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Hyundai Motor Company Responsible Raw Materials Sourcing Policy

2025. 8

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1. Preamble

a. Our Commitment and Purposes

Hyundai Motor Company is committed to procuring raw materials for its products and services in a manner that upholds social and environmental responsibilities. This commitment includes identifying and monitoring negative impacts, such as human rights abuses and environmental degradation, throughout the raw material supply chain. Where necessary, such negative impacts are prevented and mitigated to foster a sustainable supply chain.

Specifically, Hyundai Motor Company declares its adherence to the following clauses and establishes this policy as a fundamental basis for ensuring compliance:

① International Standards and Guidelines

Including, but not limited to, “the Ten Principles of the UN Global Compact (UNGC),” “UN Guiding Principles on Business and Human Rights (UNGPs),” “OECD Guidelines for Multinational Enterprises,” “OECD Due Diligence Guidance for Responsible Business Conduct,” and “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas (CAHRAs).”

② International Conventions

Including, but not limited to, “fundamental instruments of the International Labor Organization (ILO),” “International Covenant on Civil and Political Rights,” “International Covenant on Economic, Social and Cultural Rights.”

③ International Initiatives and Alliance Standards

Including, but not limited to, the “Responsible Business Alliance (RBA)” and the “Guiding Principles of the Drive Sustainability Initiative.”

④ Relevant Laws and Regulations

Including, but not limited to, the “EU Corporate Sustainability Due Diligence Directive (CSDDD),” “EU Corporate Sustainability Reporting Directive (CSRD),” “EU Deforestation Regulation (EUDR),” and “EU Battery Regulation (EUBR).”

b. Scope of Application

- ① This policy applies to Hyundai Motor Company's supply chain, which is defined to include its domestic and international operations (headquarters, regional offices, sales corporations, and production plants), its subsidiaries, and stakeholders involved in or affected by Hyundai Motor Company's business activities, such as suppliers and distributors engaged at every stage from vehicle design to production and distribution.

- i. All of Hyundai Motor Company's domestic and international operations and subsidiaries, as well as suppliers directly involved in raw material procurement (suppliers) and all entities within their downstream supply chains, shall comply with the provisions set forth in this policy within the scope of adherence to domestic laws and regulations and international standards.
 - ii. Hyundai Motor Company shall actively communicate and collaborate with all stakeholders within its supply chain to implement this policy, and all stakeholders within the supply chain shall participate in Hyundai Motor Company's efforts to establish a sustainable supply chain.
- ② The raw materials covered by this policy encompass all forms of raw materials and sub-materials used in product manufacturing. These raw materials include, but are not limited to, the following:
- i. Priority raw materials subject to management
 - Cotton
 - PVC
 - Polysilicon
 - Wood
 - Rubber
 - Palm oil
 - Leather
- ③ The detailed procurement standards and procedures for minerals are defined in the “Responsible Minerals Sourcing Policy.”

2. General Principles

Hyundai Motor Company adheres to the following principles when procuring raw materials and requires the same level of compliance from all entities falling under [Section 1.b.①.i.](#)

a. Social Responsibility

- ① All forms of forced labor, child labor, modern slavery and human trafficking, discrimination, harassment, and other human rights violations are strictly prohibited. Continuous monitoring is conducted to prevent their occurrence, and immediate corrective action is taken as necessary.
- ② Labor rights, including freedom of association and the right to collective bargaining, are respected.
- ③ A fair and appropriate compensation system is established, working hours are observed, and a safe and healthy working environment is ensured.
- ④ The rights of affected local communities, especially the principle of Free, Prior, and Informed Consent (FPIC) for indigenous communities, are respected. Negative impacts on local communities are minimized, and local community development is promoted.

b. Environmental Responsibility

- ① The procurement of raw materials that cause illegal natural degradation and environmental pollution is prohibited. Measures to prevent, mitigate, and rectify such acts are implemented throughout the supply chain.
- ② To address climate change in compliance with the Paris Agreement, greenhouse gas reduction targets aligned with international initiatives such as Science-Based Targets (SBTi) are established across the supply chain. Furthermore, these reduction targets are met by improving energy efficiency and expanding the use of renewable energy.
- ③ Efforts are made to conserve biodiversity and protect ecosystems. Raw materials that cause deforestation and forest degradation are not procured.
- ④ Environmental stewardship is practiced through measures including, but not limited to, the conservation of water resources, the prevention of water and soil pollution, and the minimization of air pollutant emissions.
- ⑤ Environmental risk factors that may affect nearby communities or ecosystems, such as noise and vibration, are managed responsibly.
- ⑥ Unnecessary resource use, emissions of hazardous substances, and waste are

minimized. The use of recycled raw materials is expanded to promote a circular economy.

c. Ethical Responsibility and Transparency

- ① All forms of unethical conduct, including corruption, bribery, money laundering, fraud, and collusion, are prohibited. Fair competition is adhered to, and integrity is maintained in all business activities. Monitoring is conducted to prevent unethical conduct, and violations are met with a zero-tolerance policy and prompt corrective actions.
- ② Support or financing for illegal armed groups is strictly prohibited.
- ③ Transparency regarding origin and traceability is secured throughout the supply chain.
- ④ Applicable laws and regulations in all jurisdictions where business operates are complied with, and the information and intellectual property rights of stakeholders are protected.

3. Responsible Sourcing Management System

Hyundai Motor Company establishes and operates a comprehensive Responsible Raw Material Sourcing Management System for the effective implementation of this policy.

a. Responsible Sourcing Management Process (Due Diligence)

- ① Throughout the raw material supply chain, the origin and supply routes of raw materials are traced. During this process, potential or actual human rights and environmental risks are identified and assessed. Risk prevention and mitigation measures are implemented as necessary, and the monitoring of these measures and disclosure of overall management activity results are conducted as part of a robust management system.
- ② "Priority Raw Materials" are designated by comprehensively evaluating factors such as raw material usage, association with Conflict-Affected and High-Risk Areas (CAHRAs), inclusion of high-risk raw materials, social and environmental impacts, and applicability of international regulations. Enhanced due diligence procedures are applied to Priority Raw Materials.
- ③ System performance is reported to management at least once a year. Should due diligence reveal a significant risk, the effectiveness of the management process is reviewed, and a plan for its improvement is established and implemented as necessary.

- ④ Detailed provisions, such as implementation procedures and methods, comply with the “Hyundai Motor Company Supply Chain Sustainability Management Policy.”

b. Supply Chain Capacity Building and Partnership

- ① Training and guidelines are provided to suppliers to enable them to meet the requirements of this policy. Technical and management support is offered for capacity building as necessary.
- ② Partnership is pursued with various stakeholders, including external experts, industry initiatives (such as RMI, RBA, GBA, Drive Sustainability), and civil society organizations, to build a sustainable supply chain.

c. Performance Management and Monitoring

- ① Mid-to-long-term performance targets are established for this policy, with their progress and effectiveness regularly monitored using quantitative and qualitative indicators.
- ② Based on the monitoring results, the appropriateness of targets is reviewed. As necessary, targets are adjusted, and improvement measures are established and implemented as necessary.

d. Third-Party Verification and Certifications

- ① Independent third-party audits of supply chain due diligence and sourcing practices are conducted as needed, with corrective actions implemented based on the audit results.
- ② The use of raw materials with eco-friendly certifications, sustainability certifications, or credible industry standards is encouraged, alongside the expansion of transactions with certified smelters/refiners.

4. Governance and Responsibilities

a. Role of Management Committee, Board of Directors, and Executives

- ① Major risks in raw material sourcing are managed and overseen by the Management Committee that includes top or key decision-makers. The primary roles of the Management Committee encompass: approving “Responsible Raw Materials Sourcing Policy”; overseeing policy implementation; reviewing major social and environmental risks in raw material sourcing; deliberating on response plans for raw material sourcing risks; and addressing other matters deemed necessary during sourcing.
- ② Hyundai Motor Company's Board of Directors or its subcommittees (e.g., the Sustainability Management Committee) review and deliberate matters including, but not limited to: responses to operationally significant raw material sourcing laws and regulations; the establishment of raw material sourcing monitoring and risk prevention plans; and related investment decisions.
- ③ The top management sets the strategic direction for the effective implementation of this policy, supervises and reviews its implementation status, and provides necessary support and resources.
- ④ The designated department (Supply Chain Sustainability Management Team) is responsible for the policy's daily operation and management, the execution of the due diligence process, and fostering communication and collaboration with the supply chain.

b. Employee Training

- ① Regular training on the principles and due diligence procedures of this policy is conducted for all executives and employees involved in raw material sourcing to promote awareness and enhance capabilities.

5. Grievance Mechanism and Remedy

Hyundai Motor Company operates an accessible, transparent, and secure grievance mechanism to allow concerns about potential or actual negative impacts arising from raw material sourcing to be raised.

a. Grievance Submission

- ① Channels are provided for all stakeholders, including executives and employees, suppliers, local community members, and civil society organizations, to report grievances.

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/Global] 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/>)

- ② Grievances can be submitted anonymously, and all reports are kept confidential.
- ③ Any form of retaliation against individuals who raise grievances is strictly prohibited and will be met with zero tolerance.

b. Grievance Handling

- ① Submitted grievances are investigated and handled fairly and promptly in accordance with relevant laws and regulations, internal procedures, and international guidelines.
- ② When significant risks arise, such as potential legal violations, substantial impact on local communities, or threats to corporate reputation/brand, response plans are discussed by the highest decision-making bodies, such as the Management Committee.
- ③ Based on investigation results, appropriate corrective and remedial measures (including victim remediation) are taken, with measures to prevent recurrence also being established.
- ④ Throughout the grievance submission, investigation, and handling (remedy) process, the rights of the reporting party/individual are ensured. These rights include, but are not limited to, the following:
- i. The right to request appropriate follow-up actions;
 - ii. The right to consult on corrective and remedial measures;
 - iii. The right to be provided with information on the steps and actions taken or to be taken.

6. Disclosure and Reporting

Hyundai Motor Company transparently discloses the implementation and performance of its "Responsible Raw Materials Sourcing Policy." Relevant information, such as the implementation status of this policy, the outcomes of the management process (due diligence) and identified risks, details of grievance handling, and improvement efforts, is disclosed annually through the company's website, sustainability report, and other appropriate channels.

The disclosed information is presented in a manner easily understandable by all stakeholders, and complies with relevant laws and regulations and international reporting standards.

7. Policy Review and Updates

This policy and the Responsible Sourcing Management System are promptly reviewed, revised, and updated at least every two years or when significant changes occur. This process reflects international standards, laws, the regulatory environment, and changes in supply chain risks. The revised policy is transparently disclosed to all stakeholders through the company's website, sustainability report, and other appropriate channels.