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## Hyundai Motor Company Supply Chain Sustainability Management Policy

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## **1. Purpose and Scope of Supply Chain Sustainability Management**

### **a. Purposes**

Hyundai Motor Company has established this policy to build an ethical and sustainable supply chain, applying to domestic and overseas suppliers that provide goods or services or enter into other contractual business relationships. Suppliers are required to strictly comply with all applicable laws and regulations—including but not limited to anti-corruption, economic sanctions, forced labor, occupational safety and health, and fair trade— while adopting best operational practices aligned with international standards such as “OECD Due Diligence Guidance for Responsible Business Conduct,” “UN Guiding Principles on Business and Human Rights,” and ISO 20400 in the areas of ethics, environment, human rights/labor, and safety/health. To achieve this, Hyundai Motor Company operates a responsible due diligence process to identify, assess, prevent, mitigate, monitor, and disclose ESG risks across the supply chain, while providing training, guidelines, and technical support to enhance supplier capabilities. This Policy is reviewed and updated regularly to reflect feedback from stakeholders, including top management.

### **b. Scope of Application**

This Policy applies to all domestic and overseas operations of Hyundai Motor Company (including headquarters, regional offices, sales corporations, production plants, service centers, and delivery centers) and its subsidiaries. It also applies to all relevant stakeholders involved in or affected by Hyundai's business activities, such as suppliers and distributors engaged at every stage from vehicle design to production and distribution. However, if any provision of this policy conflicts with the legally binding laws or regulations of a specific country, the laws and regulations of that country shall take precedence.

This policy has been developed with reference to various international and national laws, regulations, and standards, including the “EU Corporate Sustainability Due Diligence Directive (CSDDD),” “EU Corporate Sustainability Reporting Directive (CSRD),” “German Supply Chain Due Diligence Act (LkSG),” “fundamental instruments of the International Labor Organization,”

“OECD Due Diligence Guidance for Responsible Business Conduct,” “UN Guiding Principles on Business and Human Rights,” “OECD Guidelines for Multinational Enterprises,” “Responsible Business Alliance (RBA),” “the Ten Principles of the UN Global Compact (UNGC),” “Global Reporting Initiative (GRI),” and the K-ESG Guidelines. Through alignment with these frameworks, Hyundai Motor Company seeks to fulfill its environmental, social, and ethical responsibilities within its supply chain and to achieve its broader sustainability management objectives.

## **2. General Principles**

### **a. Establishment of Due Diligence System**

Hyundai Motor Company has established and operates a due diligence framework to proactively prevent or minimize social and environmental risks within its supply chain, and to eliminate any violations of applicable laws and regulations. This is in accordance with social responsibility and environmental regulatory requirements.

As part of fulfilling its due diligence obligations, Hyundai Motor Company carries out the following internal responsibilities. All due diligence activities are conducted in alignment with the “OECD Due Diligence Guidance,” the “UN Guiding Principles on Business and Human Rights (UNGPs),” and relevant domestic and international laws, under the oversight of the Board of Directors or its subcommittees (e.g., the Sustainability Management Committee) and executive management committees.

- i. Establishment of a Supply Chain Risk Management Protocol : This involves defining a standardized process that includes risk identification and assessment, prevention and mitigation, remediation, monitoring, and disclosure.
- ii. Formation of an Internal Implementation Team: This requires the designation of a dedicated due diligence department that operates under the supervision of top management.
- iii. Regular-Risk Analysis: Hyundai Motor Company conducts periodic risk assessments and re-analyzes risks as needed.

- iv. Development and Implementation of Preventive and Corrective Measures: Priorities are set based on the severity and likelihood of risks.
- v. Formulation of Preventive and Corrective Measures for Both Hyundai Motor Company and Suppliers.
- vi. Stakeholder Engagement: Hyundai Motor Company maintains open communication channels with suppliers, employees, local communities, and civil society organizations.
- vii. Information Disclosure: Hyundai Motor Company fulfills its data provision requirements in accordance with ESG disclosure standards.

