



HYUNDAI CAPITAL AMERICA AND HYUNDAI CAPITAL CANADA GREEN FINANCE FRAMEWORK

DNV INDEPENDENT ASSESSMENT

Scope and Objectives

Hyundai Capital America (“HCA”) and Hyundai Capital Canada (“HCCA”) are financial services subsidiaries of Hyundai Motor Group (“HMG”) providing various financial solutions for vehicle customers and dealers in the USA and Canada, respectively. Hyundai Capital America is based in Irvine, California, USA and Hyundai Capital Canada is based in Toronto, Canada.

HMG, a South Korean multinational, is a top global original equipment manufacturer (OEM), with operations in industries such as construction, steel, logistics, IT, and finance, and is among the largest auto manufacturers. The company has committed to achieving sustainable growth and fulfilling its economic and social responsibility as a global corporate citizen with a sustainability message of “The Right Move for the Right Future.” The sustainability strategy focuses on planet, people, and community with a publicly stated ambition to achieve carbon neutrality by 2045.

In line with this goal, Hyundai Motor Company (“HMC”) and Kia Corporation (“KC”) have adopted a multi-pillar approach which focuses on clean mobility and fully electric/zero emission vehicle sales, the use of renewable energy in production facilities, and increasing positive contributions to the environment such as through the transformation of end of life electric vehicle (EV) batteries into battery energy storage systems. HCA and HCCA’s green funding strategies are an extension of the HMG sustainability strategy. HCA and HCCA are committed to playing a central role in supporting HMC and KC zero-emission vehicles (ZEVs) sales growth through offering competitive loan and lease financing solutions for ZEVs to customers in North America.

HCA and HCCA have developed a Green Finance Framework (the “Framework”) under which they may issue Green Bonds, asset-backed securities, and borrow Green Loans. HCA and HCCA will use the net proceeds to finance or refinance Eligible Projects in the Clean Transportation category.

DNV Business Assurance USA, Inc. (“DNV”) has been commissioned by Hyundai Capital America to provide a Second Party Opinion on the HCA and HCCA Green Finance Framework considering the alignment with the Green Bond Principles 2021 with June 2022 Appendix 1 (“GBP”) published by the International Capital Market Association (“ICMA”) and Green Loan Principles 2023 (“GLP”) and Guidance on Green Loan Principles 2023 (“GGLP”) published by the Loan Market Association (“LMA”). Our methodology to achieve this is described under ‘Work Undertaken’ below. We were not commissioned to provide independent assurance or other audit activities.

No assurance is provided regarding the financial performance of the debt instruments issued via the HCA and HCCA Green Finance Framework, the value of any investments, or the long-term environmental benefits of the associated transactions. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

Responsibilities of the Management of HCA and HCCA and DNV

The management of HCA and HCCA has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform HCA

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and HCCA's management and other interested stakeholders in the Framework as to whether the Framework is aligned with the GBP and GLP. In our work, we have relied on the information and the facts presented to us by HCA and HCCA. DNV is not responsible for any aspect of the projects or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by HCA and HCCA's management and used as a basis for this assessment were not correct or complete.

Basis of DNV's opinion

We have adapted our eligibility assessment methodology to create the HCA and HCCA specific Green Finance Framework Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a bond/borrower of a loan must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a bond/borrower of a loan should outline the process it follows when determining eligibility of an investment using Green Bond/Green Loan net proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a Green Bond/Green Loan should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible

Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by HCA and HCCA in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of the HCA and HCCA-specific Protocol, adapted to the purpose of the Framework, as described above;
- Assessment of documentary evidence provided by HCA and HCCA on the Framework and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Review of HCA's, HCCA's, and HMG's published materials and website;
- Discussions with HCA and HCCA's management, and review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria.

Our opinion as detailed below is a summary of these findings.

Findings and DNV's opinion

DNV's findings are listed below:

1. Principle One: Use of Proceeds.

HCA and HCCA intend to use the proceeds of Green Bonds issued/Green Loans borrowed under the Framework to finance and refinance green projects (the "Eligible Green Projects"). The Eligible Green Projects are clearly listed within the Framework and will fall under the following category:

- Clean Transportation

DNV undertook an analysis of the associated project types to determine eligibility of these projects as "Green" within the GBP and GLP. To further support our opinion, DNV reviewed the Eligible Green Projects against the Climate Bonds Initiative (CBI) Taxonomy and found the outlined types of projects in alignment with the Low Carbon Transport criteria. HCA and HCCA have mapped the eligible green categories against the United Nations Sustainable Development Goals ("UN SDGs"). The Framework outlines types of project and associated selection criteria in order to determine eligibility.

