave		100	100	91

\* Return ratios show employees returning to work in the current year after taking leave in the previous year

**Performance Reviews**

Item	Unit	2019	2020	2021
Employees Subject to Performance Reviews (Korea)	Persons	3,062	2,974	2,782
Employees Reviewed	Male	100	100	100
	Female	100	100	100

\* Excluding employees not eligible for review due to reasons including leave or recent return from leave.

**Labor Union Membership**

Item	Unit	2019	2020	2021
Labor Union Members	Persons	1,250	1,166	1,076
Membership Ratio	%	40.8	38.3	37.04

\* All labor union members are subject to collective bargaining.

**Community Service**

Item	Unit	2019	2020	2021
Community Service Spending	Total expenses	KRW million	952.2	1,063.2
	Donations	KRW million	290.9	432.0
	Operating expenses	KRW million	661.3	631.2
Community Service Participation	Participants	Persons	1,503	1,335

**Safety Inspections**

Item	Unit	2019	2020	2021
Safety Inspections	Inspections	12	12	12
Safety Audits	Korea	2	1	1
	Overseas	1	-	-

**Accidents and Injuries**

Item	Unit	2019	2020	2021
Employees	Injuries	Cases	9	7
	Injuries due to accident	%	0.31	0.22
Internal Partners	Injuries	Cases	24	23
	Injuries due to accident	%	0.94	0.92

\* Key injury types include stenosis in facilities and structures, overturning during work/moving, and excessive movement while moving heavy objects. Statistics account for all key injury types.

**Cost of Claim per Vehicle**

Item	Unit	2019	2020	2021
Cost of Claim per Vehicle	KRW/vehicle	212	153	142

\* Engine and automobile parts quality division

**Safety & Information Security Management Certifications**

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

Location	ISO14001	OHSAS18001 (ISO45001)	ISO/IEC 27001
China	○	○	○
Shandong	○	○	-
Jiangsu	○	○	-
Mexico	○	○	-
India	○	○	-

**Partner Management**

Item	Unit	2019	2020	2021
Partners	Korea	1,344	1,106	1,303
	Overseas	253	208	219
	Total	1,597	1,314	1,522
Procurement Volume	Korea	51,634	39,605	51,408
	Overseas	4,908	3,732	4,314
	Total	56,542	43,337	55,722

**Cash Payment Ratio to Partners with Fair Business Agreement**

Item	Unit	2019	2020	2021
Cash Payment Ratio to Partners with Fair Business Agreement	%	55.20	95.40	95.20

**Partner Training and On-site Inspections**

Item	Unit	2019	2020	2021
Quality Awareness and Skills Improvement	Programs	76	76	27
	Sessions	137	118	77
	Target	3,303	1,161	1,426
Technical Skills	Programs	7	10	9
	Sessions	8	6	12
	Target	118	55	92
Essential Work Skills	Programs	22	11	18
	Sessions	85	22	49
	Target	2,686	55	1,026
Safety Training	Sessions	50	12	12
Targets for Safety Training	Companies	754	850	808
On-site Environment/Safety Inspections	Companies	17	-	-

**Corporate Partnership**

Item	Unit	2019	2020	2021
Number of Companies Under Fair Business Agreement	Companies	140	172	174
Shared Growth Fund	Commitment	KRW hundred million	280	680
	Loan beneficiaries	Companies	11	51
Shared Growth Insurance	Commitment	KRW hundred million	10	10
	Guarantee and loan beneficiaries	Companies	6	7
Technical Support and Protection	Free non-exclusive patent licenses	Cases	8	8
	Test support	Companies	711	522
	Technology escrow	Cases	29	29
Partner Review and Development	Quality	Companies	225	199
	Safety/Environment/Ethics	Companies	149	142
Partner Training	Technical, manufacturing, quality management talent development	Persons	7	8
	Training programs	Programs	105	97
	Training sessions	Sessions	230	146

**Progress Review on FTC Fair Business Agreement/KCCP Win-Win Index Assessment**

Type	2019	2020	2021
FTC	Average	Best	Best
KCCP	Good	Good	Best

\* As of announced year



## Economic Performance

### Key Financial Results

Line Item	Unit	2019	2020	2021
Total Assets		6,774,339	7,719,906	7,749,507
Equity		3,091,809	3,525,860	3,695,264
Liabilities		3,682,530	4,194,046	4,054,243
Sales		7,314,626	6,592,242	7,527,739
Gross Profit	KRW million	396,696	350,917	496,995
Operating Profit		101,934	71,957	102,725
Pretax Profit		49,477	84,460	100,720
Corporate Taxes		(5,730)	30,788	44,649
Net Profit		55,207	53,672	56,071

