



HYUNDAI ROTEM COMPANY
Modern Slavery Statement 2023

April 2024

HYUNDAI ROTEM COMPANY

AUSTRALIAN MODERN SLAVERY STATEMENT

Financial year ending December 31, 2023

A. REPORTING ENTITY

Hyundai Rotem Company (Hyundai Rotem) is a company registered in Changwon, Gyeongsangnamdo, Republic of Korea (Korea), under the Korean business registration number 194211-0036336. Hyundai Rotem operates a branch office in Australia with the Australian Business Number (ABN) 81 615 545 492.

Hyundai Rotem works to provide creative innovation for a better future. As part of our core values, we believe in respect for talent and in communication and co-operation.

This is the fourth Modern Slavery Statement issued by Hyundai Rotem and applies to Hyundai Rotem's financial year starting 1 January 2023 and ending 31 December 2023. This statement seeks to comply with the requirements of the *Modern Slavery Act 2018* (Cth) by describing the steps that Hyundai Rotem has taken to identify and address the risks of modern slavery and human trafficking in its operations and supply chains, as well as its assessment as to the effectiveness thereof.

B. STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Structure

Hyundai Rotem is part of the Hyundai Motor Group and as of 31 December 2023, operated 19 branch offices overseas, including the aforementioned Australian branch in Sydney, New South Wales. Hyundai Rotem's primary manufacturing facilities are located in the cities of Changwon and Dangjin in Korea, and its primary research centre is located at Uiwang, Korea.

As of 31 December 2023, Hyundai Rotem employed 4,786 people, consisting of 3,983 people based in or expatriated from the head office in Korea and 803 people outside of Korea. As of 31 December 2023, the Australian branch office (registered address at Suite 3.01, Quarter One, 1 Epping Road, North Ryde NSW 2113, with an additional office at 3B, Level 3, 143 Coronation Drive, Milton QLD 4064) included:

- ten employees expatriated from Hyundai Rotem's headquarters in Korea; and
- directly employed 103 full-time employees.

All site technicians and approximately half of the office-based employees were based in one of:

- the train commissioning facility at 136 Railway Parade, Eveleigh, NSW 2015; or
- the train maintenance facility at 55 Orchard Road, Kangy Angy, NSW 2258;

both owned by the Transport Asset Holding Entity of New South Wales.

As of 31 December 2023, Hyundai Rotem owned or controlled two other corporations in Korea as well as six corporations and two joint ventures abroad as follows:

- Hyundai Rotem Brasil Industria E Comercio De Trens Ltda (Av Marginal 26-036, No 3400, Fazenda Bom Retiro, CEP 14.801-970-ARAQUARA/SP, Brazil) primarily engages in railway production and sales with one sojourning employee from Hyundai Rotem's headquarters

- and 70 local staff, consisting of 18 management staff and 52 field technicians.
- Hyundai Rotem USA Corporation (1300 Virginia Drive, Suite 103, Fort Washington, PA 19038, USA) is a corporation that primarily engages in railway production and sales with one sojourning employee from Hyundai Rotem's headquarters and 9 local staff, all of them management staff.
 - Hyundai EURotem Demiryolu Araclari Sanayi ve Ticaret A.S (Ahi Evran Cad. Polaris Plaza No. 1 K.4 D.23 34398 Maslak, Sariyer, Istanbul, Turkey) is a corporation that primarily engages in railway production and sales with three sojourning employees from Hyundai Rotem's headquarters and 27 local staff, consisting of 17 management staff and 10 field technicians.
 - MAINtrans (38 Gaehwadong-ro 8-gil, Banghwa2-dong, Gangseo-gu, Seoul, Korea) is a corporation that primarily engages in railway maintenance with 188 management staff and 203 field technicians.
 - Rotem Equipments (Beijing) Co., Ltd (Shunyi Qu Nanfaxinzhen Jiaogezhuangcun Cunweihuixi 300M Beijing, China) is a corporation that primarily engages in automobile equipment sales and maintenance with two local staff, all of them management staff.
 - Hyundai Rotem Company – Hyundai Eurotem Demiryolu Araclari SAN. VE TIC A.SORTAK GIRISIMI (Ahi Evran Cad. Polaris Plaza No. 1 K.4 D.23 34398 Maslak, Sariyer, Istanbul, Turkey) is a joint venture that primarily engages in railway sales.
 - Hyundai Rotem – Hyundai Eurotem Mahmutbey Projsei ORTAK GIRISIMI (Ahi Evran Cad. Polaris Plaza No. 1 K.4 D.23 34398 Maslak, Sariyer, Istanbul, Turkey) is a joint venture that primarily engages in railway sales.
 - HR Mechanical Services Limited (16E, Shakespeare Avenue, Trentham, Upper Hutt, New Zealand, 5018) is a corporation that primarily engages in railway maintenance with four local staff, consisting of one management staff and three field technicians.
 - Hyundai Rotem Europe SP. ZO. O. (WFC Building, 19 Emilii Plater St., 00-113 Warsaw, Poland) is a defense maintenance corporation consisting of 12 employees from Hyundai Rotem's headquarters and 4 local staff, all of them management staff.
 - S-Trans is a corporation established in 2023 for the operation and maintenance of the Sinansan rail line, and currently has one employee (representative).
 - Rotem SRS (20 Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul, Korea) is a corporation that primarily engages in railway operations and maintenance with 143 staff, consisting of 53 management staff and 79 field technicians in Korea and 11 staff in Egypt and Ukraine.

