

HYUNDAI ROTEM COMPANY AUSTRALIAN MODERN SLAVERY STATEMENT

Financial year ending December 31, 2020

A. REPORTING ENTITY

Hyundai Rotem Company (henceforth "Hyundai Rotem") is a company registered in Changwon, Gyeongsangnamdo, Republic of Korea (henceforth "Korea"), under the registration numbers 194211-0036336 in Korea and ABN 81 615 545 492 in Australia.

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 first Modern Slavery Statement issued by Hyundai Rotem and applies to Hyundai Rotem's financial year starting on 1 January 2020 and ending on 31 December 2020. This statement seeks to comply with the requirements of the *Modern Slavery Act 2018* (Cth) by describing the steps that Hyundai Rotem takes to address the risks of modern slavery and human trafficking in its operations and supply chains.

B. STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Structure

Hyundai Rotem is a part of the Hyundai Motor Group and as of 31 December 2020 operated 21 branch offices overseas, including one in Sydney, New South Wales in Australia. The primary manufacturing facilities are located in the cities of Changwon and Dangjin in Korea and the primary research centre is located at Uiwang, Korea.

As of 1 July 2021, Hyundai Rotem employs 4,354 people, consisting of 3,405 people based in or expatriated from the headquarter office in Korea and 949 people outside of Korea. As of 1 July 2021, the Australian branch office (registered address at Suite 2.02, Level 2, Trinita II, 39 Delhi Road, North Ryde, NSW 2113) includes four employees expatriated from Hyundai Rotem's headquarter office in Korea and directly employs approximately 50 full-time employees, (roughly half being office workers and the other half being site technicians), as well as four student interns. All site technicians and approximately half of the office-based employees are based in either of the two train commissioning/maintenance facilities (located at 136 Railway Parade, Eveleigh, NSW 2015 and 55 Orchard Road, Kangy Angy, NSW 2258) owned by the Transport Asset Holding Entity of New South Wales.

As of 31 December 2020, Hyundai Rotem owned or controlled one other corporation 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 two sojourning employees from Hyundai Rotem's headquarter and 260 local staff, consisting of 58 management staff and 202 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

three 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 headquarter and 160 local staff, consisting of 35 management staff and 125 field technicians.
- MAINtrans (38 Gaehwadong-ro 8-gil, Banghwa2-dong, Gangseo-gu, Seoul, Korea) is a corporation that primarily engages in railway maintenance with 82 management staff and 184 field technicians.
- Rotem Equipments (Beijing) Co., Ltd (Shunyi Qu Nanfaxinzhen Jiao Gezhuangcun Cunweihuixi 300M Beijing, China) is a corporation that primarily engages in automobile equipment sales and maintenance with three 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 seven local staff, consisting of three management staff and four field technicians.
- Hyundai Rotem Malaysia SDN BHD (Suite 16C Level 16, Vista Tower the Intermark No. 348 Jalan Tun Razak 50400 Kuala Lumpur, Malaysia) is a corporation undergoing liquidation process since October 2020.

Operations

Hyundai Rotem's operations consists 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, Light Rail Vehicle (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) system and Operation and Maintenance services and Modernization and Parts & Repairs.

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

The ECO Plant Business division engages in the Engineering, Procurement and Construction (EPC) of 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 in Australia is currently delivering an intercity rolling stock project, 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"). Hyundai Rotem

is the consortium member primarily responsible for the design, developing, manufacturing, testing, commissioning, supplying and delivery of the new, state-of-the-art fleet of intercity trains that will provide a new level of comfort and convenience for the thousands of customers who travel between Sydney and the Central Coast and Newcastle, the Blue Mountains, and the South Coast. The 55-train fleet with 554 new carriages will offer improved safety, accessibility, comfort and modern features for customers who make almost 45 million journeys a year on the electrified intercity network.

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

Supply chains

The following operational and geographical breakdown of Hyundai Rotem's supply chains and sourcing compile for all three segments of business.

Operational breakdown of the supply chain across all three business segments are as following:

- 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 are as following:

- Korea 77.3%
- USA 6.5%
- China 3.6%
- UK 2.2%
- Germany 1.7%
- Qatar 1.7%
- Japan 1.4%
- Italy 0.9%
- Australia 0.1%
- Others 4.6% (including Taiwan)

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 its lower skilled workforce that may be subjected to low pay, overwork and other difficulties in exercising their rights (e.g. freedom of association) as potential risks of modern slavery in its supply chains.