### Sales by Region

Region	Unit	2019	2020	2021
Korea		5,958,644	5,181,479	5,797,667
North America		902,222	714,081	719,710
Europe		70,141	44,174	126,410
China	KRW million	304,061	568,316	775,123
India		79,558	84,192	108,829
Total		7,314,626	6,592,242	7,527,739

### Distribution of Economic Performance

	Item	Unit	2019	2020	2021
Partners	Korea spend	KRW hundred million	51,634	39,605	51,408
	Overseas spend		4,908	3,732	4,314
Employees	Salary	KRW million	66,684	68,678	79,496
	Retirement		6,106	7,115	9,514
	Welfare		60,067	72,058	71,065
Government	Corporate Tax		(5,730)	30,788	44,649
Community	Social Contributions		952	1,063	830
Creditors	Interest Expensed		64,664	58,145	56,502

### R&D Investments

Item		Unit	2019	2020	2021
R&D Investments		KRW hundred million	591	561	542
Number of Projects		Projects	79	110	112
R&D Manpower (Korea)		Persons	520	528	509
R&D Manpower / Korea Employees		%	17	17	17
R&D Investments / Sales		%	0.81	0.85	0.72
R&D Training	Training	Courses	250	213	312
	Expenses	KRW million	100.6	89.8	55.0

### Cumulative Patents Filed

Item	Unit	2019	2020	2021
Automobile Parts	Korea	575	618	664
	Overseas	82	83	86
Machine Tools, RnA	Korea	256	288	299
	Overseas	5	5	8
Special	Korea	59	64	71
	Overseas	-	-	-

### Total Value Generated from Made-in-Plant (MIP) Production

Item	Unit	2019	2020	2021
Value Generated	KRW hundred million	42,188	39,095	63,905

## Governance Performance

### Operation of Board of Directors

Item	Unit	2019	2020	2021
Regular BOD Meetings	Meetings	4	4	4
Special BOD Meetings		2	3	4
Total BOD Meetings		6	7	8
Total Issues (resolutions)	Issues	21	19	26
Attendance of Independent Directors	%	100	100	100

### Proportion of Independent Directors by Year

Index	2019	2020	2021
Legal Requirement (Commercial Act)	50%	50%	50%
WIA Ratio	57.1% (4/7)	57.1% (4/7)	57.1% (4/7)

### Board of Directors Compensation

Item	Unit	2019	2020	2021
Executive Directors	Persons	3	3	3
Executive Director Total Compensation	KRW million	2,391	3,022	2,117
Independent Directors	Persons	4	4	4
Independent Director Total Compensation	KRW million	261	278	268

### Board of Directors and Board Committee Activity

Item	2019	2020	2021
Issues Resolved (issues)	21	29	26
BOD and Committee meetings held (meetings)	7	13	18

### Shareholders

Shareholder	Shares	Equity Ownership(%)
Largest shareholder	6,893,596	25.35
Affiliates	3,654,004	13.44
Treasury stock	633,354	2.33
Directors of affiliate companies	531,095	1.95
Other shareholders	15,483,034	56.93
Total	27,195,083	100.00

### Issues at the Board of Director Meetings

Type	Date	Issue	Exec Director Attendance (Attending/Total)	Indep Director Attendance (Attending/Total)
Regular	2021.01.29	1) Approval of financial statements and Annual Report for the 45th Fiscal Year	1/3	4/4
		2) Approval of 2021 Business Plans and Investment Plans	1/3	4/4
		3) Appointment of FTC Compliance Program Coordinator	1/3	4/4
		1) Status of Management Accounting	1/3	4/4
		2) 2020 ESG Review Results and 2021 Plans	1/3	4/4
Special	2021.02.19	3) 2020 Compliance Support Activities and 2021 Plans	1/3	4/4
		1) Call to the General Shareholder Meeting for the 45th Fiscal Year and Approval of Issues in the Agenda	1/3	4/4
		1) Review of internal management accounting practices	1/3	4/4
		2) State of safety management	1/3	4/4
		1) Appointment of CEO	3/3	4/4
Special	2021.03.24	2) Appointment of Independent Director Nomination Committee Member	3/3	4/4
		3) Request to approve Director participation in competing business	3/3	4/4
		4) 2021 Safety and Health plans approval	3/3	4/4
Regular	2021.04.23	1) 1Q2021 Business Results	3/3	4/4
Special	2021.06.07	2) 1Q2021 Safety and Health activity results	3/3	4/4
		1) Request to approve new equity investment in K CNC	3/3	4/4
Regular	2021.07.23	1) 2Q2021 Business Results	3/3	4/4
		2) 2021 ESG Management Progress	3/3	4/4
		3) 2Q2021 Safety and Health activity results	3/3	4/4
		4) 1H2021 Compliance support results	3/3	4/4
Special	2021.09.06	1) Request to approve opening of and equity investment in U.S. axle entity	3/3	4/4
		2) Request to approve opening of Singapore branch	3/3	4/4
Regular	2021.10.29	1) Request to approve 2022 corporate bond issuance limits	3/3	4/4
		2) Request to approve appointment of Compliance Support officer	3/3	4/4
		1) 3Q2021 Business Results	3/3	4/4
		2) 3Q2021 Safety and Health activity results	3/3	4/4