## **b. Areas of Management**

Hyundai Motor Company defines the following key risk assessment areas to be addressed during the supply chain due diligence process and will continue to refine them in line with changes in the regulatory landscape:

- i. Environment: Environmental management systems, climate change and energy, air pollutants, water resource management, hazardous waste management, chemical substance management, etc.
- ii. Ethics: Prevention of corruption and bribery, ethical business practices, responsible procurement, prohibition of counterfeit parts, protection of intellectual property rights, information security, etc.
- iii. Human Rights & Labor: Working conditions and environment, non-discrimination, prohibition of inhumane treatment, assurance of freedom of association and collective bargaining rights, prohibition of child labor and forced labor, and assurance of a living wage, etc.
- iv. Health & Safety: Occupational health and safety management systems, prevention of industrial accidents, adequate housing, management of occupational health and safety indicators, etc.

### **c. Stakeholder Engagement**

Hyundai Motor Company respects the rights and interests of all stakeholders who may be affected by the activities of Hyundai Motor Company or its suppliers in order to effectively address ESG risks within the supply chain. Stakeholder engagement is considered a core element of the supply chain due diligence system, and stakeholder input is incorporated throughout the entire due diligence process. During ESG risk management activities, Hyundai Motor Company shall respect and protect the rights of women, indigenous peoples, minorities, and other marginalized or underserved communities. In the processes of raw material extraction and processing, Hyundai Motor Company shall cooperate with indigenous peoples and local communities and respect their right to Free, Prior and Informed Consent (FPIC).

Stakeholder feedback is reflected in the following procedures:

- i. Identification and assessment of negative impacts
- ii. Information gathering for prioritization
- iii. Development of plans for the prevention and correction of adverse impacts
- iv. Implementation of remediation for affected parties

### **d. Relevant Policies**

Hyundai Motor Company expects all individuals, organizations, and stakeholders throughout the supply chain (including employees, subsidiaries, and suppliers) to share the purpose and intent of this policy, implement responsible business practices through due diligence, and work together to strengthen capabilities. Hyundai Motor Company also calls for joint efforts to effectively prevent, mitigate, and resolve adverse impacts within the supply chain.

As a contractual obligation, Hyundai Motor Company requires suppliers to strictly comply with its policies, including but not limited to the following:

- i. “Supplier Code of Conduct”
- ii. “Responsible Minerals Sourcing Policy
- iii. “Responsible Raw Material Sourcing Policy”

### **3. Supply Chain ESG Due Diligence Process**

Hyundai Motor Company identifies not only its domestic and overseas Tier 1 suppliers but also Tier 2 suppliers that have a material impact on business operations. From this group, it selects Tier 2 and higher-tier suppliers for priority management, conducting annual written assessments. Based on the results of these assessments and risk mapping, the Hyundai Motor Company's Purchasing Department identifies high-risk suppliers and carries out on-site audits.

Through its ESG due diligence system, Hyundai Motor Company operates an integrated and structured risk management framework. This framework allows for the proactive identification, assessment, and analysis of significant risks across the entire supply chain, enabling prioritization and the implementation of necessary actions. These due diligence activities are conducted annually. The results are used to continuously improve the effectiveness and appropriateness of policies and actions by incorporating stakeholder feedback, including input from top management. The findings are also reflected in purchasing policies and used to formulate Hyundai Motor Company's strategy for strengthening ESG performance in the supply chain.

#### **a. Risk Identification**

To systematically identify potential risks within the supply chain, Hyundai Motor Company assesses risks across the entire ESG spectrum, considering supplier-specific factors (including their business operations, country, and geographic location), as well as factors related to the products and services they supply and their industry. This process leverages information from external supply chain organizations and media research. Identified risks are categorized and managed based on their respective areas, such as ethics, environment, human rights and labor, and health and safety. They are then incorporated into a risk evaluation framework that utilizes both quantitative and qualitative assessment criteria, including the indicators for the written assessment.

## **b. Written Assessment**

To verify suppliers' compliance with the "Supplier Code of Conduct" and relevant laws, a written assessment is conducted by examining business records, transaction documents, and other materials.