Operations

Hyundai Rotem's operations consist of three business divisions: Rail Solutions, Defense Solutions and ECO Plant Business.

The Rail Solutions division manufactures and supplies railway vehicles, including Electric Multiple Units (EMUs), High Speed Trains (HSTs), Light Rail Vehicles (LRVs), Diesel Multiple Units (DMUs), locomotives, passenger coaches and freight wagons to 37 countries across the world. It also manufactures and supplies core electrical equipment of railway vehicles including train control management systems (TCMS), traction motors, propulsion systems, and auxiliary power units. Moreover, the Rail Solutions division has expanded to provide signaling, communications, electricity, Platform Screen Door (PSD) systems, Operation and Maintenance services, and Modernization and Parts & Repairs.

The Defense Solutions division manufactures and supplies ground weapon systems, including Main Battle Tanks, Family Vehicles, and provides cutting-edge technological solutions, including wearable robots.

The ECO Plant Business division engages in the steel and automobile production infrastructures.

Recently, Hyundai Rotem has been leading the development of Fourth Industrial Revolution technologies through its smart factory and smart logistics business, and it has been providing stepping stones for hydrogen economy through hydrogen charging stations and hydrogen extractors.

Hyundai Rotem in Australia

Hyundai Rotem is currently delivering on an intercity rolling stock project in Australia, as part of an unincorporated joint venture with Mitsubishi Electric Australia and UGL Limited, procured by Transport for New South Wales (TfNSW) (the New Intercity Fleet (NIF) Project). Under the unincorporated joint venture, Hyundai Rotem is primarily responsible for the design, development, manufacture, testing, commissioning, supply and delivery of a new, state-of-the-art fleet of intercity trains connecting Sydney, the Central Coast, Newcastle, the Blue Mountains, and the South Coast. The Project initially involved the delivery of a 55-train fleet with 512 new carriages, though this order was subsequently expanded to 554 carriages, and eventually to 610 carriages.

In 2021, the fleet was given the name "Mariyung", the Darug word for Emu, in a nod to the Aboriginal Countries such as Darug Country, Wiradjuri Country, Awabakal Country and Dharawal Country through which the Mariyung will pass. Mariyung will offer improved safety, accessibility, comfort and modern features for passengers who make almost 45 million journeys a year on the electrified intercity network. Hyundai Rotem expects that the introduction of such a fleet will serve as a springboard for greater development in and around the cities to be serviced by Mariyung.

Hyundai Rotem does not manufacture any products in Australia, and instead manufactures and assembles the majority of its products in Korea. Only certain design activities, and testing and commissioning of the rolling stock take place in Australia.

As of July 2023, Hyundai Rotem has also been involved in the Queensland Train Manufacturing Program (QTMP) project, as part of an unincorporated joint venture with Downer QTMP (ABN 63 668 461 998), for the delivery of 390 passenger rollingstock carriages to the State of Queensland (by way of Downer EDI Rail (ABN 92 000 002 031)). Not unlike NIF, HRC is primarily responsible for the design, development, testing, commissioning, supply and delivery of the rollingstock, but QTMP differs from NIF in that HRC will be supporting the manufacture of the rollingstock in the Fraser Coast area of Queensland.

Supply chains

The following is an operational and geographical breakdown of Hyundai Rotem's supply chains and sourcing across all three of Hyundai Rotem's business divisions.