### Provision of Information on Board Member Candidates

Date of Provision	Date of Shareholder Meeting	BOD Candidate		Information
		Type	Name	
2022.02.23 (28 days before General Meeting)	2022.03.23	Executive	Sawon Kim	1. Candidate birthdate, occupation, key experience
		Independent	Eunho Kim	2. Relationship to largest shareholder
		Independent	Sunghoon Ahn	3. Past 3 years transaction record with the company
		Independent	Kyujin Lee	4. Nominating member and reason for recommendation
2021.02.24 (28 days before General Meeting)	2021.03.24	Executive	Jaewook Jung	5. BOD service plan (for Independent Director candidates only)
				1. Candidate birthdate, occupation, key experience
				2. Relationship to largest shareholder
				3. Past 3 years transaction record with the company
				4. Nominating member and reason for recommendation

**Compensation Committee Approvals**

Round	Date	Present / Total Members	Agenda		Approval
			Result	Detail	
First (2021)	2021.01.29	3/3	Resolved	1. Appointment of Committee Chair 2. Approval of compensation scheme	Approved
Second (2021)	2021.02.19	3/3	Resolved	1. Approval of Director compensation limits	Approved
First (2022)	2022.02.18	3/3	Resolved	1. Approval to modify compensation scheme for executive directors 2. Approval of Director compensation limits	Approved
Second (2022)	2022.03.23	3/3	Resolved	1. Appointment of Committee Chair	Approved

**KCGS ESG Review Results**

Item	2019	2020	2021
ESG Score	B+	A	A
Environment	B	A	A
Social	A	A+	A+
Governance	B+	A	A

**Financial Statements of Subsidiaries**

Subsidiary	Key Businesses	Location	Ownership of controlling interest (%)		Ownership of noncontrolling interest (%)	
			End of current FY	End of previous FY	End of current FY	End of previous FY
Jiangsu HYUNDAI WIA Co., Ltd.	Auto Parts Manufacturing	China	100	100	-	-
HYUNDAI WIA Machine Tools Co., Ltd.	Machine Tools Sales	China	100	100	-	-
Beijing HYUNDAI WIA Turbocharger Co., Ltd.	Auto Parts Manufacturing	China	100	100	-	-
HYUNDAI WIA Machine America Corp.	Machine Tools Sales	U.S.	100	100	-	-
HYUNDAI WIA India PVT LTD.	Auto Parts Manufacturing	India	100	100	-	-
HYUNDAI WIA Europe GmbH	Machine Tools Sales	Germany	100	100	-	-
HYUNDAI WIA Mexico, S.DE R.L. DE C.V.	Auto Parts Manufacturing	Mexico	100	100	-	-
HYUNDAI WIA RUS. LLC	Auto Parts Manufacturing	Russia	100	100	-	-
HYUNDAI WIA Automotive Engine (Shandong) Co., Ltd.	Auto Parts Manufacturing	China	43	43	57	57
HYUNDAI WIA Turbo, Inc.	Auto Parts Manufacturing	Korea	100	100	-	-
HYUNDAI WIA Alabama, INC	Auto Parts Manufacturing	U.S.	100	-	-	-

**Changes in the Scope of Consolidation**

Change	Subsidiary	Notes
Addition	HYUNDAI WIA Alabama, Inc	New investment
	-	-
Exclusion	-	-
	-	-