2. Principle Two: Process for Project Evaluation and Selection.

DNV can confirm that the Green Bond/Green Loan net proceeds will be allocated to finance projects as defined in Schedule 1. The transacting entity's Treasury team, under the direction of the entity's Treasurer or CFO will identify and select Eligible Projects to be financed or refinanced through Green Bonds or Green Loans.

DNV has reviewed the evidence and also confirms that the process for evaluation and selection will be aligned with HMG's sustainability strategy and will be supported by HMG's sustainability governance structure. DNV concludes that the Framework appropriately describes the process of project evaluation and selection and is in line with the requirements of the GBP and GLP.

3. Principle Three: Management of Proceeds.

DNV has reviewed the evidence showing how HCA and HCCA plan to trace the net proceeds from the Green Bond/Green Loan, from the time of issuance/borrowing to the time of disbursement. The full amount of the net proceeds will be managed within the transacting entity's internal accounting system.

DNV confirms that HCA and HCCA have committed to using an amount equivalent to the net proceeds from Green Bond issuances/Green Loan borrowings executed under the Framework to finance and/or refinance the Eligible Green Projects. Any portion of the amount equal to the net proceeds from a Green Bond issuance/Green Loan borrowing allocated to Eligible Green Projects that has been disposed of or otherwise become ineligible under the criteria set forth in the definition of Eligible Green Projects above will be reallocated to other Eligible Green Projects.

DNV has reviewed the evidence and can confirm that HCA and HCCA have committed to appropriately managing the net proceeds arising from Green Bond issuances/Green Loan borrowings in line with the requirements of the GBP and GLP.

4. Principle Four: Reporting.

DNV confirms that HCA and HCCA have committed to annual reporting until the maturity of any Green Bonds or Green Loans. HCA and HCCA will make updates available on HCA's Investor Relations website, detailing the allocation of the net proceeds from each Green Financing issuance to specific Eligible Green Projects. In addition, HCA and HCCA will publish a report on HCA's Investor Relations website that will include, where feasible, the expected environmental impacts related to Eligible Green Projects financed with the net proceeds from Green Bonds and Green Loans and has provided examples of metrics within the Framework. DNV concludes that HCA and HCCA have made appropriate plans to produce reporting on the allocation and environmental impact of Green Bond issuances/Green Loan borrowings, in line with the requirements of the GBP and GLP.

On the basis of the information provided by HCA and HCCA and the work undertaken, it is DNV's opinion that the Framework meets the criteria established in the Protocol and that it is aligned with the stated definition of Green Bonds within the Green Bond Principles 2021 with June 2022 Appendix 1 and Green Loans within the Green Loan Principles 2023.

for DNV Business Assurance USA, Inc.

Oakland, CA
June 1, 2023

D'Silva,
Natasha

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Natasha D'Silva
Lead Verifier

About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

SCHEDULE 1: DESCRIPTION OF ACTIVITIES TO BE FINANCED UNDER THE FRAMEWORK

Eligible Green Project Category	Eligible Criteria and Description	UN SDGS
Clean Transportation	<ol style="list-style-type: none"> 1. Loans and other financial services for customers and dealers for purchasing, leasing and trading-in the following types of zero tailpipe emissions vehicles: <ul style="list-style-type: none"> • Battery Electric Vehicles (BEV) • Fuel Cell Electric Vehicles (FCEV) running on alternate fuels such as hydrogen • Other future vehicles with zero tailpipe emissions 2. Financing and operation of programs that increase consumer access to zero-emissions vehicles included above, such as Hyundai Evolve+ 3. Financing of projects related to the installation of vehicle charging infrastructure 	