[Operational breakdown] of the supply chain across all three business divisions:

- Rail Solutions related purchase of body/design/electric parts, external manufacture and E&M purchase
- Defense Solutions purchase of parts
- ECO-Plant Business purchase of parts, production and construction
- Global sourcing and raw materials purchase
- Import and export customs clearance, transportation and packaging purchase
- Design and outsourcing services, facility materials and in-house construction

[Geographical breakdown] of suppliers across all three business segments:

- South Korea 81.56%
- Germany 3.97%
- USA 3.21%
- China 2.86%

- France 1.73%
- Czech 1.65%
- Japan 0.78%
- Netherlands 0.78%
- UK 0.70%
- Others 2.77% (including Switzerland)

As indicated above, the majority of Hyundai Rotem's suppliers are based in Korea.

C. RISKS OF MODERN SLAVERY IN OUR OPERATIONS AND SUPPLY CHAINS

Hyundai Rotem considers lower skilled worker within its supply chains as being at potential risk of modern slavery, being that they may be subjected to low pay, overwork and other difficulties in exercising their rights (e.g. freedom of association).

To better understand the complex risks of modern slavery, Hyundai Rotem plans to strengthen and expand upon themes relevant to modern slavery risks in the evaluation criteria of its suppliers.

D. ACTIONS TAKEN TO ASSESS AND ADDRESS IDENTIFIED RISKS, INCLUDING DUE DILIGENCE AND REMEDIATION PROCESSES

Policies

In firm belief that ethical management is the keystone to being a global company that contributes to sustainable development, Hyundai Rotem implemented its Ethics Charter and its Supplier Code of Conduct, so as to apply to both Hyundai Rotem as well as its affiliates, including production and sales corporate bodies in Korea and abroad, subsidiaries, second-tier subsidiaries and joint ventures.

Hyundai Rotem's Ethics Charter (<https://www.hyundai-rotem.co.kr/en/sustainability/ethics/standard/content.do>) sets out the values and conduct standards expected from our executives and employees, affiliates, subsidiaries, joint ventures in South Korea and abroad. This encompasses the obligation to conduct operations in accordance with internationally recognized standards. Ethics Charter also provides guidance on accessing our reporting channel, Cyber Journal (Cyber Report Center). It is accompanied by our Code of Ethics (<https://www.hyundai-rotem.co.kr/en/sustainability/ethics/guidelines/content.do>), which provides detailed guidelines relating to the principles for our employees. The topics addressed by Ethics Charter include the following:

- Human rights
- Child labour and forced labour
- Discrimination
- Equal opportunity
- Workplace harassment/bullying
- Safety and health
- Work-family balance
- Stakeholder engagement
- Manager's responsibility
- Governance and reporting
- Monitoring and due diligence
- Internal control
- Whistleblower protection

- Education

As part of its efforts to establish a sustainable supply chain, Hyundai Rotem's Supplier Code of Conduct (<https://www.hyundai-rotem.co.kr/en/sustainability/together/partner-roles/content.do>) requires suppliers to comply with relevant regulations regarding corporate management and to adopt the best practices concerning ethics, the environment, labour, human rights, safety, health and management systems. The Supplier Code of Conduct is based on Drive Sustainability's Global Automotive Sustainability Practical Guidance and refers to the Responsible Business Alliance's Code of Conduct. The Supplier Code of Conduct also takes into account recent global legislative trends addressing human rights and environmental issues in supply chain management, as well as other laws and regulations related to corporate sustainability. The fourth segment of the Supplier Code of Conduct deals with labour, human rights issues and covers the following: A. Prohibition of Child Labor, B. Prohibition of Forced Labor, C. Non-Discrimination and No Harassment, D. Wages and Benefits, E. Working Hours, F. Humane Treatment, G. Freedom of Association, and H. Ethical Recruitment.

Hyundai Rotem's Charter for Human Rights (<https://www.hyundai-rotem.co.kr/en/sustainability/human-rights/content.do>) builds upon the UN's Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the International Labor Organization conventions, the OECD Due Diligence Guidance for Responsible Business Conduct, the OECD Guidelines for Multinational Enterprise, the National Human Rights Commission of Korea's Manual of Human Rights Management for Public Institutions, and its Checklist for Human Rights Impact Assessment Operated by Institutions (Corporate Enterprises) and the Korean Ministry of Justice's Guideline for Human Rights Management Standards for Corporate Enterprises. The Charter for Human Rights outlines matters such as basic principles, governance and operation of the human rights risk management system as well as education and awareness-raising efforts.

Training

Hyundai Rotem is enhancing its responsible business conduct and human rights policies through training initiatives for both its employees and suppliers. In 2022, we provided comprehensive training sessions on fundamental Environment, Social, and Governance (ESG) concepts and their significance to our employees both in Korea and overseas. Building on this foundation, in June 2023, we conducted targeted training for our procurement staff, ensuring they stay updated on the latest corporate sustainability regulations and legislation pertinent to our operations. This included a focus on supply chain due diligence requirements mandated by various jurisdictions.