**Fair Trade Voluntary Compliance Program Training**

Date	Topic	Participants	Lecturer
May 2019	Objective of Fair Business Voluntary Compliance, Overview of Subcontracting Laws, Case Studies	213	Hongki Kim, Esq (Bae, Kim & Lee LLC)
Nov 2019	Cases in Violation of Fair Business Laws	331	Younggwe Kang (Shin & Kim LLC)
Oct 2020	Cases in Subcontracting Laws and Technology Theft	1,225	HYUNDAI WIA staff
Apr 2021	Overview of Subcontracting Laws and Case Studies	403	HYUNDAI WIA staff
Nov 2021	Overview of Fair Business Laws and Case Studies	225	Hongki Kim, Esq (Bae, Kim & Lee LLC)
May 2022	Objective of Fair Business Voluntary Compliance, Overview of Subcontracting Laws, Case Studies	260	Seungho Sohn, Esq (Bae, Kim & Lee LLC)

**Anti-corruption Activities**

Item	Topic	Unit	2019	2020	2021
Anti-corruption	Number of target business sites (Korea/Overseas entities)	Locations	16/9	17/8	15/9
	Number of business sites analyzed for corruption risk (Korea/Overseas entities)		1/3	16/1	15/0
	Ratio of business sites analyzed for corruption risk	%	16	68	63
Inspections	Regular inspections	Inspections	4	3	4
	Round-the-year inspections		-	2	4
	Follow-up inspections		-	-	2
	Cyber reports, phone reports, mail reports and transparency inspections		8	9	13
Employee Compliance and Ethics	Participants	Persons	1,570	1,166	1,716
	Ratio of participating employees	%	82.5	60.7	90.6

\* Ratio of participating employees is relative to full-time headcount.

**Partner Reports and Transparency Analysis**

Item	Unit	2019		2020		2021	
		Reported	Analyzed	Reported	Analyzed	Reported	Analyzed
Partner Report Cases	Reports Cases	7	5	7	9	9	9

# GRI Standards Index

## Universal Standards (GRI 100)

Type	GRI Indicator	Indicator Description	Page	Type	GRI Indicator	Indicator Description	Page
Organizational Profile	102-1	Name of the organization	7	Stakeholder Engagement	102-40	List of stakeholder groups	69
	102-2	Activities, brands, products, and services	10~13		102-41	Collective bargaining agreements	75
	102-3	Location of headquarters	14		102-42	Identifying and selecting stakeholders	69
	102-4	Location of operations	14		102-43	Approach to stakeholder engagement	18~19, 69
	102-5	Ownership and legal form	64, 78		102-44	Key topics and concerns raised	18~19
	102-6	Markets served	14	Reporting Practice	102-45	Entities included in the consolidated financial statements	79
	102-7	Scale of the organization	73, 78		102-46	Defining report content and topic boundaries	5
	102-8	Information on employees and other workers	73		102-47	List of material topics	18~19
	102-9	Supply chain	41, 76		102-48	Reinstatements of information	Refer to notes
	102-10	Significant changes to the organization and its supply chain	No significant changes		102-49	Changes in reporting	19, 20, 31, 59
	102-11	Precautionary principle or approach	60~63		102-50	Reporting period	5
	102-12	External initiatives	27		102-51	Date of most recent report	5
	102-13	Membership of associations	90		102-52	Reporting cycle	5
Strategy	102-14	Statement from the senior decision-maker	6		102-53	Contact point for questions regarding the report	5
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	9		102-54	Claims of reporting in accordance with the GRI Standards	5
	102-17	Mechanisms for advice and concerns about ethics	61		102-55	GRI content index	80~82
Governance	102-18	Governance	64~67		102-56	External assurance	87~89
	102-22	Composition of the highest governance body and its committees	64~67	Management Approach	103-1	Explanation of the material topic and its boundary	20, 31, 59
	102-23	Chair of the highest governance body	64		103-2	The management approach and its components	20, 21, 31, 32, 38, 41, 59, 60, 63
	102-27	Collective knowledge of the highest governing body	65		103-3	Evaluation of the management approach	20, 28, 31, 59
	102-33	Communicating critical concerns	63				



**Economic Performance (GRI 200)**

Type	GRI Indicator	Indicator Description	Page	Topic	
				Material	Other
Economic Performance	201-1	Direct economic value generated and distributed (EVG&D)	32~37, 76~77	○	
Market Presence	202-2	Senior management hired from the local community	73		○
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	41~44, 49~51		○
	203-2	Significant indirect economic impacts	41~44, 49~51		○
Procurement Practices	204-1	Proportion of spending on local suppliers	42	○	
Anti-Corruption	205-1	Operations assessed for risks related to corruption	60~63, 79		○
	205-2	Communication and training about anti-corruption policies	60~63, 79		○

