

**HYUNDAI
ELECTRIC**
ESG HIGHLIGHTS

2021

Smart Connection to the Future



2021 HYUNDAI ELECTRIC ESG HIGHLIGHTS

HYUNDAI Electric's 2021 Integrated Report was published to disclose management information to stakeholders in a transparent manner. This report is a summary of the Integrated Report, providing a holistic view of the key ESG status and performance of HYUNDAI Electric at a glance.

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CEO MESSAGE

We will reinvent ourselves as a global energy solution company that leads carbon neutrality.

President & CEO of HYUNDAI Electric and Energy Systems
Cho Seok



HYUNDAI Electric has never relented in innovating ourselves to elevate our corporate value and contributing to community development as a global citizen since the spin-off from HYUNDAI Heavy Industries in April 2017. Especially, we put safety and the environment at our heart of the management while building a labor-management culture underpinned by mutual respect and trust and embedding a transparent business environment. However, we were still in the vice-grip of the COVID-19 last year, suffering from the shrinking global real economy and uncertain political landscape that entailed increases in raw material prices and logistics costs stemming from the Russia's invasion of Ukraine. All these challenges have threatened business management. Fortunately, we could deliver stable performance due to growing demand for power equipment in our key markets, the Americas and Middle East, based on which, we have sharpened our capabilities to run overseas businesses by securing hubs for sales and logistics in foreign countries.

The most encouraging thing about the recent trends is the acceleration of the transition of energy resources from fossil fuels to electricity worldwide. The strong trend of electrification will present a host of opportunities to us, giving rise to demand for the efficient power grid, stable electricity supply, and eco-friendly power generation to mitigate carbon emissions. Against

this backdrop, HYUNDAI Electric will vault into a global energy solution provider that drives carbon neutrality. In this era of transformation, we will be at the forefront of reaching net-zero, thereby ushering in a better world for the next generation.

First, we will secure an energy new growth engine.

HYUNDAI Electric is committed to promoting the energy solution business that enables the efficient use of electric power as a new growth engine. Since last year, we have worked on establishing the Banwol-Sihwa Smart Green Industrial Complex, and the carbon-neutral campus of Kyungpook National University. On the strength of the performance and experiences earned through the projects, we will secure unrivaled competitive edge in energy solution sector. Along with mentioned above, we took over a company specializing in 'power conversion technologies,' an integral part of electrification, which has laid the foundation for us to grow.

Second, we will lead the eco-friendly premium market with outstanding technical prowess.

Last year, HYUNDAI Electric rolled out a large-engine mounted shaft generator and environment-friendly 170kV GIS following the launch of our eco-friendly brand, 'GREENTRIC.' And this year, we are redoubling our efforts to develop green and high-

efficiency electric power devices, such as vegetable oil-filled transformer, SF₆ FREE gas transformer, and eco-friendly / extra-high-voltage vacuum circuit breaker, thereby responding to global warming in a proactive manner. Our ultimate goal is to become a leading player in the eco-friendly premium market through technical development. To this end, all-out efforts are being made in R&D activities.

Third, we will step up our ESG management to create sustainable value.

With the aim of achieving sustainable management, we have established our ESG strategy and framework following the declaration of ESG management. We will make 2022 the inaugural year of embedding ESG elements into all facets of our business by mapping out detailed tasks by area: environmental, social, and governance, and putting them into action. To achieve this specified purpose, we will reinforce our human rights management, persistently carry out social contribution activities for local communities, and pursue mutual trust and shared growth with all our stakeholders including employees and local communities. We look forward to your unwavering interest and support on our journey towards 'Trusted Company Creating Sustainable Value.' Thank you very much.

COMPANY PROFILE

Digital-Based ‘Smart Solution Provider’

On the strength of the know-how on the power transmission and transformation sector, which is our focus area, earned through a wealth of experiences, Hyundai Electric has been equipped with competitiveness in the sectors of power distribution and solution as well.

In addition, recent years, with the purpose of becoming a digital-based ‘Smart Solution Provider,’ all-out efforts are being made to meet the growing demand for new and renewable energy.

