

January 26, 2023

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

Dear Chairman Chung,

We are concerned with the latest reports of child labor at Hyundai Motor Company (“Hyundai” or “the Company”) supplier factories in Alabama. In light of new reports of child labor being used in the Company’s production chain, as well ongoing investigation by state and federal regulators, we urge you and your fellow directors to promptly take the following steps:

- Commission an independent third-party review of the alignment between Hyundai’s human and labor rights commitments and existing practices in its supply chain and operations.
- Commit to ongoing third-party monitoring of Hyundai Motor Company’s US supply chain
- Appoint a human rights expert to the Board of Directors.
- Commit to ensuring continuity of employment of workers in Hyundai’s U.S. supply chain, both for direct and contract workers, so that those workers who have helped uncover unlawful practices do not suffer as a result.

### **Hyundai’s Growing Child Labor Problem**

We initially wrote to you on October 18<sup>th</sup>, 2022 after reports of child labor use at two Hyundai suppliers in Alabama, one of which is a wholly owned Hyundai subsidiary. The number of Hyundai suppliers in Alabama confirmed to have used child labor has now risen to at least four, and ten plants in total have been inspected by state and federal law enforcement agencies or regulatory agencies. On November 30<sup>th</sup>, 2022, we received a response to our letter from Zayong Koo, SVP and Head of IR at Hyundai Motor Company. This response confirmed use of child labor at the SMART Alabama factory and the SL Alabama factory. However, we’ve noticed inconsistencies between the official Hyundai Motor Company response and the testimonials from factory workers who’ve contributed to the reporting on this topic. In the response to us, Mr. Koo admits to Hyundai having hired one underage worker at the SMART factory and three underage workers at the SL Alabama factory. These figures are inconsistent with reporting on the incident which mention “around 50 underage workers” at SMART and one worker claiming that “she worked alongside about a dozen minors on her shift”. Mr. Koo’s response also failed to mention that any further instances of child labor usage had occurred in Hyundai Motor Company’s supply chain. We are concerned that Hyundai executives are either not being fully transparent with investors, or that executives are themselves not aware of the full extent of the company’s child labor crisis.

We are further troubled by recent reports that, when workers in Hyundai's U.S. supply chain alerted their superiors to concerns about children working in the factory, these concerns were brushed aside with no action taken. We are additionally concerned by the possibility that many of these underage workers in Hyundai's factories may have been victims of human trafficking. Furthermore, according to reports, a former employee claims that officials wearing shirts with the Hyundai logo on them had inspected the assembly line while underage workers were laboring and no action was taken. These latest reports weaken our confidence in Hyundai's Human Rights oversight system and ongoing assessments. As a result, we believe that investors, regulators, and the public at large to have confidence in any assessment of Hyundai's supply chain, such an assessment must be performed by an independent third party empowered to review and inspect all Hyundai's U.S. operations and to make public recommendations to the Board based on its findings. Moreover, due to the persistent violations of human and labor rights in Hyundai's and suppliers' facilities, we believe that Hyundai should implement a plan for ongoing third-party monitoring of its supply chain to ensure that it fulfills the commitments set forth in its "Human Rights Charter" and "Supplier Code of Conduct".

We urge the Hyundai Board to consider our recommendations and look forward to hearing back from you regarding our concerns by February 15, 2023. Please contact my colleague Mikail Husain at [mhusain@socinvestmentgroup.com](mailto:mhusain@socinvestmentgroup.com) with any questions concerning this letter.

Sincerely,



Emma Bayes  
Director of ESG Engagement