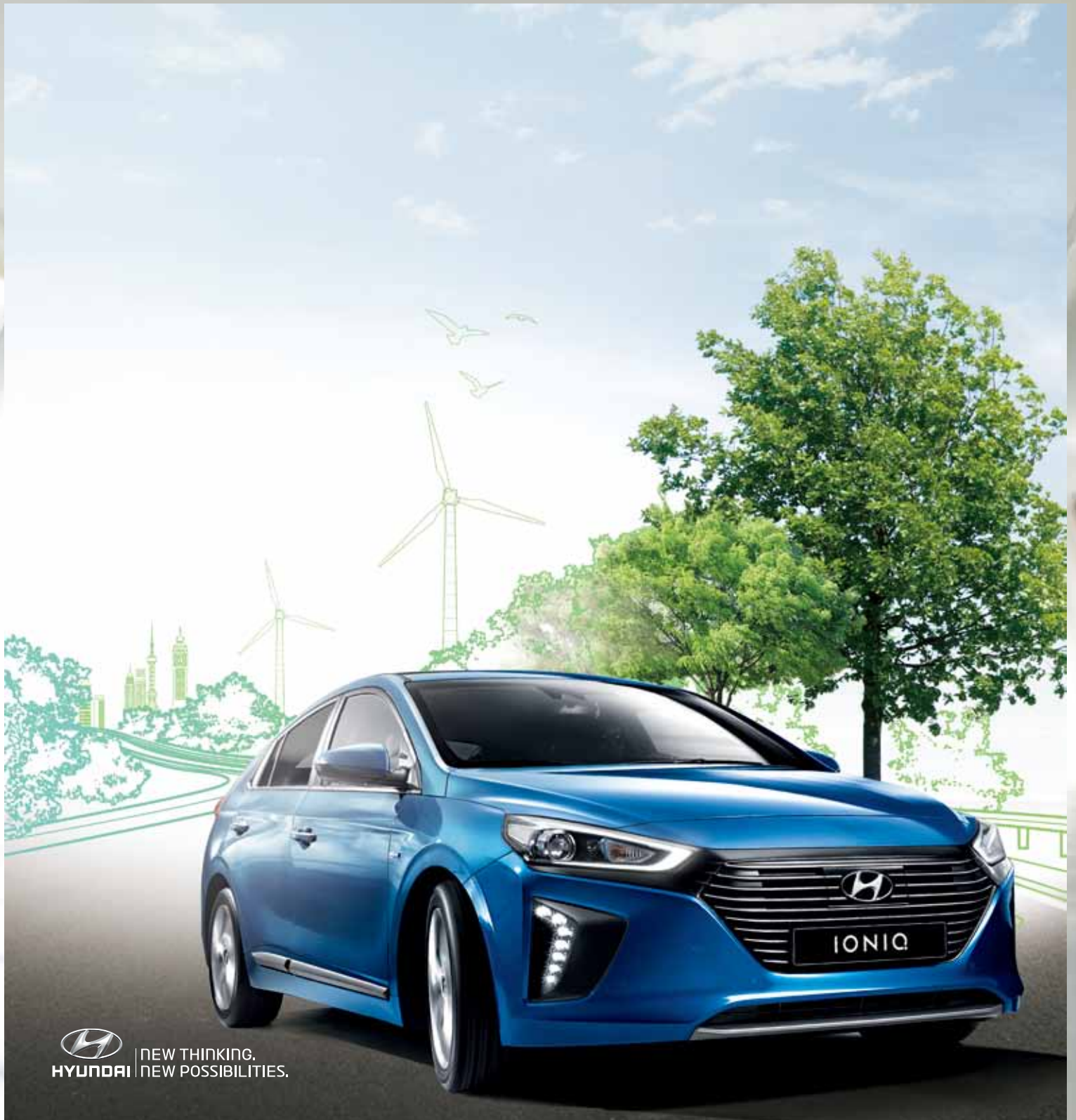


Road to sustainability

2016 SUSTAINABILITY REPORT



 **HYUNDAI** | NEW THINKING.
NEW POSSIBILITIES.

008

2015 Highlights

News Highlights of
Hyundai Motor Company
in 2015



020

CSV Highlights

IONIQ
Health Care Project for
Taxi Drivers
Wearable Robotics for
Walking Assistance



NEW THINKING.
NEW POSSIBILITIES.



044

Sustainability Performance

Product Responsibility ·
Eco-friendliness ·
Suppliers · Employees ·
Society



About This Report

This is the fourteenth Sustainability Report of Hyundai Motor Company (“Hyundai”), with the focus of this year’s report being on the company’s five core values for sustainability management. In particular, this report shares the blueprint for the company’s sustainability management by setting out the mid-to long-term strategic directions for each of the five defined core values. In addition, there are special sections on major highlights of the year, with significant business impacts and stakeholder interests, and on new activities in creating shared value (CSV) over the period covered by the report.

Reporting Principle

Global Reporting Initiative (GRI) G4 Core guidelines

Reporting Scope

The economic (based on Korean International Financial Reporting Standards), social and environmental performance of Hyundai Motor Company and its subsidiaries

Reporting Period

January 1st, 2015 – December 31st, 2015; also includes some data and information from 2013 – March 2016

Reporting Cycle

Annual (last report was published in June 2015)

Assurance

Separate independent assurances are given by third-party assurance service providers concerning Hyundai’s sustainability management as a whole, and its greenhouse gas emissions and energy consumption

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Hyundai has set up various on-line channels in order to actively communicate with its stakeholders.



www.hyundai.com



<http://blog.hyundai.com>



www.facebook.com/abouthyundai



<https://www.youtube.com/user/AboutHyundai>



<https://www.instagram.com/hyundai.official>

https://www.instagram.com/hyundai_ioniq

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Hyundai opens a new chapter in “future mobility” through new thinking and new challenges.

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Hyundai creates economic and social values in harmony through its distinctive CSV activities

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Hyundai thinks from the perspective of its stakeholders, in order to grow with them through sustainability management.

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CEO Message



We will make proactive responses to market changes and work to our best ability toward enhancing value for, and growing together with customers and other stakeholders.

Dear customers and stakeholders, It is my great pleasure to greet you through the 2016 Sustainability Report, a 14-year long trend.

Hyundai Motor Company (“Hyundai”) is dedicated to bringing aspirations of our societies to reality based on ‘unlimited sense of responsibility’, ‘respect for mankind’ and ‘realization of possibilities’—the cornerstones of our management. In terms of vision, Hyundai aims to become a ‘Lifetime partner in automobiles and beyond’ by producing not a mere means of transportation but vehicles of optimum mobility that make people’s lives more convenient and pleasant. Pursuing this vision in 2015, we sold 4.96 million units worldwide, continuing the growth trend that has been unbroken since 1998 for 17 consecutive years. Such a feat would have been impossible without the unwavering support and encouragement of our customers and stakeholders, and for that I would like to express my sincere gratitude.

In product responsibility, our goal is to achieve ‘zero human casualty’ through development of intelligent highly-safe vehicle technologies. The Genesis G90 (locally named EQ900 in Korea), introduced in 2015 as the first of the luxury brand Genesis embodying ‘Human-centered Innovation’, features such safety and convenience-focused technologies for both drivers and pedestrians as Highway Driving Assist (HDA) and Driver Attention Alert (DAA) systems. Our R&D focus will stay human-centered, firmly fixed on developing Advanced Driver Assistance System (ADAS) and other innovative technologies that contribute to the safety and convenience of customers. In addition, by proactively expanding car connectivity technologies and services, we will provide solutions to individual preferences for lifestyles available in the new era.

In conducting social responsibilities, Hyundai is working on creating shared value (CSV) beyond the realm of economic activities to address social issues through a variety of programs, including start-up support programs, launched at home and abroad, which have contributed to lessening unemployment among younger generations as well as to making the auto industry of respective countries more competitive. Also introduced are activities demonstrating Hyundai’s technological prowess and commitment to its social responsibility, such as a recreational attraction, a health program and an invention, all to bring joy and happiness to customers and community members: a kids race track, called the ‘Cha*–Car–Cha–Car Playground’, where even sight-impaired children can experience driving; the ‘Health Care Project for Taxi Drivers’; and wearable robotics for walking assistance.

* Cha means a “car” in Korean.