Company Profile (As of December 2021, on a consolidated basis)

Company Name	HYUNDAI Electric & Energy Systems
HQ Address	75, Yulgok-ro, Jongno-gu, Seoul, ROK
Date of Establishment	April 1, 2017 (spun off from HYUNDAI Heavy Industries)
CEO	Cho Seok
No. of Employees	2,122

Business Overview

Power Solution



We are a provider of power systems required within the grid (electricity grid) for power generation, transmission, transformation, and power plants and substations are the areas of application. Our products include extra-high-voltage transformers, extra-high-voltage circuit breakers, medium & high voltage motors, and generator.

MV/LV Solution



We supply power distribution and control systems to chemical plants and in various industries. This solution applies to the oil & gas, and building sectors. Our products include switchgears, distribution transformers, low & medium voltage circuit breakers, and low voltage motors.

Marine Solution



We provide electrical systems to ships and offshore facilities for general ships, warships, and offshore plants. Our marine products include switchgears, distribution transformers, and rotating machinery.

Energy Solution



Energy solution business is about designing, procuring, and establishing the system that enables the efficient use of electric power through the integrated management of power generation, consumption, sales, and operation. It aims to build Demand Side Management System in association with FEMS(Factory Energy Management System), BEMS (Building Energy Management System), and ESS (Energy Storage System), thereby raising the efficiency of electric power.

Asset Management Solution



We provide the systematic management of products in terms of their performance, risk, and maintenance costs according to PLC (product life cycle) as well as solutions tailored to customers' conditions. This service enables customers to maximize their business efficiency.

ESG MANAGEMENT SYSTEM

HYUNDAI Electric has set up three strategic directions to achieve full-fledged ESG management and put them into action to create sustainable value as a global energy company. In addition, the ESG decision-making system has been established at the company level so that we can be agile to identify ESG-related issues, come up with proper policies, and take countermeasures.

ESG Vision System

ESG Management Vision

Trusted Company Creating Sustainable Value

ESG Strategic Direction



Creating Environmental Impact
Creating green impact through eco-friendly management



Pursuing Shared Growth
Promoting shared growth based on mutual respect and engagement with stakeholders



Ensuring Transparency & Compliance
Practicing fair and transparent ESG management