Additionally, we extended training opportunities to our suppliers to increase awareness of human rights management and prepare them for enhanced due diligence obligations resulting from regulatory developments. In June 2023, we organized a seminar with guest speakers for our key suppliers in Korea. The seminar covered regulations related to supply chain due diligence and modern slavery prevention on a country-specific basis, along with an introduction to the framework of human rights due diligence. This provided our suppliers with insights into common practices for ensuring adherence to labor and human rights principles. 79 out of 153 key suppliers in the region participated in this training.

Looking ahead, Hyundai Rotem aims to further expand and deepen these training programs as part of its ongoing sustainability management efforts. In fiscal year 2024, we intend to introduce executive-level training sessions for our suppliers. Additionally, we will conduct capacity-building seminars aimed at strengthening sustainability departments within our supplier network. These initiatives reflect our ongoing commitment to promoting responsible business practices and fostering a culture of sustainability throughout our supply chain ecosystem.

Due diligence

In order to evaluate and respond to the human rights risks in our business activities, Hyundai Rotem conducts Human Rights Impact Assessment annually. Since its pilot testing in 2021 where it was conducted on employees in human resources, labor relations, business management support and safety functions, the scope has since been expanded to cover employees from all functions and ranks. It is conducted via an online survey to ensure easy and equal access.

The assessment covers 17 items spread over the six categories of fundamental principles of human rights in our Charter for Human Rights. The assessment is structured to enable identification of employee perception of the company's human rights management practices and any potential risks. The results guide us in evaluating the effectiveness of our human rights management system and formulating improvement measures.

The results of 2023 assessment yielded a positive response rate of 76.4% (rated as excellent or good) and a negative response rate of 6.7% (rated as insufficient or very insufficient). Compared to 2022, the proportion of respondents who rated "excellent" in all of the six categories of assessment areas (human rights management, basic human rights, prohibition of forced labor, prohibition of child labor, anti-discrimination, and occupational safety) rose by 7%p, 6.9%p, 5.2%p, 7.1%p, 4.4%p, and 7.3%p, respectively. The results at the same time revealed lower than average scores for the human rights management category, measuring employee awareness of the policies and systems in place to ensure respect for human rights. To address this issue, we conducted company-wide and targeted awareness raising campaigns simultaneously. In consideration of reinforcement of regulations related to forced labor and child labor witnessed globally, we provided related training to our Procurement Division (more details in the [Training](#) section).

In regard to our supply chains, improvements were made on various fronts across the due diligence framework. In 2023, a new contractual clause was introduced in Hyundai Rotem's template contracts for material transactions and purchase order agreements, requiring adherence to Hyundai Rotem's Supplier Code of Conduct. The clause seeks to extend risk assessment and due diligence expectations to suppliers, including with respect to their own supply chains.

Additionally, Suppliers undergo classification based on their evaluation results, with top performers receiving advantages such as priority in procurement rights or exemption from providing contract performance security. Conversely, suppliers with lower performance may encounter repercussions such as reduced bidding opportunities or potential removal from Hyundai Rotem's supplier registry. In June 2023, Hyundai Rotem conducted our third annual ESG evaluation of suppliers in Korea and their record on human rights and labour conditions. The evaluation encompasses a review of policies, actions, and instances of non-compliance with the principles outlined by our Supplier Code of Conduct.

We evaluated 129 key trading partners out of a total of 153, marking an expansion from the previous year's evaluation of 50 suppliers selected on the basis of financial performance. Main areas for improvement included the implementation of human rights policies and grievance mechanisms, and the adoption of responsible procurement policies. Similar to past evaluations, the findings highlighted potential vulnerabilities within the workforce of smaller suppliers, mainly due to inadequate or limited systemic oversight of responsible business practices and human rights.

As committed in our Statement for the Fiscal Year 2022, Hyundai Rotem assisted in the formulation of improvement plans of risks identified in labor and human rights, targeting 13 higher-risk

suppliers defined as key partners with evaluation scores below 7 on a scale of 10. These plans were monitored to facilitate their ongoing development and ensure adherence to established standards, and on-site audits were conducted for the first time. The audits involved cross-referencing information from written assessments with relevant documentation and existing systems to ensure accuracy. Areas requiring improvement were addressed through awareness training and the provision of guidelines and reference materials for establishing ethical management and labor/human rights policies and procedures. By the end of Fiscal Year 2023, 8 out of the 13 higher-risk suppliers had successfully addressed gaps in basic policies and management systems related to labor and human rights. This process served as a pilot test for the supply chain labor and human rights due diligence cycle, encompassing risk assessment, implementation of improvement measures, and performance tracking, the results of which will inform enhancements to our system in Fiscal Year 2024.