SCHEDULE 2: HCA AND HCCA -SPECIFIC GREEN FINANCE FRAMEWORK ASSESSMENT PROTOCOL

1. Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of Financing Framework	<p>The bond must fall in one of the following categories, as defined by the Green Bond Principles:</p> <ul style="list-style-type: none"> • Use of Proceeds Bond • Use of Proceeds Revenue Bond • Project Bond • Securitized Bond <p>Green Loans are defined as any type of loan instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible Green Projects.</p>	<p>In addition to reviewing the evidence below, we had several detailed discussions with HCA and HCCA. Evidence reviewed:</p> <ul style="list-style-type: none"> • Hyundai Capital America and Hyundai Capital Canada Green Finance Framework 	<p>The reviewed evidence confirms that the Framework is set out to issue Green Bonds/borrow Green Loans that fall within the nominated categories.</p> <p>Per Section 3.1 of the Framework, HCA and HCCA intend to allocate an amount equal to the net proceeds from the sale of any Green Bonds or the proceeds from any Green Loan to finance or refinance, in whole or in part, one or more new or existing Eligible Projects. For any issuance of ABS, either the proceeds will be allocated by the sponsor to finance and/or refinance "Eligible Projects" (a "Secured Green Standard Bond") or the receivables underlying the securitization will align with the eligibility criteria set forth in this Framework (a "Secured Green Collateral Bond"). For each ABS, the applicable Issuer or sponsor will clearly specify whether a transaction is a Secured Green Standard Bond or a Secured Green Collateral Bond. For the avoidance of doubt, the applicable Issuer or sponsor will ensure that there is no occurrence of double counting of Green Projects under Secured Green Standard Bonds, Secured Green Collateral Bonds, and any other outstanding green financing.</p> <p>The specific type of Green Bond/Loan will need to be assessed on an individual basis.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1b	Green Project Categories	The cornerstone of a Green Bond/Green Loan is the utilization of the proceeds which should be appropriately described in the legal documentation for the security.	In addition to reviewing the evidence below, we had several detailed discussions with HCA and HCCA. Evidence reviewed: <ul style="list-style-type: none"> Hyundai Capital America and Hyundai Capital Canada Green Finance Framework 	Eligible project categories presented by HCA and HCCA are as follows: Clean Transportation We conclude that the Framework appropriately describes the proposed utilization of proceeds and that the above-mentioned project category meets the eligible Green Project Categories in GBP and GLP. The specific utilization of proceeds of each issuance will need to be assessed on an individual basis.
1c	Environmental benefits	All designated Green Project categories should provide clear environmentally sustainable or social benefits, which, where feasible, will be quantified or assessed by the issuer.	In addition to reviewing the evidence below, we had several detailed discussions with HCA and HCCA. Evidence reviewed: <ul style="list-style-type: none"> Hyundai Capital America and Hyundai Capital Canada Green Finance Framework 	DNV's assessment concluded that the designated Green Project category would present clear environmental and sustainable benefits for inclusion under the GBP and GLP. The Framework defines Eligible Projects as loans and other financial services for customers and dealers for purchasing and leasing zero-emission vehicles and projects related to the installation of vehicle charging infrastructure. The nominated projects are anticipated to increase consumer access to and support increased penetration within the North American market of zero-emission vehicles. The Climate Bonds Standard, Low Carbon Transport criteria ¹ defines fully electric, hydrogen, and zero-direct emissions transport along with electric charging and hydrogen fuelling infrastructure as automatically eligible.

¹ Low Carbon Transport, version 2: https://www.climatebonds.net/files/files/CBI%20Transport%20Criteria%20document_Apr2021.pdf

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				Specific quantifiable benefits of each issuance will be agreed on a case by case basis and subject to further assessment.
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced	In addition to reviewing the evidence below, we had several detailed discussions with HCA and HCCA. Evidence reviewed <ul style="list-style-type: none"> Hyundai Capital America and Hyundai Capital Canada Green Finance Framework 	As per Section 3.1 HCA and HCCA intend to allocate an amount equal to the net proceeds from the sale of any Green Bond issuance or proceeds from a Green Loan to finance or refinance, in whole or in part, one or more new or existing Eligible Projects. In the event that all or a proportion of the proceeds are or may be used for refinancing, HCA and HCAA will provide an estimate of the share of financing vs. re-financing.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	The issuer of a Green Bond/Green Loan should outline the decision-making process it follows to determine the eligibility of projects using Bond/Loan proceeds	In addition to reviewing the evidence below, we had several detailed discussions with HCA and HCCA. Evidence reviewed: <ul style="list-style-type: none"> Hyundai Capital America and Hyundai Capital Canada Green Finance Framework 	We conclude that the Framework appropriately describes the process of project selection and evaluation by the transacting entity's Treasury team. The specific issuances will need to be further assessed on a case by case basis.