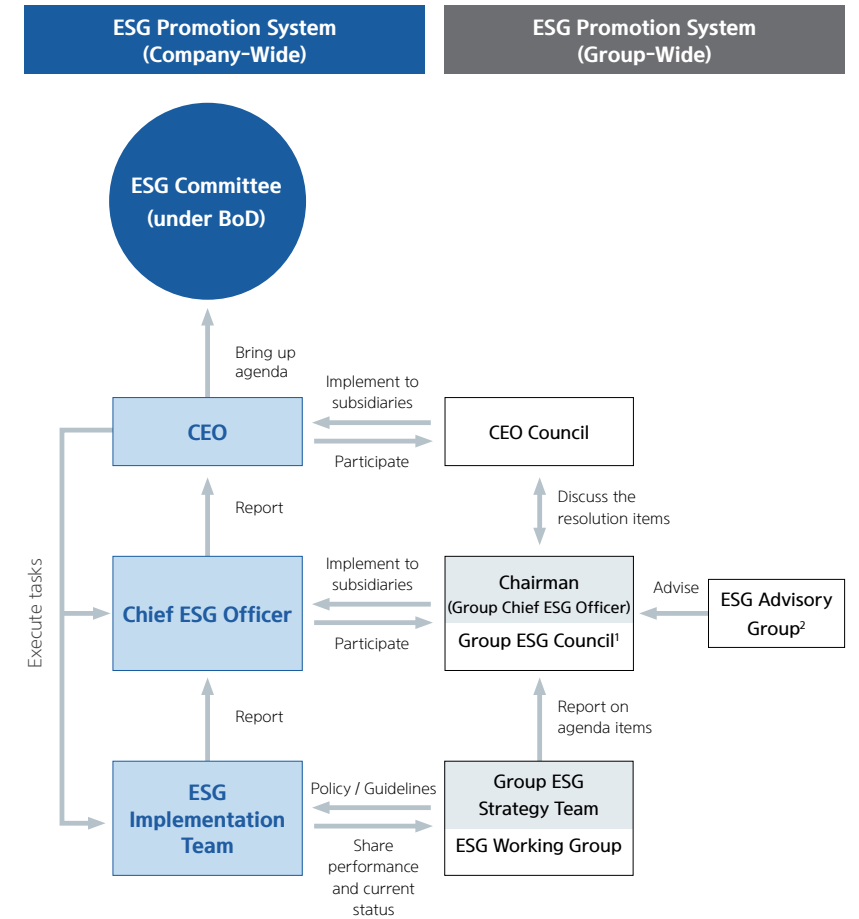
ESG Focus Tasks

- Expanding business portfolio through the development of eco-friendly products and services
- Contributing to the social development as a global corporate citizen through managing carbon emissions and establishing the energy efficiency plan
- Establishing social and environmental risks management framework for the supply chain
- Strengthening human rights management
- Implementing community engagement programs relevant to HYUNDAI Electric's core business activities
- Establishing ESG communication framework
- Improving transparency and integrity of governance
- Establishing ethics monitoring and evaluation system
- Participating in the global initiatives

Enabler Fundamentals of ESG Management

- Operating ESG Management Team
- Establishing ESG-related decision-making process
- Establishing ESG performance assessment system

ESG Governance



1. Consisting of Chief ESG Officers of each subsidiary
2. Consisting of outside experts of each ESG section

ESG HIGHLIGHTS

Environmental

Medium to long-term GHG emissions reduction targets*

established at the company level

* Target in 2022: Reducing GHG emissions by 14.5% from the emissions level of base year
Base year: 2018



Business agreement on GHGs mitigation*

signed with Ulsan Metropolitan City

* SF₆(sulfur hexafluoride) usage reduction and transition to alternatives by 2030



Eco-friendly product line

extended including Engine-mounted Shaft Generator and Eco-friendly GIS



Staff uniforms introduced made from recycled plastic bottles

to promote resource circulation



Environmental impact assessment

conducted across the whole process from manufacturing to product use



HYUNDAI Integrated Health, Safety and Environment Management System (HiSEs)

streamlined with an aim of efficiently managing air and water pollutants



Governance

A female director appointed to promote **BoD diversity**



Dividend policy disclosed to earn trust from shareholders and protect their rights



Social

A Labor-Management Council meeting convened on a quarterly basis

to build mutually beneficial industrial relations



Safety training offered and **relevant meetings** held to ensure the safety of suppliers



Security diagnosis conducted and **data security training** provided



Human Rights Management Committee established (June 2022)



Risk assessment and supplier safety management implemented to prevent workplace accidents



KRW 9.5 billion in financial support to partner companies for co-prosperity



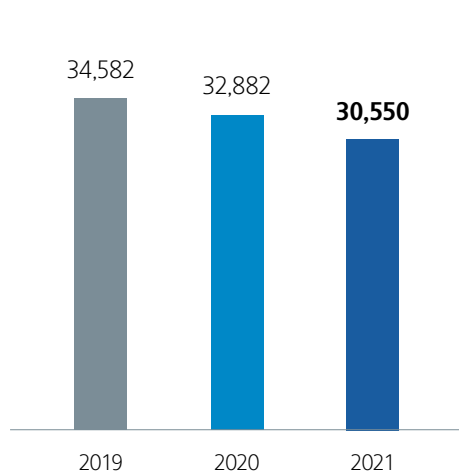
Conducting **training for employees** and **self-compliance checks** to practice ethical and compliance management



ESG KEY PERFORMANCE

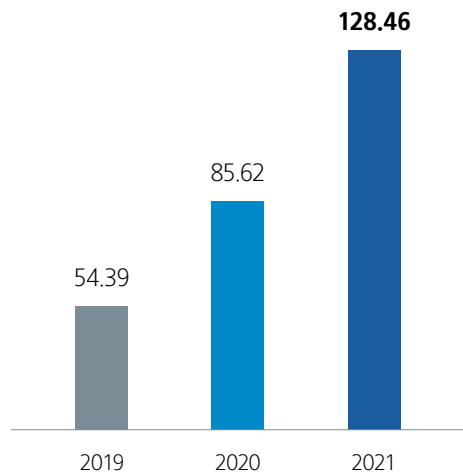
Total GHG emission

(Unit: tCO₂eq)