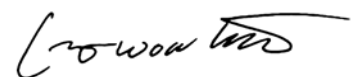
Overseas are our social activities as extensive as our global presence, focusing on health, technology, education and cultural issues. In the U.S., we support children’s tumor research and treatment through the Hyundai Hope on Wheels program; in Europe, provide solutions to youth unemployment problems through the Skills for the Future; and in India, help farmers attain economic independence through our Dream Village project.

In the environmental aspect, we are making progress in minimizing environmental impacts of automobiles by improving the efficiency of the powertrain and developing alternative fuel vehicles. Namely, in 2016 we developed the world’s first dedicated vehicle platform that supports three distinct powertrain systems—electric, hybrid and plug-in hybrid—thereby successfully launching an IONIQ line-up.

Lastly, Hyundai works to facilitate communication with its stakeholders. In 2015 we held a series of management–customers sessions at which we explained our product development philosophy and steps taken toward enhancing customer value, listening to their opinions and answering their questions. We also set up the Corporate Governance & Communication Committee, exclusively consisted of outside directors and dedicated to the protection of shareholder and investor rights, and sought to reflect market opinions in the making of major business decisions. In working with suppliers, we are refining the three win-win growth strategies developed on the basis of Hyundai’s co-prosperity philosophy. In addition, Hyundai Motor Manufacturing Czech, Hyundai Motor Brazil and Hyundai Motor India were named outstanding business in the areas of personnel and labor-management, testaments to our efforts of solidifying trust between labor and management. We will continue our efforts at meeting stakeholder expectations on all our business sites.

2016 is expected to be another challenging year for the world automobile market; and Hyundai and its 110,000 global employees will make proactive responses to market changes and work to their best ability toward enhancing value for, and growing together with customers and other stakeholders. We hope this report will remain a communication medium of disseminating messages of our sustainability.

Thank you.



CEO, Hyundai Motor Company
Wonhee Lee

Company Overview

Hyundai is leading a new culture in the automobile industry, to improve quality of life by embracing new possibilities. Since our founding in 1967, we have pioneered the development of the automobile industry in Korea, achieving many firsts and bests in the process, and have now grown into a global brand. We will continue to think from new perspectives and take on new challenges, thus create a sustainable future for all.

Company Profile

Company Name	Hyundai Motor Company
Chairman/CEO	Mong Koo Chung
No. of Employees	112,072 persons
Type of Business	Manufacturing business (Production and sales of automobiles)
Date of Establishment	December 29, 1967
Total Asset	KRW 165,367.9 billion
Sales	KRW 91,958.7 billion
Production	4,948,315 units

* As of the end of 2015: Based on K-IFRS consolidated financial statements

Major Management Activities

Headquarters	Launched the New i40
	Launched All New Tucson
	Launched All New MIGHTY
	Launched SANTAFE The Prime
	Launched 2016 Grand Starex
	Launched the New Maxcruz
	Launched the New Avante
BHMC	Launched the luxury brand 'Genesis' and released the EQ900 (G90)
	Launched Accent TUX Crayon
HMMMA	Launched the 2016 Aslan
	Launched the new Sonata targeted at the Chinese market
HMI	Mass-produced the new Sonata
	Mass-produced the new Avante
HAOS	Mass-produced the i20 Active
	Mass-produced the Creta, compact SUV
HMMC	Mass-produced the H350
	Mass-produced the new Tucson
HMB	Mass-produced the HB20 Special Edition

Best-selling Models (Unit: Vehicle sold globally)

* As of the end of 2015





Network

* Newly established in 2015



ASIA PACIFIC

- | | |
|---|--|
| 1 Hyundai Motor Company Headquarter (HMC) | 10 Sichuan Hyundai Motor Company (CHMC) |
| 2 Namyang Technology Research Center | 11 Hyundai Motor India (HMI) |
| 3 Hyundai Motor China R&D Center | 12 Hyundai Motor Japan (HMJ) |
| 4 Hyundai Motor Japan R&D Center | 13 Hyundai Motor Company Australia (HMCA) |
| 5 Hyundai Motor India Engineering Pvt. Ltd. (HMIE) | 14 Hyundai Motor Group China (HMGC) |
| 6 Hyundai Motor Ulsan Plant | 15 Asia & Pacific Regional Headquarter |
| 7 Hyundai Motor Asan Plant | 16 CV Asia & Pacific Regional Headquarter |
| 8 Hyundai Motor Jeonju Plant | 17 Africa & Middle East Regional Headquarter |
| 9 Beijing Hyundai Motor Company (BHMC) | 18 CV Africa & Middle East Regional Headquarter |

EUROPE

- | | |
|--|---|
| 19 Hyundai Motor Europe Technical Center GmbH (HMETC) | 27 Hyundai Motor Netherlands b.v (HMNL)* |
| 20 Hyundai Motor Europe Design Center | 28 Hyundai Motor Poland (HMP) |
| 21 Hyundai Motor Manufacturing Czech (HMMC) | 29 Hyundai Motor Company Italy (HMCI) |
| 22 Hyundai Assan Otomotiv Sanayi (HAOS) | 30 Hyundai Motor France (HMF) |
| 23 Hyundai Motor Manufacturing Russia (HMMR) | 31 Hyundai Motor Espana, S.L. (HMES) |
| 24 Hyundai Motor Europe GmbH (HME) | 32 Hyundai Motor Commonwealth Independent States (HMCIS) |
| 25 Hyundai Motor Deutschland GmbH (HMD) | 33 Hyundai Motor Czech s.r.o. (HMCZ) |
| 26 Hyundai Motor United Kingdom, Ltd. (HMLUK) | 34 CIS & Eastern Europe Regional Headquarter |
| | 35 CV CIS & Central Europe Regional Headquarter |

AMERICAS

- | | |
|---|---|
| 36 Hyundai Design Center America | 40 Hyundai Motor America (HMA) |
| 37 Hyundai Translead (HT) | 41 Hyundai Auto Canada (HAC) |
| 38 Hyundai America Technical Center Inc. (HATCI) | 42 Hyundai Motor Brazil (HMB) |
| 39 Hyundai Motor Manufacturing Alabama (HMMA) | 43 Hyundai Motor de Mexico (HMM) |
| | 44 Central & South America Regional Headquarters |

Human-centered INNOVATION

Vice Chairman Eui Sun Chung,
During a press conference at the launch of the Genesis brand

“ ”

Customers are our reason for taking on new challenges.
We pursue ‘Human-centered innovation’ with
passion and enthusiasm, based on our confidence
in the Genesis brand.





Official Website of
Genesis

- Social Interest
- Business Impact

New global luxury brand for 'Human-centered innovation'

In November 2015, Hyundai introduced its all-new global luxury brand, 'Genesis', in order to respond to sharp growth in the high-end automobile market, as part of its efforts to secure a new growth driver. The first Genesis model, based on the brand identity 'Human-centered luxury', was the 'G90' (locally named EQ900 in Korea), a full-sized luxury sedan that features Hyundai's highest standards of performance, design and innovation. The G90 has been well received by Korean customers and markets, and its sales have continued to grow — as of the end of March 2016, sales commitments had exceeded 15,000 units. The G90 will continue to expand into global markets with its launch in the U.S. in July 2016.

● 1st ● 1st 📄 56

INNOVATION that matters

Innovation is what we do every day at Hyundai. We have never accepted the status quo or conventional thinking. Instead, we ask new questions and prepare for a new way forward. Fresh thinking has enabled us to uncover opportunities and help our businesses grow stronger. Despite uncertainties and difficulties in 2015, we sought to transform challenges into opportunities by thinking ahead, which enabled us to build new growth momentum.

Modern Premium — the right way to be a global brand

Hyundai was ranked 39th on the list of Best Global Brands 2015 selected by Interbrand, a global brand consulting group. This was one position higher than in the previous year. The value of our brand reached USD 11.3 billion, and we were top among automakers in terms of proportionate growth in brand value. This success was mainly attributable to our extensive efforts to give customers special experiences based on our brand direction, which we define as 'Modern Premium'.

● 10th ● 4th 📄 68-70 [Hyundai Motor Company Brand Homepage](#)

安全感是      ... ?