Remediation processes

Cyber Journal (<https://ethics.rotem.co.kr/en/cyber/report.asp>), is an online reporting mechanism for reporting any irregularities, misbehaviour, unfair systems, violations of law or of business conduct guidance, to allow for Hyundai Rotem to take appropriate measures should violations of human rights, including of modern slavery, occur. Cyber Journal is open and available to anyone, with anonymity and confidentiality guaranteed. Cyber journal reports normally take about one to two weeks to process and users can check the results of the process.

Should issues such as child labour or forced labour be reported, Hyundai Rotem policy is to search for the appropriate remedial solutions based on court precedent, regulations of the competent authority, and past internal and external industry practices. In cases of serious infringement of human rights that require higher level decisions, committee or upper management-meetings (in which the CEO is present) may be opened in order to properly address the grievances. Throughout the processes, the Charter for Human Rights stipulates that executives and employees of all Hyundai Rotem entities not disclose any personally identifiable information that may be used to identify a reporter and requires also that they protect other employees from any adverse consequences arising from reporting human rights violations.

E. ASSESSING THE EFFECTIVENESS OF THE ACTIONS TAKEN

Hyundai Rotem adopts a continuous improvement strategy to effectively address the complexities surrounding modern slavery risks. Building on the monitoring and establishment of policies and management systems for labor and human rights management undertaken this year, we have scheduled several initiatives for Fiscal Year 2024. These include the introduction of a new due diligence tool, the adjustment of supplier assessment questionnaires to align with changes in both internal and external business landscapes, and the implementation of third-party supplier audits.

As global regulations concerning the prevention of modern slavery continue to strengthen, Hyundai Rotem plans to broaden the scope of audits conducted at business sites and suppliers overseas. Drawing from insights gained through the expanded examination of modern slavery-related risks and risk management systems throughout our operations and supply chain, we are continuously refining our methodology for assessing the effectiveness of our management systems.

F. PROCESS OF CONSULTATION

All entities which Hyundai Rotem owns or controls (as identified in section B of this statement) ultimately report to the head office of Hyundai Rotem in Korea, where the Corporate Planning

Group, Management Support Division and the Procurement Division are based.

In relation to the Charter for Human Rights and the Ethics Charter, the entities report to the Management Support Division, in the head office of Hyundai Rotem in Korea. In relation to the Supplier Code of Conduct, the entities report to the Procurement Division based in the head office of Hyundai Rotem in Korea.

Ultimately, both the Management Support Division and the Procurement Division report to the Corporate Planning Group, which is in charge of sustainable development and corporate social responsibility planning and directly reports to the Chief Executive Officer (CEO) of Hyundai Rotem.

G. OTHER RELEVANT INFORMATION

Health and Family-friendly Company Certification

In 2023, Hyundai Rotem obtained the "Health-Friendly Company" certification from the Ministry of Health and Welfare of the Republic of Korea, and was re-certified as a "Family-Friendly Company" by the Ministry of Gender Equality and Family in 2022.

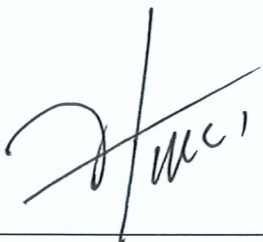
The Health-Friendly Company certification recognizes companies that promote health-conscious cultures and environments in the workplace, aligning with the National Health Promotion Act. Through evaluations in four key areas—health-friendly management, culture, activities, and employee satisfaction—participating companies are selected for certification. Additionally, companies are assessed based on their compliance with the Labor Standards Act, Occupational Safety and Health Act, and ethical management practices.

In addition to the Health-Friendly Company certification, Hyundai Rotem was once again recognized as a Family-Friendly Company by the Ministry of Gender Equality and Family, having initially received this distinction in 2014. This certification underscores the company's commitment to fostering a family-friendly corporate environment by supporting work-life balance and diversity within the workplace. The certification also evaluates the company's adherence to relevant laws such as the Labor Standards Act, Equal Employment Opportunity and Work-Family Balance Assistance Act, and Gender Equality Act.

Hyundai Rotem remains dedicated to maintaining its focus on employee well-being and the protection of labor rights and human rights in the workplace, ensuring the implementation of robust management systems to cultivate a healthy organizational culture.

BOARD APPROVAL OF THE MODERN SLAVERY STATEMENT

This statement was approved by Hyundai Rotem Company's Board of Directors on 26 April 2024.



Lee, Yong-Bae
CEO and Chair of the Board of Directors
Hyundai Rotem Company