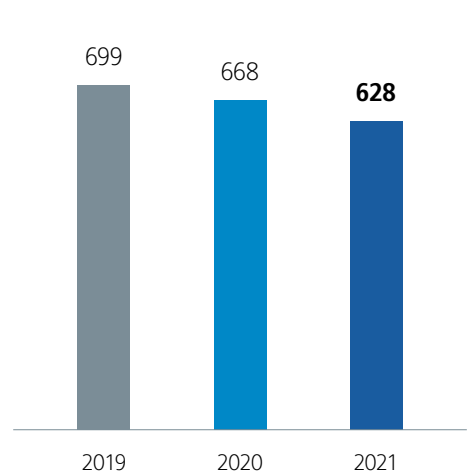
Reduction ratio achieved compared to the target

(Unit: %)



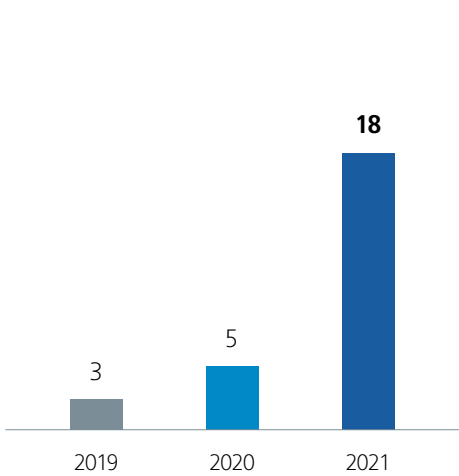
Total energy consumption

(Unit: TJ)



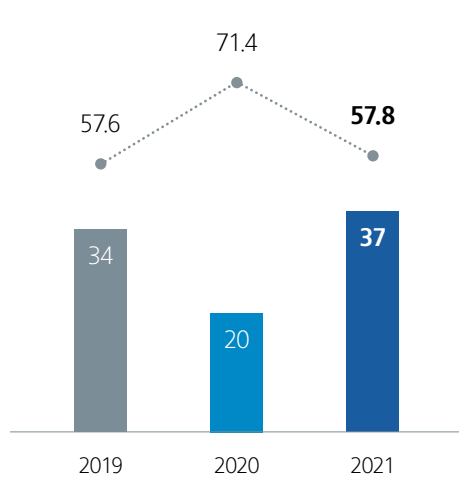
Environmental investment

(Unit: KRW 100 million)



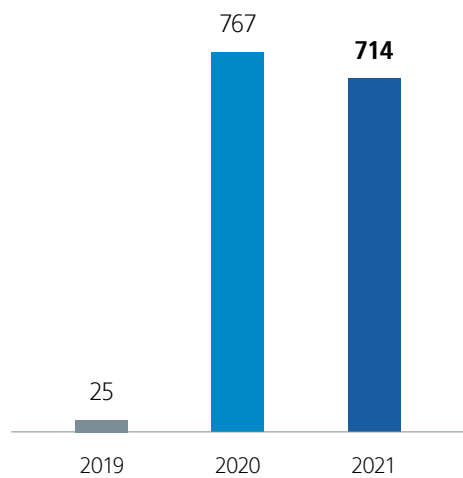
Newly recruited female

■ Persons ● ratio (%)



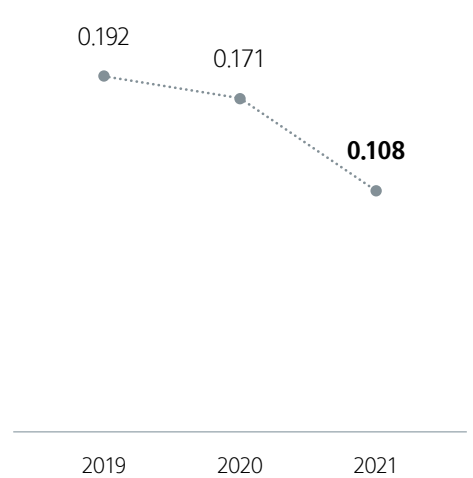
Social investment

(Unit: KRW million)