安全感是



Global success of localized models

Hyundai's global strategy of localizing its strategic models in key markets has been a great success. Examples of this achievement include the Creta, a compact SUV localized for the Indian market, which became the bestseller in the Indian SUV market only one month after its launch in July 2015. The Creta also won the coveted 'Indian Car of the Year 2016' award. In Russia, despite weak market conditions, the market share of the Solaris has grown to stand at number two in compact car sales in 2015, in addition to being the 'Compact Car of the Year' for four years in a row since 2012. In Korea, the Aslan, a medium-large sedan, was named the safest car of the year by the Ministry of Land, Infrastructure and Transport at the '2015 New Car Assessment Program'.

● 1st ● 1st 📄 61, 73



Cracking the China code through the highest quality

Hyundai confirmed its reputation for outstanding quality in one of the biggest markets in the world when the company received the highest available rating in the 2015 China Initial Quality Study conducted by the renowned global market research firm, J.D. Power & Associates. In addition, the Verna, Langdong, Mingtu and ix25 models were all chosen as segment winners. Hyundai has also ranked highest two years in a row in the China Sales Satisfaction Index, earning a record-high score of 812 points in 2015, and was second highest in the Customer Service Index. The company also earned top spot among China's mass-market automotive brands in the China Brand Power Index financed by the Chinese Ministry of Industry and Information Technology, which is recognized as one of the most reliable consumer surveys in China.

● 1st ● 1st 📄 69

Sales growth 17 year in a row — another new records

2015 was another record-breaking year for Hyundai; the company sold a total of 4,964,831 units, and sales volume has now grown every year for 17 consecutive years. Sales revenues were KRW 91,958.7 billion, up 3.0% year-on-year. Of particular note was an increase in sales in Korea, up 4.2% over the previous year to 714,121 units, despite fierce competition from imported brands. Overseas, we added more "firsts" and "bests". In September 2015, Hyundai celebrated the sale of its three millionth vehicle in the Middle East, 39 years after beginning exports to the region in 1976. Cumulative sales in the U.S. reached 10 million units, 29 years after Hyundai Motor America (HMA) began operations in 1986, and cumulative sales by Beijing Hyundai Motor Company (BHMC) exceeded 7 million units.

● 10th ● 4th 📄 55-56

● Social Interest
● Business Impact

Dreaming a BIGGER DREAM



Vice Chairman Moon Sik Kwon,
During his speech at the Maum Dream event

“ ”

We will listen very closely to our customers as we accelerate our R&D efforts, so that we can stay ahead in today's highly competitive global marketplace and lead the future automobile industry.



"Truth and Misunderstanding" section in the official blog of Hyundai

- Social Interest
- Business Impact

Maum Dream communication to seek better answers

Hyundai has launched a new customer communication program, 'Maum* Dream', as part of our commitment to improving communications with customers. Every month from October through December in 2015, we hosted face-to-face meetings between our executives and customers, where we explained our continuing efforts to enhance product quality and customer value. Ahead of the meetings, there were on-site visits to the Pamyang Technology Research Center, so that customers could see for themselves the efforts being made by Hyundai to develop high quality, high performance vehicles.

* Maum means "heart" in Korean.

● 3rd ● 13th 📄 71-72

Seeing the BIGGER PICTURE

Focusing on short-term achievements risks missing out on long-term gains.

That is why Hyundai looks at the bigger picture, and strives to grow in partnership with our stakeholders. We aim to achieve sustainable growth by creating both economic and social value all over the world. In 2015, we centered our efforts on stakeholder communications with passion and integrity, which in turn has been making positive differences.

Global labor management to ensure win-win success

As global business management of Hyundai has accelerated, Hyundai focused on establishing systematic standards for global labor management in 2015. We, therefore, published management guidelines for each corporate entity across the different regions in which we operate. Also, in order to reinforce global Employee Relations (ER), we provided relevant trainings to 2,026 people, including overseas-stationed employees and locally hired staff. Hyundai also strengthened links between headquarters and overseas subsidiaries by hosting events such as a global ER conference and a global ER seminar. In Korea, we have made about 6,000 contractors into permanent employees over the last four years, which helps with job stability for staff, and gives a boost in quality improvement for the company.

● 4th ● 2nd 📄 102-103

Driving shareholder value through transparency and communication

In April 2015, Hyundai launched the Corporate Governance & Communication Committee within the Board of Directors, in order to enhance shareholder value and management transparency. To guarantee the Committee's independence, all four of its members are outside directors, and it has been engaging in various activities to expand dialogue with shareholders and increase returns to them — a Committee member participated in the company's first Non-Deal Roadshow (NDR) with overseas institutional investors in July 2015, and the Committee was also represented at visits to major investors. These help us to listen to shareholders' opinions and reflect them in our business decision making, and those activities are transparently disclosed through various channels, including this sustainability report.

● 6th ● 10th 📄 52-53



More open communication in customer relations

In 2015 Hyundai sought to earn back customer trust in the Korean market following concerns about product quality. We conducted a unique “car-to-car” test — one randomly selected Sonata manufactured in the U.S. and one from Korea were deliberately crashed front-on, in the open and in public; this event, the first ever in the world, was well received by customers and markets, and helped to prove that Hyundai offers same level of quality and safety at home and abroad. In March 2015, we dispelled concerns about the safety of the Sonata Hybrid in the case of a rear-end collision by staging a rear-end collision, after which the vehicle did not explode. In addition, in July, Hyundai conducted an overlap crash test on the Genesis, to prove that the safety level of Genesis vehicles in the Korean market is equal to the safety of cars made for the U.S. market.

● 3rd ● 13th 📄 67



● Social Interest
● Business Impact



Moving the WORLD TOGETHER

Chairman Mong Koo Chung
During his 2016 New Year address to Hyundai Motor Group

“
”
We are committed to making a better society through joint growth with suppliers, job creation for young people and more active social contributions, while achieving continued growth of our own.



CSR Website of
Hyundai Motor Company

- Social Interest
- Business Impact

Trustworthy partner for today & tomorrow

Hyundai Motor Group has reorganized its corporate social responsibility (CSR) structure with an aim to strengthen companionship and partnership with stakeholders. The Group, therefore, has expanded pillars of its CSR activities to include 'Dream Move' and 'Next Move', with the unifying theme of 'movement', under the mid-to long-term CSR vision of 'Trustworthy Partner for Today & Tomorrow'. The six pillars are now defined as 'Easy Move' for convenience in mobility; 'Safe Move' for traffic safety; 'Green Move' for environmental conservation; 'Happy Move' for social contributions; 'Dream Move' for self-reliance; and 'Next Move' for contributing to society through our business expertise. We also encourage our staff to make society better by expanding CSR tasks to be applied to all business sites of the Group affiliates around the globe.

● 2nd ● 17th 📄 113, 116

ALL TOGETHER Better

Hyundai Motor Group is committed to sustainable growth, so that more of us can enjoy prosperity and happiness. It strives to share its success with stakeholders, as shown in the Group's vision, 'Together for a better future'.

In accordance with this vision, Hyundai Motor Company undertook various social contribution activities in 2015, to reflect recent social trends and support requirements, as a 'Trustworthy Partner for Today & Tomorrow'.



Traffic safety campaigns for a safer tomorrow

Hyundai undertakes traffic safety campaigns across the world, with a particular focus on traffic safety education for children. The educational animation series 'Traffic Safety Story with Robocar Poli' began airing in India last November, and it is available in eight languages as of the end of 2015. In Brazil, we built attractions for children to experience traffic safety at the theme park 'Monica's Gang Park'. In Kazakhstan, the 'Abay bol*-Drive·Think·Care' program was launched in August 2015, offering traffic safety education for children and car maintenance training for adults. In Korea, Hyundai spent 2015 preparing the 'Traffic Accident Zero for Children' campaign, which will be put into practice in 2016.