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 has amended its Ethics Charter and its Supplier Code of Conduct which apply to 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://ethics.rotem.co.kr/en/ethical/constitution.asp>) applies to Hyundai Rotem's executives and employees (including those of Hyundai Rotem's affiliates, subsidiaries and joint ventures in Korea and abroad) when dealing with clients and suppliers. The Ethics Charter notably addresses the following matters:

- Workplace ethics
- Abuse of power
- Documentation & reporting
- Human rights
- Child labour and forced labour
- Discrimination
- Equal opportunity
- Harassment
- Safety and health
- Work-life balance
- Stakeholder engagement
- Manager's responsibility
- Monitoring and due diligence
- Internal control
- Whistleblower protection
- Training

As part of its efforts to establish a sustainable supply chain, Hyundai Rotem has a Supplier Code of Conduct (<https://ethics.rotem.co.kr/en/accompany/partner.asp>) which requires its 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 Responsible Business Alliance's Code of Conduct. The fourth segment of the Supplier Code of Conduct deals with labour, human rights issues and covers the following themes: A. Non-Discrimination, B. Wages and Benefits, C. Working Hours, D. Humane Treatment, E. Freedom of Association, F. Child Labour and G. Forced Labour.

Hyundai Rotem's Charter for Human Rights (<https://ethics.rotem.co.kr/en/ethical/human.asp>) 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.

Due diligence

In 2020, Hyundai Rotem undertook its regular annual examination of its suppliers in Korea and

their human rights and labour conditions. The results of the regular examination classify the different suppliers according to the rubric, and the top achievers receive benefits such as exemption from contract performance security or procurement priority rights. Conversely, underperforming suppliers may face consequences such as a decrease in bidding opportunities and even cancellation of their registration as a supplier of Hyundai Rotem.

Hyundai Rotem also ensures that its suppliers in Korea abide by the legal obligations of 52-hour maximum work week and of minimum wage, to address potential modern slavery related risks such as overwork or low pay.

Remediation processes

Cyber Journal (<https://ethics.rotem.co.kr/en/cyber/report.asp>), an online reporting mechanism for any irregularities, misbehaviors, unfair system, violations of law or of business conduct guidance, is in place 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 has in place policy to search for the appropriate remediation solutions based on court precedent, regulations of the competent authority, past internal and external industry practices. In cases of serious infringement of human rights that require higher level decisions, committee- or management-meeting (in which the CEO is present) may open 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 that they must protect employees from any adverse consequences arising from the reporting of human rights violations and risks.

Next steps

Hyundai Rotem will take a continuous improvement approach to drive effective change over time to address a complex issue as modern slavery risks. The next steps in such a pursuit would be to undergo a more comprehensive examination of modern slavery associated risk and risk management system across Hyundai Rotem's operations and supply chain. Such results will inform how Hyundai Rotem needs to work with its stakeholders, including its suppliers, to ensure Hyundai Rotem fulfills its corporate social responsibility.

E. ASSESSING THE EFFECTIVENESS OF THE ACTIONS TAKEN

Hyundai Rotem recognises the importance of establishing methodology to assess the effectiveness of the actions as part of the continuous improvement approach. Next steps for Hyundai Rotem include further elaboration of the methodology, to be shared in the Modern Slavery Statement for the next reporting period under the *Modern Slavery Act 2018* (Cth).

F. PROCESS OF CONSULTATION

All entities which Hyundai Rotem owns or controls (as identified in section B of this statement) ultimately report to the headquarter 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 headquarter office of Hyundai Rotem in Korea. In relation to

the Supplier Code of Conduct, the entities report to the Procurement Division based in the headquarter 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

Impacts of COVID-19 on Hyundai Rotem's Supply Chain

Amidst the COVID-19 pandemic has significant geo-political and economic impacts across different regions around the world, including in areas where Hyundai Rotem operates. As outlined in this statement, Hyundai Rotem will continue to monitor modern slavery risks across its supply chain, through consulting with the relevant stakeholders.

BOARD APPROVAL OF THE MODERN SLAVERY STATEMENT

This statement was approved by Hyundai Rotem Company's Board of Directors on 21 July 2021.



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