Accidental injury rate

(Unit: %)



Occupational accidents

(Unit: Cases / Persons)

	2019	2020	2021
No. of serious accidents	0	0	0
Fatalities	0	0	0

“Zero serious accidents in three consecutive years”



STRATEGY FOR SUSTAINABILITY

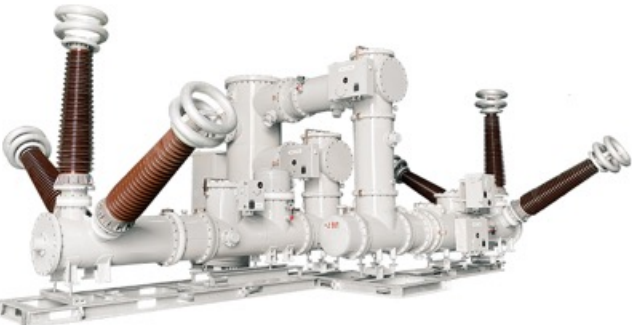
‘Standing in the Middle of Energy Transformation’

HYUNDAI Electric has launched ‘GREENTRIC’¹, the brand for eco-friendly electric power equipment, and applied it to our green product line developed with our own original technology to keep up with the energy transition accelerated by climate crisis. Taking advantage of our experience in the optimal operation of ESS² in a way that maximizes its economic feasibility, we aim to reach the global ESS market to sharpen our technological prowess.

Future Growth Engine, Eco friendly Power Equipment Brand ‘GREENTRIC’

‘Eco-friendly 170kV GIS’

170kV GIS (Gas Insulated Switchgear) was solely developed with our own technology, which is the first case in the industry. This model is capable of reducing GHG emissions by 99.2%.



Eco-friendly 170kV GIS developed by HYUNDAI Electric’s original technology

‘Engine-mounted Shaft Generator’

Shaft generator generates electricity utilizing the turning force of engine shaft and is enable to reduce fuel consumption and exhaust gas emissions. It also allows users to improve Energy Efficiency Design Index (EEDI) presented by International Marine Organization (IMO) by 3% to 5%, and can be mounted on the front of a large engine, which occupies a space 40% less than the previous one.



Engine-mounted shaft generator

Eco-friendly New Growth Engine ‘ESS’

ESS systems that increase the efficiency of power use have the advantage of reducing carbon emissions and making efficient use of resources. HYUNDAI Electric has a number of EPC experiences such as ESS economic analysis, system analysis, electrical and architectural design, construction, commissioning, and operation management (O&M), so all ESS-related processes can be carried out. In addition, it has the competitive edge in building optimized ESS that do not allow a single battery fire.



ESS system that stores excess power generated

1. compound word of ‘Green’ and ‘Electric’

2. ESS: Energy Storage System, system that raises the efficiency of power use by storing excess electricity and supplying it when needed