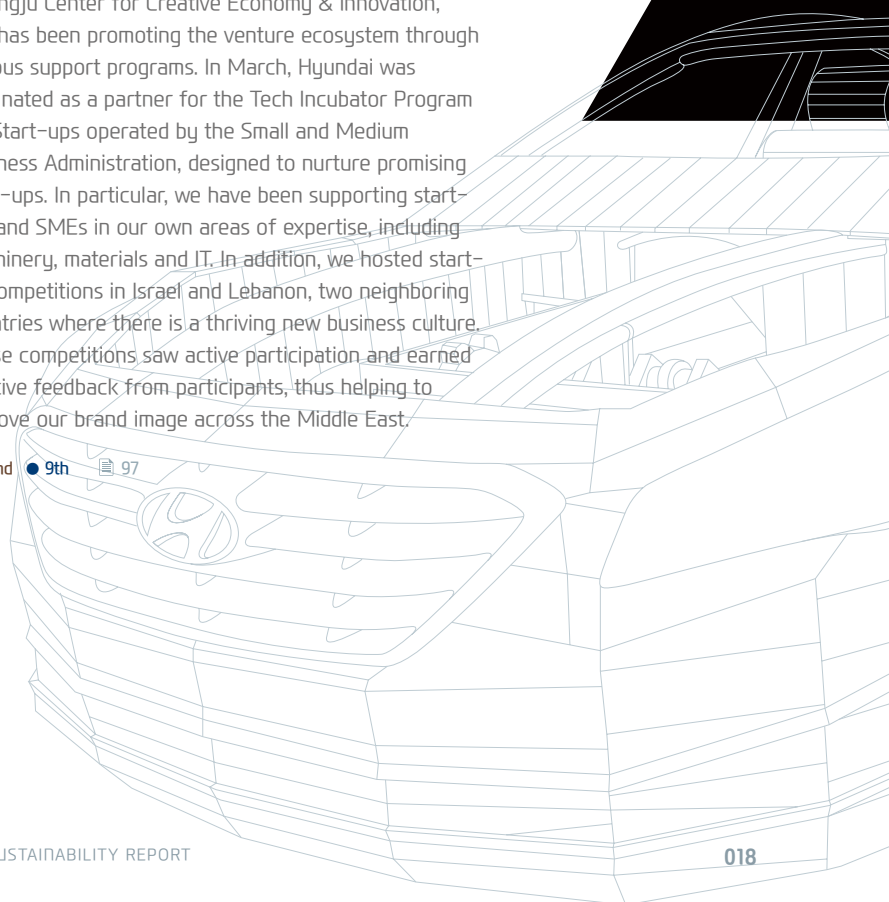
*Abay bol is a Kazakh phrase meaning "be safe" or "be careful".

● 2nd ● 17th 📄 117, 124

Supporting smart starts of start-ups

Hyundai helps start-ups and venture firms with innovative ideas and technologies. We established the 'Venture Plaza' within the company in 2000, and have continued to discover and invest in start-ups inside and outside of the company. In January 2015, in partnership with Gwangju City Government, Hyundai opened the Gwangju Center for Creative Economy & Innovation, and has been promoting the venture ecosystem through various support programs. In March, Hyundai was nominated as a partner for the Tech Incubator Program for Start-ups operated by the Small and Medium Business Administration, designed to nurture promising start-ups. In particular, we have been supporting start-ups and SMEs in our own areas of expertise, including machinery, materials and IT. In addition, we hosted start-up competitions in Israel and Lebanon, two neighboring countries where there is a thriving new business culture. These competitions saw active participation and earned positive feedback from participants, thus helping to improve our brand image across the Middle East.

● 22nd ● 9th 📄 97





- Social Interest
- Business Impact

The only and very special kids race track

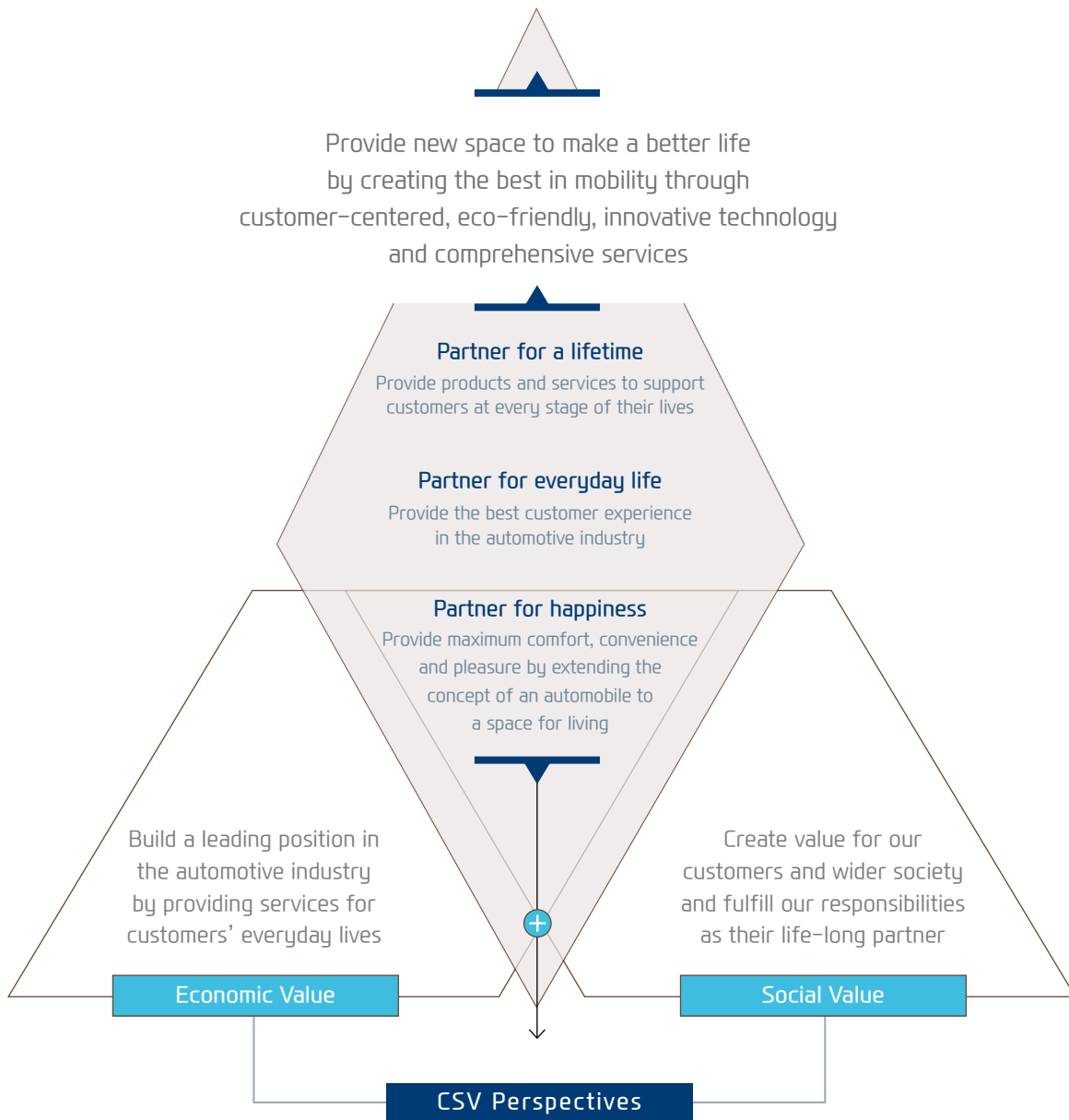
To commemorate the 30th anniversary of the Sonata in 2015, Hyundai created the 'Cha*-Car-Cha-Car Playground', a new concept of kids race track, and donated it to the Seoul Grand Park. At this special playground, even sight-impaired children can drive the 'Mini Sonata', equipped with our autonomous driving technology, by sound and by touch. There are other areas for fun and relaxation, including the 'Giant Sonata', which is a play structure shaped like the Sonata model, and the 'Animal Story Trail', which offers stories on endangered species and a mini playground. This playground is a special place where children can enjoy the pleasure of driving, including offering sight-impaired children new experiences and excitement, making the playground a perfect place for children and families to enjoy together.

* Cha means a "car" in Korean.

● 2nd ● 17th 📄 115-116



Lifetime partner in automobiles and beyond



Creating Shared Value (CSV) through our expertise as a global automaker is the cornerstone of our approach to business. We make economic value into social value so that we can have a positive impact on society as a whole, thus achieving sustainable growth in partnership with our stakeholders.

CSV is a similar concept to Corporate Social Responsibility (CSR), but with a greater focus on business. CSV looks to strengthen corporate competitiveness and also creates value for the company itself, and customers and local communities as well.

CSV Policy

Directions for CSR/CSV Programs



Youth Unemployment

Expanding markets to create jobs



Mobility/Safety

Strengthening mobility/safety care programs for seniors and children



Environment

Company-wide responses to issues around the environment and air pollution



Sharing skills

Using our core skills, such as vehicle IT, to help address social issues

Challenging the

Imagine a future not so far away—a future where neither barriers to daily activity nor limits to mobility exist—then you will see IONIQ in motion and action: an eco-friendly car setting new industry standards and a lifestyle project creating new standards in future mobility.