The assessment indicators cover the areas of ethics, environment, human rights and labor, and health and safety. Based on our "Supplier Code of Conduct," these indicators are designed to comply with domestic and international regulations. They are informed by laws and standards related to the environment, human rights and labor, health and safety, fair trade, and supply chain due diligence, as well as by the "OECD Guidelines for Multinational Enterprises," the RBA, and industry initiatives such as Drive Sustainability.

Hyundai Motor Company only requests limited information and materials specifically required to verify compliance. Suppliers are asked to exclude or redact any technical or pricing information unrelated to compliance before submitting. Information and materials provided by suppliers are used solely for the purpose of ensuring compliance with applicable laws, regulations, and Hyundai's internal policies.

The results of the written assessment serve as foundational data for our supply chain operational strategy. They are used to identify supplier sustainability risks, select suppliers for on-site audits, and classify high-risk suppliers, with consideration for factors like the supplier's size and whether they have met key indicators.



### **c. On-site Audits**

Where necessary, Hyundai Motor Company conducts on-site audits following a written assessment to verify compliance more thoroughly. Suppliers selected for these audits are chosen based on a comprehensive review of factors, including the supplier's country of operation, industry, supplied parts or raw materials, and the results of their written assessment. In particular, suppliers with incomplete responses or insufficient documentation in their written assessment, or those identified as having potential or actual sustainability risks, are prioritized for on-site audits.

On-site audits are performed in collaboration with third-party organizations that specialize in ESG consulting, assessment, and auditing, and are conducted in close coordination with Hyundai Motor Company's Purchasing Department. Hyundai Motor Company and its commissioned third-party organizations inspect and audit suppliers to verify their compliance with Hyundai Motor Company's Code of Conduct and all applicable legal requirements, within the scope permitted by law.

### **d. Corrective Actions**

Recognizing that it is not feasible to prevent, mitigate, and resolve all ESG risks within the supply chain equally and simultaneously, Hyundai Motor Company operates a prioritization framework based on the severity and likelihood of each risk. Risks identified from written assessment responses and on-site audits are prioritized by considering critical issues from the risk identification stages, along with the specific characteristics of supply chain activities. This prioritization enables the efficient allocation of resources and capabilities. Hyundai Motor Company addresses the most critical risks first through proactive measures, followed by the gradual resolution of relatively minor risks.

In particular, when significant social or environmental risks are identified at business sites, subsidiaries, direct suppliers, etc., Hyundai Motor Company implements preventive and mitigating measures without delay. These measures are established by taking the following criteria into account:

- i. Severity of the adverse impact
- ii. Likelihood of the adverse impact occurring
- iii. Availability of resources for implementation
- iv. Structural or fundamental characteristics of the industry and business relationships

#### **e. Monitoring**

Based on the results of assessments and audits, Hyundai Motor Company recommends improvements for identified risks. These results may be a key criterion in supplier selection, and a failure to prevent or mitigate adverse impacts could lead to the suspension of new contracts or renewals. Depending on the risks identified, plans must be established to cease, prevent, or mitigate adverse impacts. Hyundai Motor Company continuously monitors the implementation and outcomes of these actions to identify, prevent, and mitigate adverse impacts.

Hyundai Motor Company recognizes its responsibility to work with suppliers to establish and implement appropriate preventive and corrective actions to prevent, eliminate, mitigate, or reduce prioritized potential and actual adverse impacts.

A preventive action plan includes:

- i. A specific and reasonable implementation schedule
- ii. Qualitative and quantitative performance indicators
- iii. Required financial and non-financial investments and infrastructure improvements
- iv. Adjustments to business strategies and operational plans, including purchasing practices, design, and distribution

If an actual social or environmental harm has occurred or is identified, Hyundai Motor Company will promptly establish and implement corrective actions to terminate or minimize the impact. These actions are determined proportionally based on the severity of the impact, the degree of involvement of the responsible party/supplier, and the level of influence Hyundai

Motor Company can exert. If a supplier can demonstrate that it has independently performed its own corrective actions, certain obligations may be partially waived.