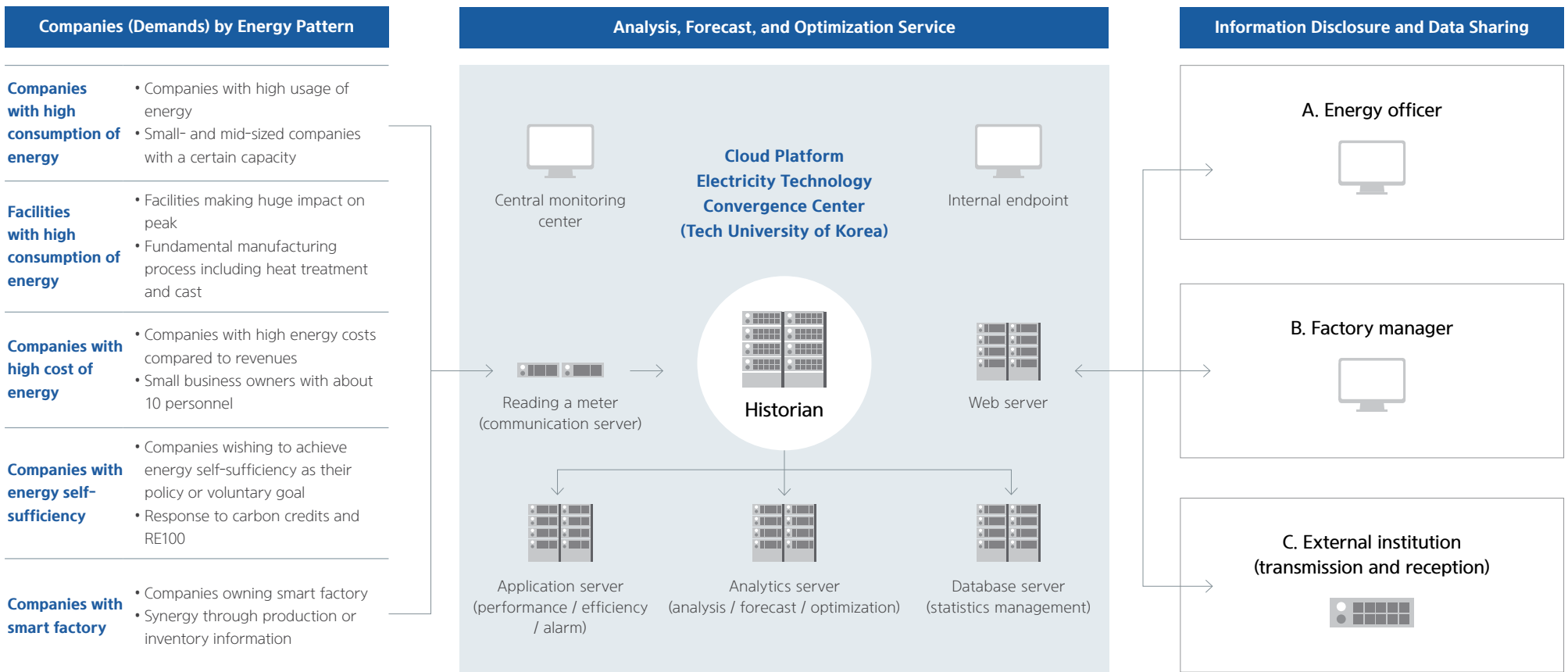
‘Smart Solution Provider’

HYUNDAI Electric has reinforced competitive advantage of our ICT solution brand ‘INTEGRICT’, and built ‘Smart Energy Platform’ based on this. Capitalizing on a smart energy platform that can maximize the efficiency of energy management, we actively take part in the creation of a future-oriented innovative industrial complex in which green and digital are converged.

Smart Energy Platform, Maximized Energy Management Efficiency

The smart energy platform classifies companies with energy usage patterns, followed by providing optimal solutions based on analysis and prediction technology applied with big data and AI.

Smart Energy Platform Concept Diagram



STRATEGY FOR SUSTAINABILITY

‘Frontrunner in the Energy Convergence Industry’

HYUNDAI Electric actively utilizes its specialized engineering capabilities in the electric power sector to participate in the energy convergence projects. The energy convergence project is to build a self-sufficiency infrastructure using renewable energy such as solar, wind, and hydrogen fuel cells, and plans to expand energy convergence projects not only in industrial complexes but also in various areas such as green campuses.

Building the Smart Green Industrial Complex Converged with Eco-friendly Technologies

HYUNDAI Electric, selected as the main organizer of the ‘Energy Self-sufficiency Infrastructure Project’ in Banwol-Sihwa Industrial Complex.