By developing innovative products and services as well as creating lifestyles that let us look beyond the possibility of mobility, Hyundai is opening new horizons in ‘Freedom in Mobility’.

Social Interest	Business Impact
20th	3rd

status Quo



CSV perspectives for the IONIQ brand and the Project IONIQ

HYUNDAI VALUE	+	SOCIAL VALUE
Expanding the presence in the eco-friendly auto market		Popularizing eco-friendly vehicles
Securing future growth drivers		Decreasing CO ₂ emissions
Enhancing the brand image of Hyundai		Increasing mobility conveniences

The brand name IONIQ contains 'ion', an atom that generates power from the shift of electric charge and symbolizes the 'unique' characteristics of Hyundai.

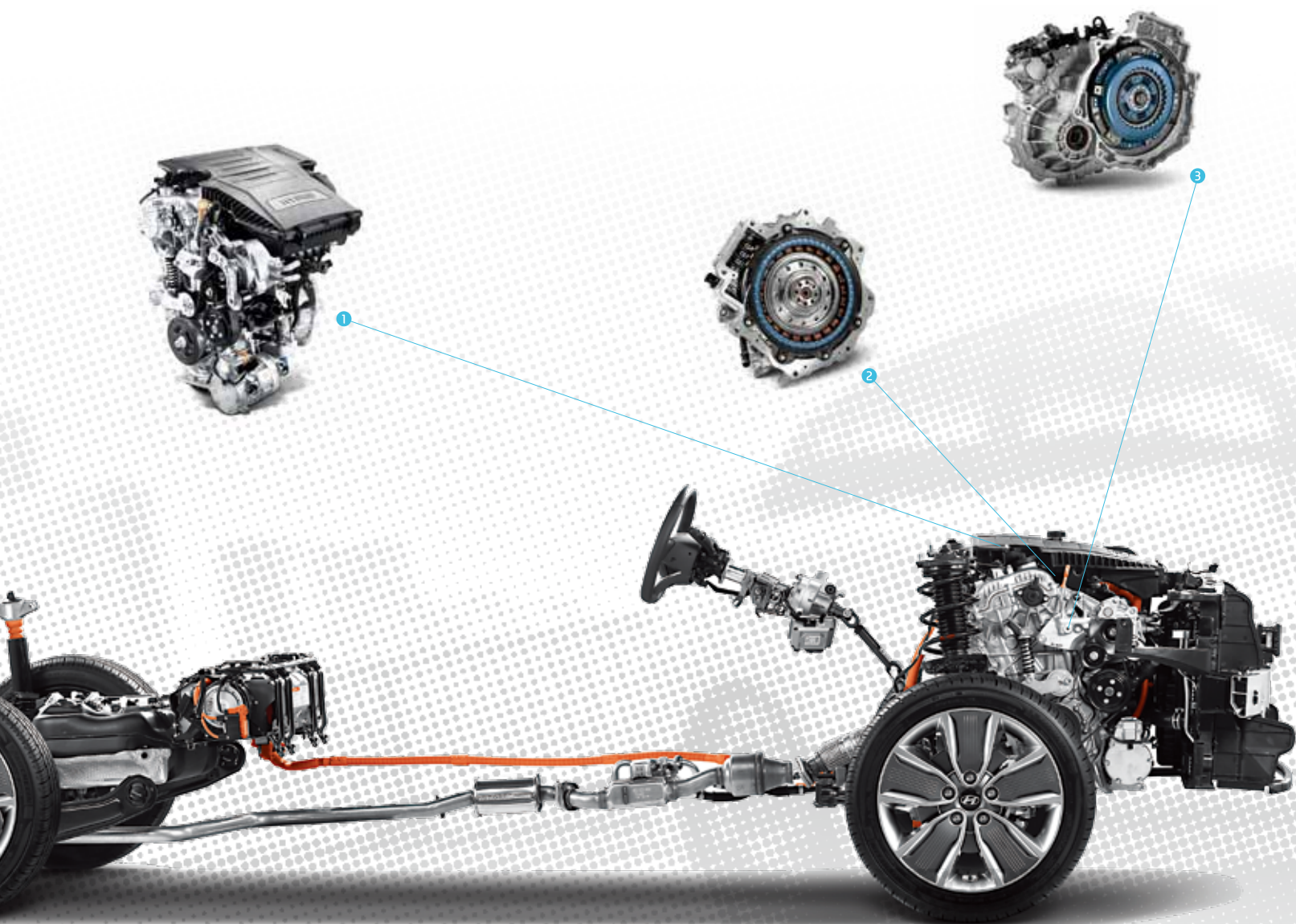


IONIQ

Beyond Driving Machine, Driving Device

OPENING A NEW CHAPTER FOR THE FUTURE OF MOBILITY

Eco-friendly vehicles are opening up a new chapter in automobile business. In 2015, more than 2 million units were sold around the world, and the number is forecast to reach 6 million by 2020. In particular, shocked by 'Dieselgate', one of the most troubling industry scandals last year, consumers are increasingly turning their heads and minds toward automobiles that are more eco-friendly. Also, many countries are expanding their policy supports for the development and production of eco-friendly vehicles, while tightening their regulatory grips on automobile standards such as fuel efficiency. Moreover, as the recent introduction of the Paris Agreement clearly implies, the development of eco-friendly cars is essential for capturing the future automobile market and achieving sustainable growth as well.



'IONIQ' is our answer to challenges we face today, to succeed in the auto market tomorrow. The development of a new eco-friendly car began in 2014 when we envisioned a mid-size hybrid vehicle superior both in fuel efficiency and driving performance. In the pursuit of innovation and perfection, we began to develop a dedicated eco-friendly vehicle platform — vehicle platform is the basic structure of automobiles, consisting of engine room layout, underbody layout, lower body and chassis. Although our competitiveness in developing eco-friendly vehicles had been globally recognized, it was not easy at all to develop a dedicated vehicle platform. Through trial and error, we succeeded in developing the world's first dedicated eco-friendly vehicle platform, and introduced the IONIQ Hybrid in January 2016, thus opening new horizons for eco-friendly cars.

IONIQ is more than a fuel-efficient, eco-friendly vehicle. Hyundai recognized early on that the concept of automobiles evolves not only with the progress of technology but also with the progression of social norms and lifestyles. We understand that change and innovation are inevitable in a global auto market which is undergoing a paradigm shift. We, therefore, poured our talent and efforts into the creation of the IONIQ, upholding our legacy as a first mover in the auto industry. Armed with all three eco-friendly powertrain options — fully electric, hybrid and plug-in hybrid — the IONIQ will shape the realm of mobility to come.



Following the launch of the IONIQ Hybrid in Korea in January 2016, Hyundai introduced the IONIQ PHEV and IONIQ EV at the 2016 Geneva Motor Show in March, thereby completing the world's first line-up of hybrid, plug-in hybrid and all-electric vehicles sharing a dedicated single eco-car platform. All three models are engineered to optimal performance and equipped with future-oriented technologies.

SETTING NEW STANDARDS FOR ECO-FRIENDLY VEHICLES

Breaking away from the conventional acceptance that eco-friendly vehicles may sacrifice performance to fuel efficiency, IONIQ delivers both the pleasure of driving and the satisfaction of going green. IONIQ has overcome the structural disadvantage and limitation of conventional eco cars which usually opt for lighter suspension systems and other body parts to compensate for the weight of the battery and the motor at the expense of driving performance.

The IONIQ Hybrid boasts a best-in-class fuel efficiency (New Label: 22.4km/l, Old Label: 23.4km/l) and delivers a dynamic driving performance made possible by both a new Kappa 1.6 GDi engine and a permanent magnetic electric motor. The lithium-ion polymer battery also plays a key role in stable driving performance. The world's first battery of its kind is superior to the nickel-metal hydride battery found in many other eco-friendly vehicles, for it delivers outstanding charge and discharge performances, optimizing the output of the high voltage motor and enabling rapid regeneration. The IONIQ Hybrid also features a six-speed dual-clutch transmission (6DCT), exclusively developed by Hyundai.

In addition to the dedicated vehicle platform and a low center of gravity, the IONIQ Hybrid uses more advanced high strength steel, which enables a lightweight, high-strength architecture superior in safety and comfort. As for sales goals, Hyundai plans to sell 30,000 units of the IONIQ Hybrid in 2016, with the Korean and overseas markets equally contributing to the number; in 2017, when overseas sales are forecast to be in full force, we expect to sell 77,000 units — 15,000 in Korea and 62,000 overseas.

Advanced Hybrid System

- 1 **40**
1.6-liter Kappa GDi Engine
World's highest thermal efficiency of 40%
- 2 **95.7**
Hybrid-exclusive 6DCT
Class-leading power transmission efficiency of 95.7%
- 3 **43.5**
Permanent Magnet Electric Motor
Maximum output of 43.5ps (32kW)

INSPIRED BY NATURE

IONIQ, an embodiment of Hyundai's eco-friendly technologies, has been inspired by nature. Its exterior design resembles the shape and has the aerodynamics of a killer whale effortlessly slicing through water flows in perfect harmony with the surrounding elements. In addition, the C-type headlamps shaped to minimize air resistance and the rear spoiler for enhanced lift coefficient have set new standards in automobile aerodynamics.

The interior design complements the distinctive identity of an eco-friendly vehicle, creating a progressive space without sacrificing any of the basic features of a car. The use of eco-friendly materials, both inside and outside, adds to its eco-friendliness: the trims of door sensors are made with sawdust and volcanic stones; the headlining contains raw materials extracted from the sugarcane; and the body paint is eco-friendly. The use of new materials made of natural materials for the interior of the IONIQ captures Hyundai's unique and forward-looking ingenuity.

Beyond All Limits, Freedom in Mobility

Everything is created anew. Backed by our technological prowess, IONIQ embodies Hyundai's will to be the frontrunner of the eco-friendly auto market. IONIQ will keep evolving beyond the limit of existing vehicles, to reach the ultimate freedom in mobility.

Kyoung Cheol Oh, Part Leader, HEV Performance Development Team

INSPIRING OUR LIVES

The automobile has gone through many changes and improvements to become an integral part of transportation for mankind. Yet, it still has limits and flaws: Age and physical requirements need to be met before one can drive; and traffic congestion awaits and accidents lurk on the road. Moreover, as environmental issues are gaining traction, so are growing demands for improving the efficiency of finite energy sources. Meanwhile, the progress of networking technologies is crumbling the barriers that have separated driving from other ordinary activities, abridging the separation between people on the move and their other ordinary lives. Nor has the auto industry been an exception to the shock wave of the progress. At this rate, the future of mobility will be very different from the way it is delivered at present. Also, according to many experts, the shifting paradigm in the auto industry will bring about radical changes in the lifestyles of customers.

In order to proactively respond to such changes, Hyundai has made a plan to realize as much 'Freedom in Mobility' that automobiles will enable as possible, and, while pursuing the goal, adopt new roles and boundaries. Such are some of the backgrounds of the 'Project IONIQ', a research into how looming changes on the horizon of mobility will take shape and affect consumers' lifestyles. Freedom in Mobility consists of four pillars: the freedom to use mobility wherever and whenever; the freedom to connect everyday life; the freedom from traffic hazard, congestion and burden; and the freedom from environmental pollutant and energy exhaustion.

Hyundai has been developing self-driving, eco-friendly and vehicle connectivity technologies. The Project IONIQ is about integrating and converging these technologies with automobile products and services for the purpose of presenting new concepts of mobility. Eco-friendliness, in particular, is the most fundamental and essential feature in the changes to come in the future mobility; which is why the debut of the IONIQ, the world's first car to offer three distinct eco-friendly powertrains, has been chosen as a starting point for the project. We will pave a new pathway toward a future where Freedom in Mobility is possible from constraints and limitations, enabling people to lead more prosperous and meaningful lives.

Pursuit of Freedom in Mobility

Expanding the role and territory to new mobility

Free To

1
Use Mobility
Wherever & Whenever

2
Environmental Pollutant &
Energy Exhaustion

2
Connect
Everyday Life

1
Traffic Hazard,
Congestion & Burden

Free From

Overcoming limitations of existing mobility

To ← | Free | → From

1
Use Mobility Wherever &
Whenever

Relevant Areas
- Personal micro mobility
- Car-sharing/car-hailing services

2
Connect Everyday Life

Relevant Areas
- Connectivity based on Internet
of Things (IoT)
- Services to connect lifestyles

1
Traffic Hazard, Congestion &
Burden

Relevant Areas
- Intelligent safety control, Vehicle
-to-vehicle (V2V) communication
system
- Human factors engineering, Robotics

2
Environmental Pollutant &
Energy Exhaustion

Relevant Areas
- Eco-friendly technology
- Research on energy and materials

Hyundai's commitment to the safety of the road and the
 happiness of society extends to taxi drivers. We think that
 healthy body and mind of taxi drivers contribute a great
 deal to the safety of the general public. Always ahead of
 others in thinking and finding solutions outside of the box,
 Hyundai saw a solution to road safety in the health of those
 who spend the better part of their lives behind the wheel
 more than any other people. Committed to the betterment
 of communities of which we are part, Hyundai continues to
 seek solutions to social issues with a fresh perspective.

Social Interest 2nd Business Impact 17th

Recharging Health,
Reassuring Safety

Think outside the TAXI

CSV perspectives for the Health Care Project for Taxi Drivers





“

Hyundai is pretty special to me. I began taxi driving 31 years ago with a Hyundai Stellar, and now I'm driving a Sonata. I'll take care of my health so that I can do my job as a best taxi driver. Thank you, Hyundai!”

Gwang Cheon Lee, Taxi Driver

”



In 2015, LF Sonata accounted for 50% of the new cars sold to the taxi industry in Korea, raising Hyundai's market share to 76.4%, an all-time high. As the market leader, we take as much responsibility for caring for taxi drivers' health as possible, based on the rationale that not only the quality of taxi vehicles but also the health of drivers are essential to traffic safety.

250^{km}

Average daily mileage per taxi

Vs.

Average daily length of break per taxi driver

1
Hour



Some studies show that Korean taxi drivers drive 250km on average per day; but due to a lack of time and places to take breaks, many suffer from illnesses related to the lumbar and nervous system. In addition, about 20% of taxi drivers are over 65 years old, one of signs of the nation being an aging society. Such health and age issues can seriously undermine the taxi driver's reflexes which may in turn cause traffic accidents and have negative impacts on road safety as well.

Hyundai turned its attention to social issues facing taxi drivers, who are an integral part of Korea's public transportation system. And seeing a direct connection between the health of taxi drivers and the safety of the road and the public, we began to put together a project to help improve taxi drivers' health. Specifically, we focused on building infrastructure and creating programs which even busy taxi drivers can use in their spare time, and in March 2016, we unveiled the 'Health Care Project for Taxi Drivers'.

Moving the World Together

The 'Health Care Project for Taxi Drivers' comprises 'Energizing Station', 'Energizing Bus', and health exam programs. The Energizing Station and Energizing Bus are facilities open to all taxi drivers while the health exam offers both physical examination and vehicle maintenance services to aging drivers of Hyundai taxis. A creative CSV program developed to help taxi drivers improve their health in their spare time, the project also presents practical and effective ways of reducing chronic problems that have plagued the taxi industry for decades.



I used to take back pains for granted, thinking that they were part of being a taxi driver. But after trying out this program, I have realized I should take care of my health as I do my taxi. Hyundai has made many taxi drivers rethink about their conventional thoughts. What a wonderful program.

Pyeong Hwa Chung, Taxi Driver

Taxi drivers are vulnerable to abdominal obesity, high blood pressure, diabetes and other kinds of metabolic illness, due to a lack of exercise and irregular lifestyles. Incorrect driving positions cause musculoskeletal and urinary-system disorders. I will do my best to help them develop healthy lifestyles, avoid illnesses and enjoy their jobs.

Hye Ok Yoon, Exercise Specialist





ENERGIZING STATION RECHARGING HEALTH AND SAFETY

Taxi driving is a profession that travels a maximum distance just about every day with a minimum body movement. Since mileage has a direct bearing on income, most drivers don't get out of their taxis except for fueling or eating.

Having noticed that LPG stations function as taxi drivers' main rest area, Hyundai, in collaboration with SK Gas, has built the Energizing Station at LPG fueling stations of SK Gas. We turn a shipping container into a station equipped with healthcare equipment such as blood pressure monitors, body composition analyzers, as well as weight-lifting machines designed to help strengthen the lumbar and cervical spines. Also, exercise specialists regularly visit the stations to help taxi drivers exercise properly. The taxi drivers go through a special three-step program to check their health conditions, do "smart stretching" and are advised by health professionals on optimum exercise programs for their individual conditions. They can have their health and exercise data securely stored at the station for future visits. In addition to health check-ups, the Energizing Station functions as a place for taxi drivers to socialize with fellow drivers and take a break from their monotonous daily routine.



The 'Healthy Life Up to 100 Years Old' program is a physical welfare service developed by KSPO with a goal to improve public health through evaluation of physical fitness and provision of exercise prescriptions.



The Energizing Bus is a good example of 'Government 3.0', which aims at implementing policies and services from the perspective of the general public. I hope many taxi drivers take advantage of this program, for healthy taxi drivers contribute to the safety of passengers, others on the road, and overall road safety.

Byung Jin Yoon, Manager, Korea Sports Promotion Foundation



United for one goal to contribute to a safer and happier tomorrow, all participating entities of the Health Care Project for Taxi Drivers work together by bringing in their expertise. It is a truly success story of how conglomerates, a public enterprise, and a specialized institution collaborate to create shared values for the benefit of the whole society.



THE ENERGIZING BUS TO DRIVE HEALTHIER SOCIETY

While the Energizing Station is stationary, located at taxi drivers' conventional rest areas, the Energizing Bus is mobile, bringing the health care services to taxi drivers at their spare time. Hyundai modified its 45-seater bus into the Energizing Bus which is equipped with body composition analyzer, automatic weight and height scale, blood pressure monitor and treadmill, all donated by Korea Sports Promotion Foundation (KSPO). It offers health check-up services based on the 'Healthy Life Up to 100 Years Old' program developed by KSPO and is administered by experts specializing in tailoring exercise programs to different physical conditions of people.

As a supplementary to the Energizing Station program, the Energizing Bus makes regular visits to areas with a high concentration of taxi drivers. The program is expected to provide customized health promotion services to around 20 taxi drivers a day or 5,000 a year, mostly in the Seoul metropolitan area.

HEALTH CHECK-UPS FOR LIFETIME CUSTOMERS

Hyundai pays special attention to the health of elderly taxi drivers who have long been driving Hyundai models. We provide physical examinations customized to taxi drivers 65 years and older as well as maintenance services on their taxis, at the same time. The check-up services, provided in partnership with Korea Association of Health Promotion (KAHP) are available with two options — one fully covered by Hyundai and an extended one for which taxi drivers partially pay but still a 1/5 in cost compared with regular health check-ups.

While the taxi driver undergoes a physical check-up, Hyundai's visiting vehicle maintenance team thoroughly examines the taxi. The health of elderly taxi drivers and the state of their vehicle conditions directly affect road safety. We, therefore, will continue to help our loyal customers maintain their health, and together with them, we will make our society safer and happier.

Sharing the Value Together



Equipped with various healthcare and exercise equipment open to all taxi drivers, Hyundai's Energizing Station was first introduced in March 2016. As of now, there are five stations at major LPG fueling stations in the Seoul metropolitan area.

Hyundai works together with SK Gas, KSPO and KAHP to improve taxi drivers' health and thus enhance road safety. Hyundai develops interior and exterior designs for the Energizing Station and provides physiotherapy services, and SK Gas provides sites for the stations and operates them. KSPO provides the Energizing Bus with the 'Healthy Life Up to 100 Years Old' program, which is one of the most popular programs among state-run sports-related projects, and, owing to the Energizing Bus project, expected to expand to the general public. As a public medical institute, KAHP offers physical examination services tailored to taxi drivers at 16 check-up centers nation-wide.

In partnership with these organizations, we plan to promote the Health Care Project for Taxi Drivers through SNS, outdoor ad, and other on-line and off-line channels and share actual cases with the public, all in an effort to foster the cultivation of a safe and pleasant taxi culture. Cooperation is not only a solution to overcome growth limits, but also a rational choice to create synergy for the better.

Hyundai strives to make everyday life more convenient, and helps people overcome their limitations. Building a better future for ourselves by “caring” for the quality of people’s lives is the ultimate form of innovation we pursue. In line with this, by developing exoskeletons for mobility assistance, an innovative and distinctive CSV case of which Hyundai is capable, we contribute to society and cultivate a future business model at the same time.

Social Interest	Business Impact
1st	1st

Human Centered & Future Oriented

Human-caring



CSV perspectives for developing an exoskeleton

HYUNDAI VALUE	+	SOCIAL VALUE
Advancing into new business through collaboration among affiliates of Hyundai Motor Group		Offering a new concept of mobility to the mobility impaired
Demonstrating the technology prowess of Hyundai		Reducing environmental pollution through use of efficient means of transportation
Advancing auto technology through application of robot technology		Preventing industrial accidents and improving work productivity
Enhancing the brand image of Hyundai		Contributing to the development of robot business



Recognition

Vision/Hearing/Touch/Distance/Biometric Sensors,
Human-Robot Interaction, Visual/Voice/
Emotional/Biometric Recognition,
Environment Recognition, Self-learning System



Control

Balance Control & Autonomous Driving/Walking,
Learning/Deduction/Coordination Algorithm,
Control Structure & Simulation,
Sensor Signal Processing



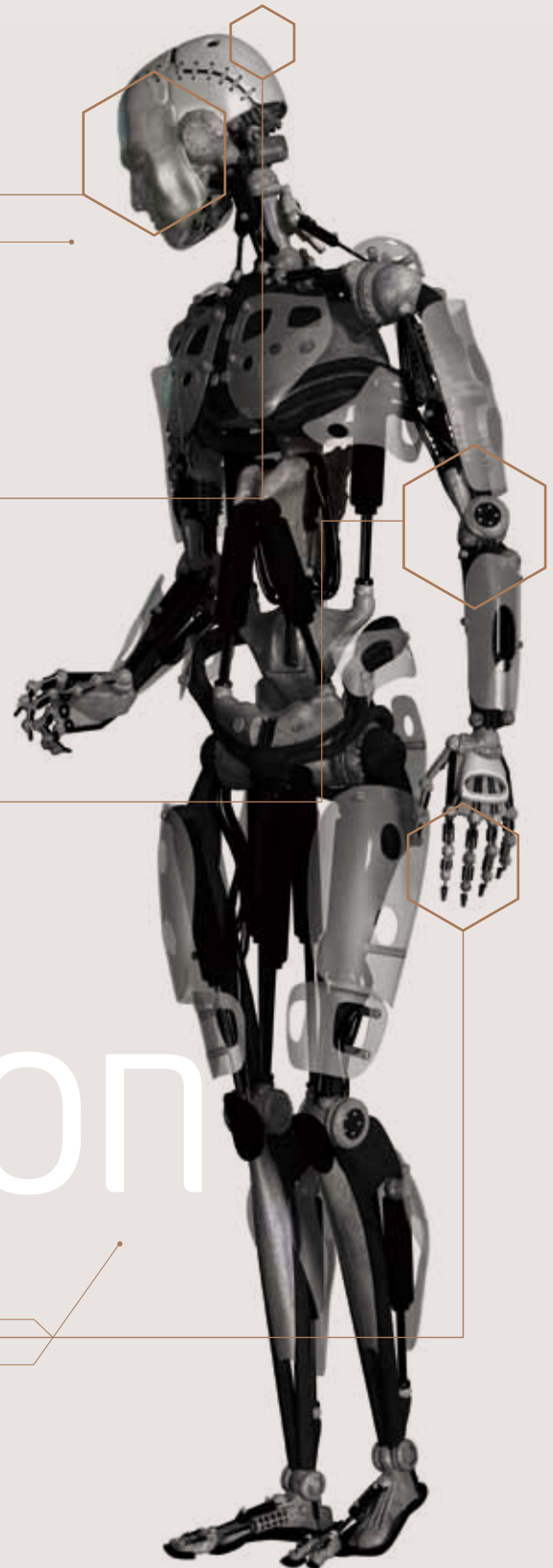
Mechanism

Automobile-based Mechanism,
Multi-actuated Manipulator,
Structure Design (Optimal/Robust Design),
System Integration & User Experience/User Interface



Platform

Controller Platform (OS, Middleware, etc.),
Actuator (Electric, Hydraulic, Artificial Muscles, etc.),
Energy Infrastructure (Battery, Fuel Cell, etc.),
Sensor-integrating Interface



INNOVATION



Walking into the Future, Now



“

I thought Hyundai was just an automobile manufacturer. It is inspirational that Hyundai has expanded its concept of mobility to include helping people walk. The idea of putting on a wearable robot and walking all day long excites me

I.H. Kim, H-LEX Pilot Test Participant

”





“

Developing wearable robots is a good answer to the question of how to apply Hyundai’s technological know-how to the improvement of society. By cooperating with our affiliates and partners, we are accumulating the technology essential to our endeavor of “caring” for mankind.