A corrective action plan includes:

- i. A clear implementation schedule
- ii. Qualitative and quantitative performance indicators
- iii. Investments in infrastructure and operational system improvements
- iv. Improvements to strategies and operational methods

## 4. Support and Training

Hyundai Motor Company actively supports the enhancement of suppliers' ESG management capabilities to strengthen the competitiveness of a sustainable supply chain. To this end, a variety of support activities are carried out, including ESG training, tailored consulting, and the establishment of supply chain management systems. Additionally, major policies and best practices in areas like industrial safety, information security, and sustainability management are transparently shared with suppliers, and a regular newsletter is used to facilitate mutual learning.

(▶ Link: [Hyundai Motor Company Win-Win Portal](#))

## 5. Integration with Purchasing Decisions

Hyundai Motor Company integrates ESG criteria into its overall purchasing policy to achieve sustainability across the supply chain. These criteria are reflected in all supplier selection processes and business relationships. When selecting new suppliers, Hyundai Motor Company holistically evaluates sustainability, safety, and security in addition to quality, financial soundness, and management capability. The evaluation results are used to determine whether to enter a contract and to set future transaction conditions. If a supplier fails to meet the required score, a grace period for improvement is granted. A re-evaluation is conducted after this period, and transactions may be restricted if the results are still unsatisfactory. Existing suppliers may also face measures, such as bid restrictions, based on their ESG evaluation results.

Furthermore, Hyundai Motor Company regularly monitors the sustainability performance of its

suppliers through ESG risk assessments, due diligence, and inspections of safety and environmental incidents. High-risk suppliers may be subject to adverse measures under the purchasing policy, such as bid restrictions or suspension of transactions.

Hyundai Motor Company also verifies compliance with the “Supplier Code of Conduct” when signing purchasing contracts and regularly reviews related policies to prevent any conflict between ESG requirements and the purchasing policy. This ensures consistency between the “Supplier Code of Conduct” and the purchasing policy, systematically embedding ESG standards across the entire supply chain.

## **6. Records Management and Disclosures**

### **a. Documentation and Internal Reporting**

In fulfilling its due diligence obligations, Hyundai Motor Company systematically records and manages all documents related to the actions taken and their outcomes in accordance with relevant standards. These documents are retained for a minimum of five years from the date of creation or collection, or for a longer period if required by global regulations or initiatives. Key information, including the results of risk analysis across overall operations, subsidiaries, and the supply chain, is regularly reported to top management and used to inform future policy improvements and decision-making processes.

### **b. Public Disclosure**

In accordance with applicable legal requirements, Hyundai Motor Company commits to annually disclosing its due diligence process and overall results. This disclosure may include information necessary to understand Hyundai Motor Company’s impact on the environment and society, as well as the effects of sustainability and social issues on its financial performance, business operations, and societal relationships.

## 7. Grievance Mechanism

### a. Grievance Identification and Handling

Hyundai Motor Company operates communication channels with key stakeholders—including employees, consumers, and local communities—to address supply chain-related grievances such as violations of social responsibility or environmental risks that may arise during its business operations.

When a grievance is received from a supplier, Hyundai Motor Company internally verifies the facts and informs the reporting party/individual whether a detailed investigation will be initiated. Any such investigation is conducted based on objective evidence. The case is finalized by taking appropriate measures in accordance with internal regulations. Where necessary, the outcomes are reflected in Hyundai Motor Company's supply chain management policies. In severe cases, such as significant legal or regulatory violations or situations that may pose substantial risks to key stakeholders, a response is discussed at the highest decision-making bodies, such as the management committee. After the conclusion of each grievance case, the results are retained for a minimum of five years or for a longer period if required by global regulations or initiatives.

### b. Grievance Channels

Hyundai Motor Company implements a grievance handling procedure that is fair, publicly accessible, predictable, and transparent. The principles of non-retaliation, protection of the reporting party/individual's identity, and notification of the handling process and results are stipulated in the “Grievance Channel Policy.”

#### Hyundai Motor Company Grievance Channels

- [KOR/Global] Supply Chain Sustainability Management Team - Grievances (Win-Win Cooperation Center → Supply Chain ESG Center → Grievances) (<https://winwin23.hyundai.com>)
- [KOR] Procurement Planning Team - Transparent Procurement Report Center (<http://winwin.hyundai.com/coportal/system/clean.html>)
- [KOR/Global] Audit Planning Team - Cyber Audit Office (<https://audit.hyundai.com/>)