

February 24, 2023

Dear esteemed shareholders,

On behalf of Hyundai Motor Company, we would like to extend our heartfelt gratitude for your continuous support and interest. Maintaining trust and enhancing transparency to you is our utmost objective. We would thus like to reassure the investment community through this letter that HMC does not tolerate any form of unlawful employment.

Hyundai is implementing new, more stringent workforce standards throughout its supply chain following an investigation into supplier labor practices after discovering two Alabama suppliers had each employed an underage worker. The investigation found that Hyundai's U.S. tier 1 suppliers were in full compliance with underage labor laws. As a result, Hyundai is confident there are no current underage labor issues at these suppliers. An executive summary of the investigation can be read here [<link to report>](#).

Following thorough investigations with 29 tier one suppliers, which included dozens of interviews and site visits, Hyundai Motor America is introducing a compliance training program in collaboration with the U.S. Department of Labor for suppliers on a variety of employment subjects. This includes understanding Hyundai's zero tolerance for violation of underage labor laws, validating applicant identification documents, reinforcing our Business Partner Code of Conduct, installing anonymous tip hotlines, discouraging the use of third-party staffing agencies, and other measures. The training program will begin in March.

The use of underage labor at a supplier or any operation is unacceptable, and we are committed to making sure non-compliance never happens again. This is a zero tolerance issue. Even though there were issues with third-party staffing agencies that provided false documentation to these suppliers, ultimately, the responsibility is with Hyundai to make sure all our suppliers understand and meet our high global workforce standards. The results of the investigation show that our suppliers are now in full compliance with underage labor laws, and we are committed to making sure they remain in compliance. Hyundai is a responsible corporate citizen in Alabama and everywhere we conduct business. We value the strong partnerships and long-term relationships we have developed in the communities

where we work and live.

Upon learning of issues last year at two suppliers doing business with Hyundai Motor Manufacturing Alabama, we took immediate actions, including launching multiple investigations and a broader review of our U.S. supplier network. These investigations included requiring Alabama suppliers to submit to independent third-party audits of their operations to ensure complete compliance with underage labor laws and to implement any recommended actions.

Two suppliers, SL Alabama and SMART, have terminated their relationships with the third-party staffing agencies who falsely certified that they had screened and cleared underage individuals as being of legal age. SL Alabama also agreed to the appointment of an audit committee specially-appointed by Hyundai to ensure its continued compliance with labor laws and best practices going forward. We do not condone or tolerate such behavior and are committed to taking further actions as needed.

In addition, Hyundai Motor America is in the process of divesting its ownership interest in SMART. It intends to do so while ensuring that the economically important jobs in the Luverne, Alabama community are preserved and that all child labor laws are followed in the future.

On a company-wide basis, Hyundai Motor Company remains committed to responsible and ethical business practices across the globe. Consistent with the standards and values to which the company holds itself, Hyundai mandates that its suppliers and business partners strictly adhere to the law in all countries where there are operations. The company takes reports of alleged violations very seriously.

To expand the scope on a global level, HMC conducted supplier ESG assessment across its global supply chain starting in 2022. Separate from the recent supply chain issue, HMC is in the process of expanding on-site inspections of each supplier. Moreover, pertinent departments are conducting detailed and in-depth assessments to ensure ESG compliance. The results of the expanded coverage of supplier assessments will be thoroughly disclosed in HMC's 2023 Sustainability Report, which is expected to be published in July 2023.

Hyundai Motor Company's Board has been updated regularly regarding the findings and handling of this issue at its Sustainability Management Committee. The Board observes this issue with grave severity and, along with the management, has called for the acceleration of integrating ESG management throughout the company. In the upcoming Sustainability Management Committee meeting in March 2023, detailed specifics related to overall supply chain management will be discussed.

Our management is committed to reinforcing ESG assessment throughout our global network and partners in line with our endeavor of becoming a leading global Smart Mobility Solution Provider.

Thank you.

Jaehoon (Jay) Chang  
President and CEO  
Hyundai Motor Company