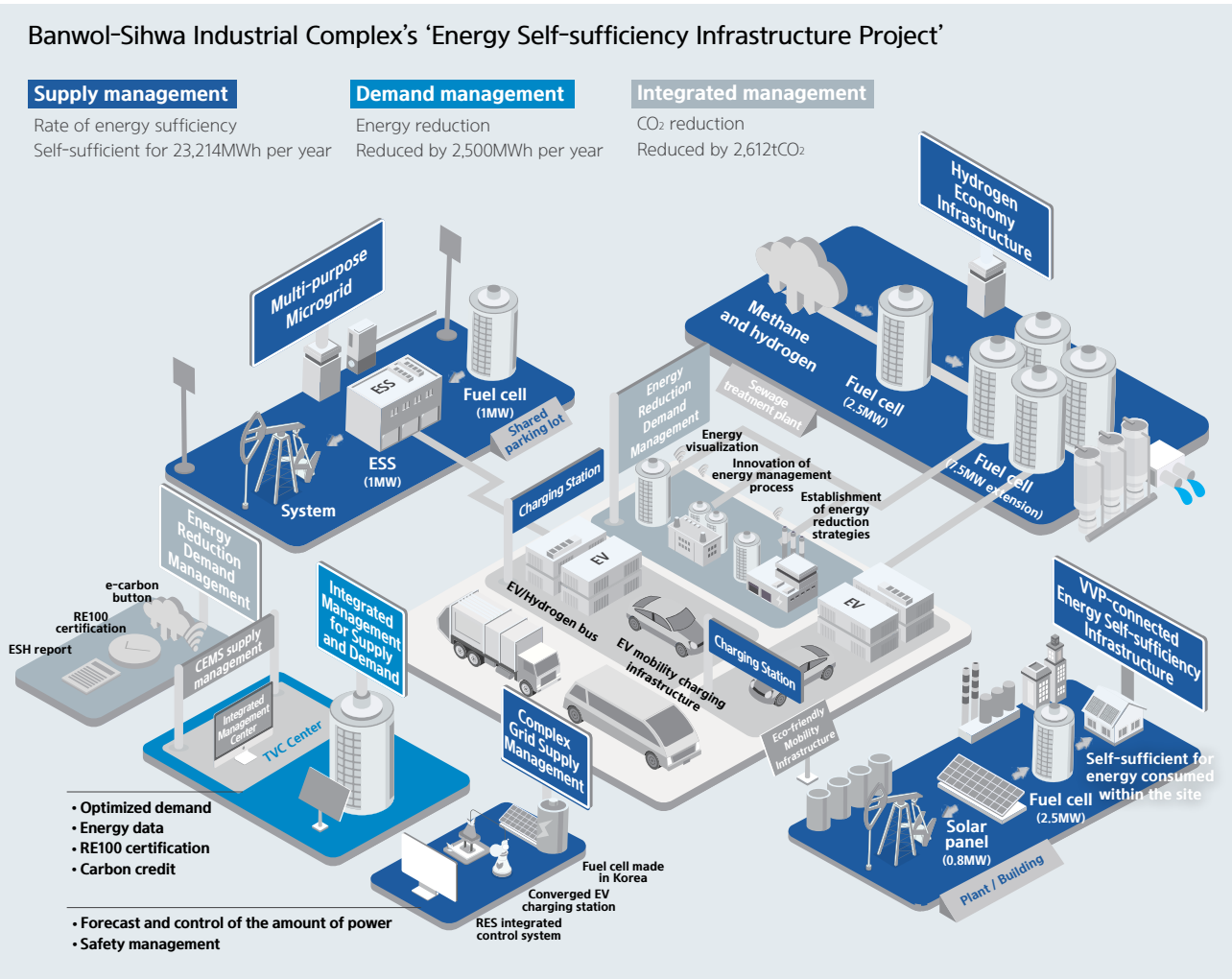
- Comprehensive management of projects, including expansion of distributed generation based on renewable energy and the establishment and operation of an integrated energy management system

- Building the infrastructure to supply renewable and eco-friendly energy that is above 800kW, including fuel cell power facilities, solar power plants, and EV charging stations

- Providing energy management solutions tailored to each company through ‘Smart Mirroring’ system by measuring energy usage by company in real-time

- Actively supporting companies in the complex to practice carbon-neutrality, using the smart energy platform.

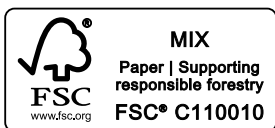
Create ‘**Smart Green Industrial Complex**’ Converged with Eco-Friendly Technology



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Reporting Period	From January to December 2021 (Partially from 2019 to the first half of 2022)
Disclosure Principle	Permanent disclosure of the Integrated Report on the website (http://www.hyundai-electric.com)
Inquiry	HYUNDAI Electric Management Planning & Co-prosperity Department T. 031-210-9237 E. hecsr@hyundai-electric.com
Details	Permanent disclosure of the Integrated Report on the website (http://www.hyundai-electric.com)





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