**Environmental Standards (GRI 300)**

Type	GRI Indicator	Indicator Description	Page	Topic	
				Material	Other
Emissions	305-1	Direct GHG Emissions (Scope 1)	70~71	○	
	305-2	Energy indirect GHG emissions (Scope 2)	70~71	○	
	305-3	Other indirect GHG emissions (Scope 3)	70	○	
	305-4	GHG emissions intensity	70	○	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	71		○
Waste	306-1	Waste generation and significant waste-related impacts	71~72		○
	306-2	Management of significant waste-related impacts	28~30		○
	306-3	Waste generated	71~72		○
	306-4	Waste diverted from disposal	71		○
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	72		○

## Topic Specific Standards

### Social Performance (GRI 400)

Type	GRI Indicator	Indicator Description	Page	Topic	
				Material	Other
Employment	401-1	New employee hires and employee turnover	73		○
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	48		○
	401-3	Parental leave	75		○
Occupational Health and Safety	403-1	Occupational health and safety management system	38	○	
	403-2	Hazard identification, risk assessment, and incident investigation	38~40	○	
	403-3	Occupational health services	38~40, 48	○	
	403-4	Worker participation, consultation, and communication on occupational health and safety	38~40, 48	○	
	403-5	Worker training on occupational health and safety	40	○	
	403-6	Promotion of worker health	40, 48	○	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	38~40	○	
	403-8	Workers covered by an occupational health and safety management system	38	○	
	403-9	Work-related injuries	75		○
	403-10	Work-related ill health	75		○
Training and Education	404-1	Average hours of training per year per employee	74		○
	404-2	Programs for upgrading employee skills and transition assistance programs	46, 74		○
	404-3	Percentage of employees receiving regular performance and career development reviews	75		○
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	64, 73		○
	405-2	Ratio of basic salary and remuneration of women to men	73		○
Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	56		○
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	44	○	

## SASB

### Auto Parts Industry

Topic	Accounting Metric	Page	Code
Energy Management	(1) Total energy consumed	71	TR-AP-130a.1
	(2) Percentage grid electricity	71	TR-AP-130a.1
	(3) Percentage renewable energy	-	TR-AP-130a.1
Waste Management	(1) Total amount of waste from manufacturing	71	TR-AP-150a.1
	(2) Percentage hazardous	-	TR-AP-150a.1
	(3) Percentage recycled	71	TR-AP-150a.1
Product Safety	Number of recalls, Total number of products recalled	-	TR-AP-250a.1
Design for Fuel Efficiency	Revenue from products designed to increase fuel efficiency and/or reduce emissions	-	TR-AP-410a.1
Materials Sourcing	Description of the management of risks associated with the use of critical materials	-	TR-AP-440a.1
Materials Efficiency	Percentage of products sold that are recyclable	-	TR-AP-440b.1
	Percentage of input materials from recycled or remanufactured content	-	TR-AP-440b.2
Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	-	TR-AP-520a.1

# WEF Content Index

## 1. Principle of Governance

Theme	Metrics	Disclosures	2021	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: 6, 9	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: 64~67	GRI 102-22, GRI 405-1a, IR 4B
		competencies relating to economic, environmental and social topics	SR: 64~67	
		executive or non-executive	SR: 64	
		independence	SR: 64	
		tenure on the governance body	SR: 64	
		number of each individual's other significant positions and commitments, and the nature of the commitments	SR: 64	
		gender	SR: 64	
		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,	SR: 18	GRI 102-21, GRI 102-43, GRI 102-47
		how the topics were identified and how the stakeholders were engaged	SR: 69	
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		
		b) Total number and nature of incidents of corruption confirmed during the current year, related to this year		
		2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption		

Theme	Metrics	Disclosures	2021	Relative Height
Ethical behaviour	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;	SR: 67	
		2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	SR: 60~63	
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	SR: 63	EPIC, GRI 102-15, World Economic Forum Integrated Corporate Governance, IR 4D
		- the company appetite in respect of these risks,		
		- how these risks and opportunities have moved over time and the response to those changes		

## 2. Planet

Theme	Metrics	Disclosures	2021	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 (tCO <sub>2</sub> e) GHG Protocol Scope 1 and Scope 2 emissions	SR: 70~71	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 ROI, R02, R03, R04 and R06; SASB 110, Science Based Targets initiative
		If necessary, disclose a timeline of at most three years for full implementation	-	
		Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement - to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C - and to achieve net-zero emissions before 2050	SR: 22	
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)	No applicable	GRI 304-1
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	No applicable	SASB CG-HP-140a.1, WRI Aqueduct water risk atlas tool
		- megalitres of water withdrawn		
		- megalitres of water consumed		
		- and the percentage of each in regions		