<p>2b</p>	<p>Issuer's environmental and governance framework</p>	<p>In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances, investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.</p>	<p>In addition to reviewing the evidence below, we had several detailed discussions with HCA and HCCA. Evidence reviewed:</p> <ul style="list-style-type: none"> • Hyundai Capital America and Hyundai Capital Canada Green Finance Framework • Hyundai Motor Group website www.hyundaimotorgroup.com) • Hyundai Capital America Website (www.hyundaicapitalamerica.com) • Hyundai Capital Canada website (https://www.hyundaicapitalcanada.ca/) • Kia Corporation Sustainability Website (https://worldwide.kia.com/int/sustainability) • Hyundai Motor Company Sustainability website (https://www.hyundai.com/worldwide/en/company/sustainability) 	<p>HCA and HCCA are the US and Canadian, respectively, captive finance arms of HMG and share the group philosophy, core values, and vision. DNV reviewed comprehensive evidence of Hyundai Motor Group's sustainability approach and commitments including the carbon neutrality ambition by 2045.</p> <p>We conclude that from the information reviewed, HMG's approach to managing sustainability is in line with the objective of GBP and GLP, and HMG's material issues reflect this.</p>
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3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of a Green Bond/Green Loan should be credited to a sub-account, moved to a sub- portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Green Projects.	In addition to reviewing the evidence below, we had several detailed discussions with HCA and HCCA. Evidence reviewed: <ul style="list-style-type: none"> Hyundai Capital America and Hyundai Capital Canada Green Finance Framework 	<p>The evidence reviewed shows how HCA and HCCA intend to trace the Green Bond/Green Loan proceeds from the time of issuance to the time of disbursement.</p> <p>HCA and HCCA have established internal tracking systems to record allocations and track the use of proceeds. The transacting entity's Treasury Team will have oversight of the system.</p> <p>We conclude that the Framework commits HCA and HCCA to tracking the Use of Proceeds in an appropriate manner.</p>
3b	Tracking procedure	So long as the Green Bond/Green Loans are outstanding, the balance of the tracked proceeds should be periodically adjusted to match allocations to eligible green investments or loan disbursements made during that period.	In addition to reviewing the evidence below, we had several detailed discussions with HCA and HCCA. Evidence reviewed: <ul style="list-style-type: none"> Hyundai Capital America and Hyundai Capital Canada Green Finance Framework 	<p>We conclude that there is a clear process in place for the tracking of the balance taking into account disbursements.</p> <p>We conclude that HCA and HCCA has in place an internal tracking systems to manage the proceeds from the issued instrument from the time of issuance to the time of disbursement and adjusting the net balance of proceeds by amounts in line with the assets financing requirements. Tracking will be continuous and maintained within the internal records and will be reviewed by the Treasury team on a periodic basis. HCA and HCCA commit to full allocation of the proceeds within 24 months of issuance.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3c	Temporary holdings	Pending such investments or disbursements to Eligible Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	In addition to reviewing the evidence below, we had several detailed discussions with HCA and HCCA. Evidence reviewed: <ul style="list-style-type: none"> Hyundai Capital America and Hyundai Capital Canada Green Finance Framework 	HCA and HCAA have confirmed that the transacting entity will make known to investors the intended types of temporary placement for the balance of unallocated net proceeds. As per Section 3.3 of the Framework, <i>pending full allocation of an amount equal to the net proceeds of any Green Bond issuance or Green Loan borrowing, such net proceeds may be invested in cash, cash equivalents, used to repay existing borrowings, and/or held in accordance with the transacting entity's general liquidity policies.</i>

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodic reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Bond and where appropriate Loan proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	In addition to reviewing the evidence below, we had several detailed discussions with HCA and HCCA. Evidence reviewed: <ul style="list-style-type: none"> Hyundai Capital America and Hyundai Capital Canada Green Finance Framework 	We confirm HCA and HCCA have committed to annual reporting, until maturity of any Green Bond or Green Loan, which will be made available through HCA's Investor Relations site. DNV confirms that HCA and HCCA expect to fully allocate the net proceeds from the Green Bonds/Loans as soon as practicable, with all or substantially all of the remaining amount allocated within 24 months of the issuance/borrowing. HCA and HCCA will provide information on the selected projects:

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p><u>Allocation Reporting</u></p> <ul style="list-style-type: none"> amount of net proceeds from any Green Bonds or Green Loans that have been allocated to one or more Eligible Projects either individually or by category outstanding amount of net proceeds from any Green Bonds or Green Loans yet to be allocated to Eligible Projects at the end of the reporting period. <p><u>Impact Reporting</u></p> <p>HCA and HCCA will include expected impact metrics, where feasible, related to Eligible Green Projects financed or refinanced with the net proceeds from Green Bonds and Green Loans. Impact metrics include:</p> <ul style="list-style-type: none"> Number of zero emission vehicles financed Quantitative estimate of avoided CO2 emissions Number of EVs financed/sold through the Hyundai Evolve+ or similar programs if applicable <p>DNV can confirm HCA and HCCA have committed to producing appropriate reporting on the environmental impacts of future issuances under the Framework.</p>

Signature:

Email: