

November 3, 2022

Mr. Euisun Chung
Chairman
Board of Directors
Hyundai Motor Company Headquarters
12, Heolleung-ro, Seocho-gu
Seoul, Korea

Dear Chairman Chung,

We are glad to see that Hyundai Motor Company has begun to address some of the unresolved human and labor rights risks in the company's supply chain, including at one of its wholly owned subsidiaries. Last month, Hyundai's Global Chief Operating Officer, José Muñoz, told *Reuters* that the company would "sever ties" with the suppliers who used child labor, and there would be an investigation into the company's U.S. auto parts suppliers for potential labor law violations and "to ensure compliance." Considering that the instances of child labor were reported in the summer, we are surprised that Hyundai waited until mid-October to announce these limited actions.

Moreover, Mr. Muñoz's comments raise more questions than they provide answers to investor concerns. One of the companies that reportedly employed as many as 50 children was a Hyundai subsidiary, SMART Alabama LLC. Are you planning to sell SMART? Moreover, is Hyundai involved in remedial actions to assist the children and their education? Hyundai is also silent on how it will ensure that workers at its own plants, subsidiaries, and suppliers are protected if they report labor law violations given the threat of severed ties by Hyundai, and the potential job loss associated with it. How will the company encourage whistleblowing if employees are fearful of losing their jobs?

We, therefore, reiterate our call on the Hyundai Board to address material weaknesses in its oversight of human and labor rights companywide. Building on our letter to you dated October 18, we urge the Board to take the following actions:

- develop a robust human and labor rights due diligence process that is embedded in the company's culture, processes, and compensation incentives;
- strengthen the human and labor rights language in the Hyundai Supplier Code of Conduct;
- assign oversight of the Human Rights Charter and Supplier Code of Conduct to a committee of the Board of Directors; and
- conduct an independent third-party human and labor rights risk assessment of Hyundai and its supply chain with the results released publicly, and with ongoing monitoring and annual updates.

As described in our last letter, Hyundai faces significant reputational risks stemming from its association with human and labor rights violations. The remedies announced last week are too limited to alleviate investor concerns. Given Hyundai's history of human and labor rights risks in the U.S. and globally, we believe that the company's review should be companywide and include all of Hyundai's human and labor rights commitments, rather than narrowly focused on labor law violations at U.S. auto parts suppliers. This expanded assessment should be conducted by an independent third-party to improve upon the Human Rights Impact Assessment that Hyundai conducted in 2021. We believe it is critical for this assessment to include input from key Hyundai stakeholders. The results of the assessment should be released publicly and could play an important role in improving human and labor rights conditions at Hyundai and its suppliers.

We hope to hear from you soon explaining how the Hyundai Board is planning to expand its oversight of these concerns. Hyundai has an opportunity to become a leader in human and labor rights risk oversight and due diligence, and we look forward to a dialogue with the Board on these critical issues. Please contact my colleague Mikail Husain at mhusain@socinvestmentgroup.com by December 1 to arrange such a conversation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dieter Waizenegger".

Dieter Waizenegger
Executive Director