**3. People**

Theme	Metrics	Disclosures	2021	Relative Height
Dignity and equality	Diversity and Inclusion (%)	Percentage of employees per employee category,		
		- by age group		
		- by gender	SR: 73	GRI 405-1b
		- 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: 73	
		- women to men		Adapted from GRI 405-2
		- minor to major ethnic groups	-	
		- and other relevant equality areas		
	Wage level (%)	Ratios of standard entry level wage by gender compared to local minimum wage	-	GRI 202-1, Adapted from Dodd Frank Act, US SEC Regulations
		Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO		
	Risk for incidents of child, forced or compulsory labour	An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to:	No applicable	GRI 408-1b, 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	-	
		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: 75	GRI:2018 403-9a&b, GRI:2018 403-6a
		the number of hours worked	-	
		An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services,	SR: 38~40	
		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: 74	
		- by gender	-	GRI 404-1, SASB HC 101-15
		- 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)	-	
		Full-time employee		

#### 4. Prosperity

Theme	Metrics	Disclosures	2021	Relative Height	
Employment and wealth generation	Absolute number and rate of employment	1. Total number and rate of new employee hires during the reporting period,	SR: 73	Adapted, to include other indicators of diversity, from GRI 401-la&b	
		- by age group	-		
		- by gender	SR: 73		
		- by other indicators of diversity	-		
		- by region	-		
		2. Total number and rate of employee turnover during the reporting period,	SR: 73		
		- by age group	-		
		- by gender	SR: 73		
	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: 77	
			- Operating Cost	Business report 84~121	
			- Employee wages and benefits	SR: 77	
			- Payments to providers of capital		
			- Payments to government		
			- Community investement		
			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: 32, 77	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: 77		
		- 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			

# Assurance Statement on the Sustainability Report for HYUNDAI WIA

## Dear Stakeholders of HYUNDAI WIA,

The Korean Foundation for Quality(further 'KFQ') has been requested by HYUNDAI WIA to conduct an independent assurance on the 2022 Sustainability Report for HYUNDAI WIA(further 'the Report'). KFQ has a responsibility to provide an independent assurance statement in accordance with the standards and scope of assurance as specified below. HYUNDAI WIA has the sole responsibility for the preparation of the Report.

## Standards and Scope of Assurance

- **Standards:** AA1000AS(v3) and AA1000AP(2018), SASB(Transportation Sector-Auto Parts, 2018ver.)
- **Type:** Type 1, covers the assessment of adherence to the Accountability principles of inclusivity, materiality, responsiveness, and impact.
- **Level:** Moderate, limited evidence has been obtained to support our assurance statement.
- **Scope:**
  - GRI Standards(2020) Core option
    - Reporting Principles
    - Universal Standards
    - Topic Specific Standards

Topic	GRI Disclosure	Topic	GRI Disclosure
Management Approach	103-1, 103-2, 103-3	Environmental Compliance	307-1
Economic Performance	201-1	(Employment	401-1,401-2, 401-3
Market Presence	202-2		403-1, 403-2,
Indirect Economic Impacts	203-1, 203-2	Occupational Health and Safety	403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10
Procurement Practices	204-1	Training and education	404-1, 404-2, 404-3
Anti-Corruption	205-1, 205-2	Diversity and Equal Opportunity	405-1, 405-2
Emissions	305-1, 305-2, 305-3, 305-4, 305-7	Non-discrimination	406-1
Waste	306-1, 306-2, 306-3, 306-4	Supplier Social Assessment	414-1

## - SASB (Transportation Sector-Auto Parts, 2018ver.)

Topic	Accounting Metric	GRI Disclosure
Energy Management	Total energy consumed	TR-AP-130a.1
	Percentage grid electricity	
	Percentage renewable (not disclosure)	
Waste Management	Total amount of waste from manufacturing	TR-AP-150a.1
	Percentage hazardous (not disclosure)	
	Percentage recycled	

## Methodology

In order to assess the reliability of disclosures about the sustainability performance in the Report by applying the standards, we reviewed sustainability-related processes, systems, internal control procedures, and available data. The documentation reviewed during the assurance engagement includes:

- **Non-financial information** e.g., data was provided to us by HYUNDAI WIA, disclosed Business Reports, the previous Sustainability Report, and information obtained from the media and/or the internet; and
- **Financial information** i.e., Financial statements reported on the DART (Data Analysis, Retrieval and Transfer System, <http://dart.fss.or.kr>), the Electronic Disclosure System managed by Financial Supervisory Service.

The assessment was performed by document review only except for onsite inspection at the request of HYUNDAI WIA. We interviewed employees who are responsible for preparing the Report, where we evaluated the validity of the materiality assessment processes, a stakeholder-centric approach to select material issues, data collection and management procedures, report preparation procedures, and validation of claims stated in the report. It was confirmed that errors, inappropriate information, and ambiguous expressions identified during the assessment were properly corrected before the Report being published.

## Competency and independence

The assurance team was organized in accordance with KFQ's internal regulations. KFQ has no conflict of interest which could threaten the independence and impartiality of verification, other than providing third-party audit services to the HYUNDAI WIA business.

## Limitations

The completeness and responsiveness of sustainability performance represented in the Report have inherent limitations due to its nature and the methodology used to determine, calculate and estimate its performance. In accordance with the terms of the contract, we assessed the information and evidence provided by the company. We did not perform any further assessment procedures on the raw data.

## Findings and Conclusions

As a result of the assessment, we confirm that the content of the Report fulfills the requirements of the 'Core option' of GRI Standards and some accounting metrics of SASB(Transportation Sector-Auto Parts, 2018ver.) Also, we secured a reasonable basis for the assurance level of Type 1 in accordance with AA1000AS(V3). Within the scope of the assurance activities above, we could not find further significant errors or inappropriate information from the final Report against the following principles:

### • Inclusivity

HYUNDAI WIA gathers opinions from various stakeholders, including stockholders and investors, customers, local communities, business partners, employees, and government through communication channels such as general meetings of stockholders, customer satisfaction survey, social contribution activities, employment stability committee. Nothing came to our attention to suggest that the main stakeholders are not stated in the Report.

### • Materiality

HYUNDAI WIA identifies important issues by conducting a materiality assessment in terms of business impact and stakeholder's interest, followed by prioritization. It is confirmed that the Report properly describes the identified issues resulting from the materiality assessment without any omission.

### • Responsiveness

HYUNDAI WIA consistently engages with stakeholders to respond to their feedback and main interests. Nothing came to our attention to suggest that its responses and performance are inappropriately described in the Report.

### • Impact

We found during our assessment that HYUNDAI WIA is identifying and monitoring impacts relating to stakeholders and reporting them to the extent possible. Nothing came to our attention to suggest that it does not properly assess and report impacts relating to material issues.

## Recommendation for improvement

KFQ recommends following developmental approaches to systematize sustainability management in the future and to disclose the results of the report effectively.

- The sustainability report for HYUNDAI WIA broadly presented quantitative data related to sustainability from not only domestic but also overseas operations. We anticipate that the data based on consistent criteria will be covered in the upcoming report.
- In the future, we hope that HYUNDAI WIA keeps disclosing the major decisions about ESG and sustainable management.

July, 2022

Seoul, Korea

**Ji Young Song, CEO**

*Ji Young Song*



# Greenhouse Gas Assurance Report



## DNV BUSINESS ASSURANCE

### GREENHOUSE GAS ASSURANCE STATEMENT

No.: AS\_PRJN-286673-2021-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 for the calendar year 2021 ("the report") based upon a limited level of assurance. HYUNDAI WIA is responsible for the preparation of the GHG emissions data on the basis set out within the WRI/WBCSD's "The Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and the principles set out in ISO 14064-1:2018. Our responsibility in performing this work is to the management of 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 emissions data covered by our examination are for the Other indirect emissions (Scope 3) from HYUNDAI WIA boundary of the report;

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

#### Verification Approach

The verification has been conducted by DNV in June 2022 and performed in accordance with the verification principles and tasks outlined in ISO 14064-3:2019. We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion with 5% materiality level, concerning the completeness of the emission inventory as well as the reported emission figures in ton CO<sub>2</sub> equivalent. As part of the verification process;

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

#### Conclusions

Based on the above verification of core elements, it is the DNV's opinion that nothing comes to our attention to suggest that GHG emissions are not properly calculated, and a significant uncertainty and error are included in the Other indirect Emissions of HYUNDAI WIA for the year 2021 below.

#### Other indirect emissions (Scope 3) of HYUNDAI WIA for Yr 2021

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

Other Indirect Emissions (Scope 3)	Emissions from Upstream	Emissions from Downstream	Total emissions
2021	365,689	1,358,609	1,724,299

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

4<sup>th</sup> July 2022

Lee, Jang Sup  
Country Manager  
DNV Business Assurance Korea Ltd

This Assurance Statement is valid as of the date of the issuance (4<sup>th</sup> July 2022). Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedence.



## DNV BUSINESS ASSURANCE

### GREENHOUSE GAS ASSURANCE STATEMENT

No.: AS\_PRJN-286673-2021-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 for the calendar year 2021 ("the report") based upon a limited level of assurance. HYUNDAI WIA is responsible for the preparation of the GHG emissions data on the basis set out within the 'ISO 14064-1:2018 (Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals)'. Our responsibility in performing this work is to the management of 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 emissions data covered by our examination comprise Direct emissions (Scope 1) and Energy indirect emissions (Scope 2) from HYUNDAI WIA boundary of the report;

- Organizational boundary for reporting: 5 global network(production) of HYUNDAI WIA

#### Verification Approach

The verification has been conducted by DNV in June 2022 and performed in accordance with the verification principles and tasks outlined in the 'ISO 14064-3:2019 (Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions)'. We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion with 5% materiality level, concerning the completeness of the emission inventory as well as the reported emission figures in ton CO<sub>2</sub> equivalent. As part of the verification process;

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

#### Conclusions

Based on the above verification of core elements, it is the DNV's opinion that nothing comes to our attention to suggest that GHG emissions are not properly calculated, and a significant uncertainty and error are included in the GHG Emissions from global network(production) of HYUNDAI WIA for the year 2021 below;

#### Greenhouse Gas Emissions of HYUNDAI WIA global network(production) sites for Yr 2021

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

HYUNDAI WIA	Direct emissions (Scope 1)	Energy indirect emissions (Scope 2)	Total emissions
Global network (Production)	9,900	161,576	171,476

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

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

July 2022

Seoul, Korea

Jang-Sub Lee

Country Manager

DNV Business Assurance Korea Ltd

This Assurance Statement is valid as of the date of the issuance (04 July 2022). Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedence.



# Awards and Memberships

## Awards

Award	Description	Year	Awarded by
3-billion-dollar Export Tower Award	USD 3.1 billion in annual exports	2013	Ministry of Trade, Industry and Energy
2013 Management Grand Awards	Best Prize in Product Innovation	2013	Korea Management Association
2014 Management Grand Awards	Best Prize in Management Innovation	2014	Korea Management Association
2014 Excellent Safety Management Prize by Hyundai Motor Group	Best business site for safety in 2014	2014	Hyundai Motor Group
2015 GM Supplier Quality Excellence Award	Best quality global supplier	2015	General Motors
2015 Management Grand Awards	Best prize for three consecutive years	2015	Korea Management Association
4-billion-dollar Export Tower Award	USD 4.3 billion in annual exports	2015	Ministry of Trade, Industry and Energy
2015 KOREA'S Most Admired Companies	Selected in the automotive parts category in consideration of customers, employees, society, image value, and capacity for innovation	2015	Korea Management Association Consulting
2015 The 6th Ppuri Skills Competition (Gold Prize)	Gold Prize (Team Category) in Plastic Processing	2015	Ministry of Trade, Industry and Energy
FCA '2016 Outstanding Supplier Quality Award'	Best quality global supplier	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 tax payment, contribution to national budget)	2016	Ministry of Economy and Finance
Commendation for contribution to strengthening fair business practices	Contributed to fostering a win-win culture of collaboration and strengthening competitiveness through fair trade agreements	2016	Free 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	SQ Excellence Award	2017	General Motors
The 5th Software Industry Protection Awards	Contributed to software copyright protection and industry growth	2017	Ministry of the Interior and Safety
The 22nd Environment Day Award	Environmental preservation in 2017	2017	Gyeongsangnam-do
2018 Excellent Safety Management Prize by Hyundai Motor Group	Best business site for safety in 2018	2018	Hyundai Motor Group
Microdust Reduction Award	Environmental preservation in 2018	2018	Gyeongsangnam-do
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 City

Award	Description	Year	Awarded by
2018 HMG Change and Innovation Grand Prize	Development of integrated drive axle (IDA)	2019	Hyundai Motor Group
2019 Excellent Safety Management Prize by Hyundai Motor Group	Best business site for safety in 2019	2019	Hyundai Motor Group
2019 World Water Day	Water management	2019	Gyeongsangnam-do
2020 Head of Nakdong River Basin Office Award	Water quality improvement	2020	Nakdong River Basin Office, Ministry of Environment
Silver Tower for Corporate Partnership	Corporate partnership between large businesses and SMEs	2021	Ministry of SMEs and Startups
2021 Mayor's Award	Environmental conservation	2021	Changwon City
2021 Mayor's Award	Environment management	2021	Changwon City

## Memberships

Institution	Key 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
Mindsphere World Korea	Identifying and understanding new technology trends for the development of a smart factory system

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## This Sustainability Report was prepared by:

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