Hyunseop Lim, Research Engineer, Human Factors & Devices Research Team

”



TODAY MEETS TOMORROW

The “Iron Man” in the movie has become a reality: A wearable robot, also known as ‘exoskeleton’, is now available assisting or strengthening the wearer in using his/her limbs or muscles by sensing their movements and purposes. Many scientists around the world have been developing wearable robots. The U.S. has made significant progress in the development of bullet and fire-proof military robots, while European countries are far advanced in robotic technology for medical and rehabilitation applications. In addition, in the era of aging society, the employment of exoskeletons extends to industrial, disaster relief, and even personal assistant areas.

The automobile industry as a whole is keenly interested in synergy effects it can benefit from the robot industry, for the artificial intelligence technology of robotics, including as recognition, control and perception, is also applicable to automobiles. Moreover, large-scale vehicle assembly facilities can be used for manufacturing robots. Based on the know-how we have accumulated as a global automaker, Hyundai has been developing wearable robots for walking assistance. We extend our core value of product responsibility—“caring” for customers through superior products—to wearable robots as well; and make a special means of transportation by which even the mobility impaired can enjoy the freedom and joy of mobility and through which we create shared value and offer a new concept of mobility.



WALKING THE WALK ON WEARABLE ROBOTS

Hyundai constantly pushes the boundaries of mobility. If the Project IONIQ is the first initiative we have taken to expand the roles and territory of automobiles, then the development of wearable robots is the first step to extend our reach to all movements of mankind. As such, Hyundai is growing beyond the realm of a traditional automaker into that of a 'Total Mobility Developer'.

We are developing robots to help the mobility-challenged elderly move about as well as victims of accidents regain their mobility. We have so far developed four prototypes: KAMO (knee-mounted wearable), HAMO (hip joint type), H-LEX (combination of KAMO and HAMO) and H-MEX (for medical purposes). Considering the trends evolving around an ageing and high-risk society, such robots are expected to be an additional means of short-distance mobility making everyday life more productive and pleasant.

The KAMO and HAMO are designed to assist basic walking as well as ascending and descending stairs. The H-LEX (Hyundai Life-caring Exoskeleton) can be preprogrammed to control the wearer's leg movements, so that it is used for rehabilitation purposes. The H-LEX received the Engineering Impact Award in the high-tech manufacture and control category, for the first time in Korea, upon its debut at the National Instruments Week 2015, a global conference for engineers, in August 2015. The H-MEX is an upgraded version of the H-LEX, developed to enable individuals with a lower-body paralysis to walk on their own. Hyundai is accelerating its R&D in wearable robotics with an aim to mass-produce robots for medical and rehabilitation purposes by 2018, and for home assistance by 2024.

Development Status of Wearable Robotics

Life-assist

- Assisting the elderly in daily lives
- Extending mobility service to the mobility challenged as a response to the aging of society
- Applying modular design to expand its application

HAMO
Hip-type



KAMO
Knee-type



H-LEX
Walking assistance



Medical

- Assisting the paraplegic
- Rehabilitation support and medical purposes
- Helping those paralyzed below the waist walk

Industrial

- Preventing musculoskeletal disorder
- Work assist

H-MEX v1.0
Helping the paraplegic walk and walking assistance for ordinary people



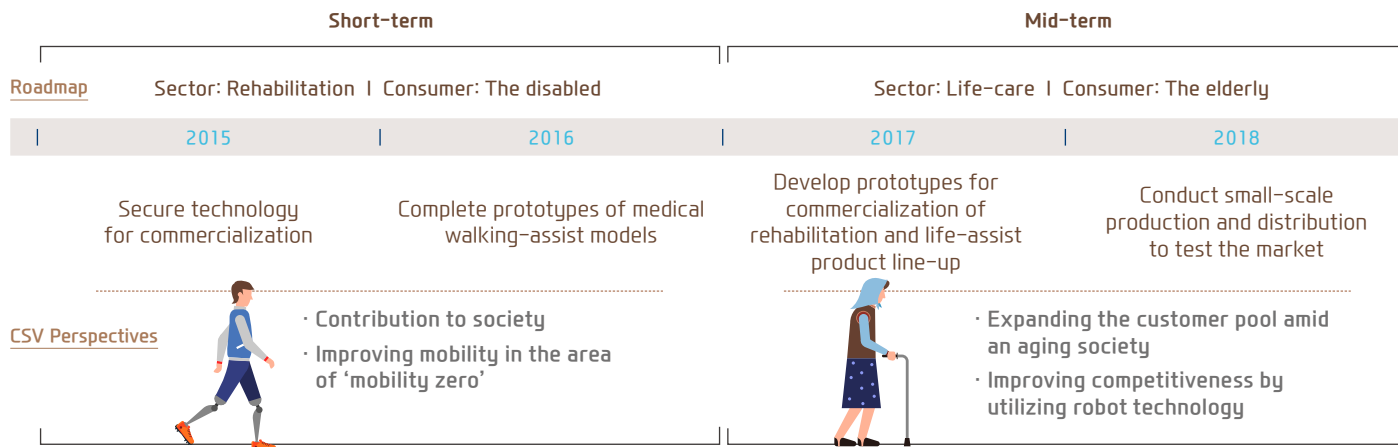
H-MEX v1.5
Helping the paraplegic walk



H-WEX
Supporting back muscles



Roadmap and CSV Perspectives of Wearable Robotics



FINDING A PATHWAY TO THE FUTURE

The fusion of Hyundai's automobile and robotic technologies is an innovation in the making. Our assist robots, such as KAMO, HAMO and H-LEX, feature ergonomic designs and are equipped with micro high-power motors and artificial intelligence to recognize human-robot interactions. The micro high-power motor, in particular, is exclusively developed by Hyundai. The H-MEX features the world's first high-safety algorithm that controls horizontal balance. Featuring state-of-the-art robot technologies made possible by a long-accumulated know-how as an automaker, our exoskeletons are 20% lighter on average than competitors, and superior in walking speed and battery run-time.

Investment in robotics will help us redefine future mobility and advance into a new market as robot technology is to complement the development of smart cars. For instance, speed control technology in walking assistance robots can be used for building motors in the wheels of EVs; and balance control technology for preventing vehicles from overturning and improving driving comfort. In addition, obstacle avoidance and the automatic sensing and timely warning of users' health conditions to medical services can make future cars smarter. Hyundai thus continues to invest in robotics, lay the foundation for developing fully autonomous vehicles, and grow robotic operations into a new growth driver. Moreover, we will contribute to make Korea competitive in the global race of robotics.

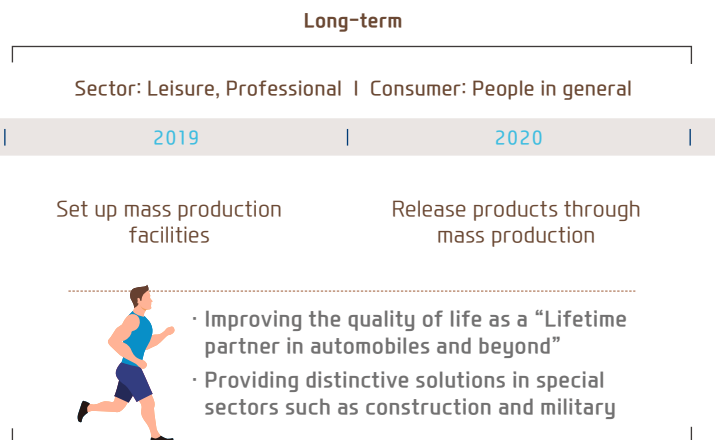


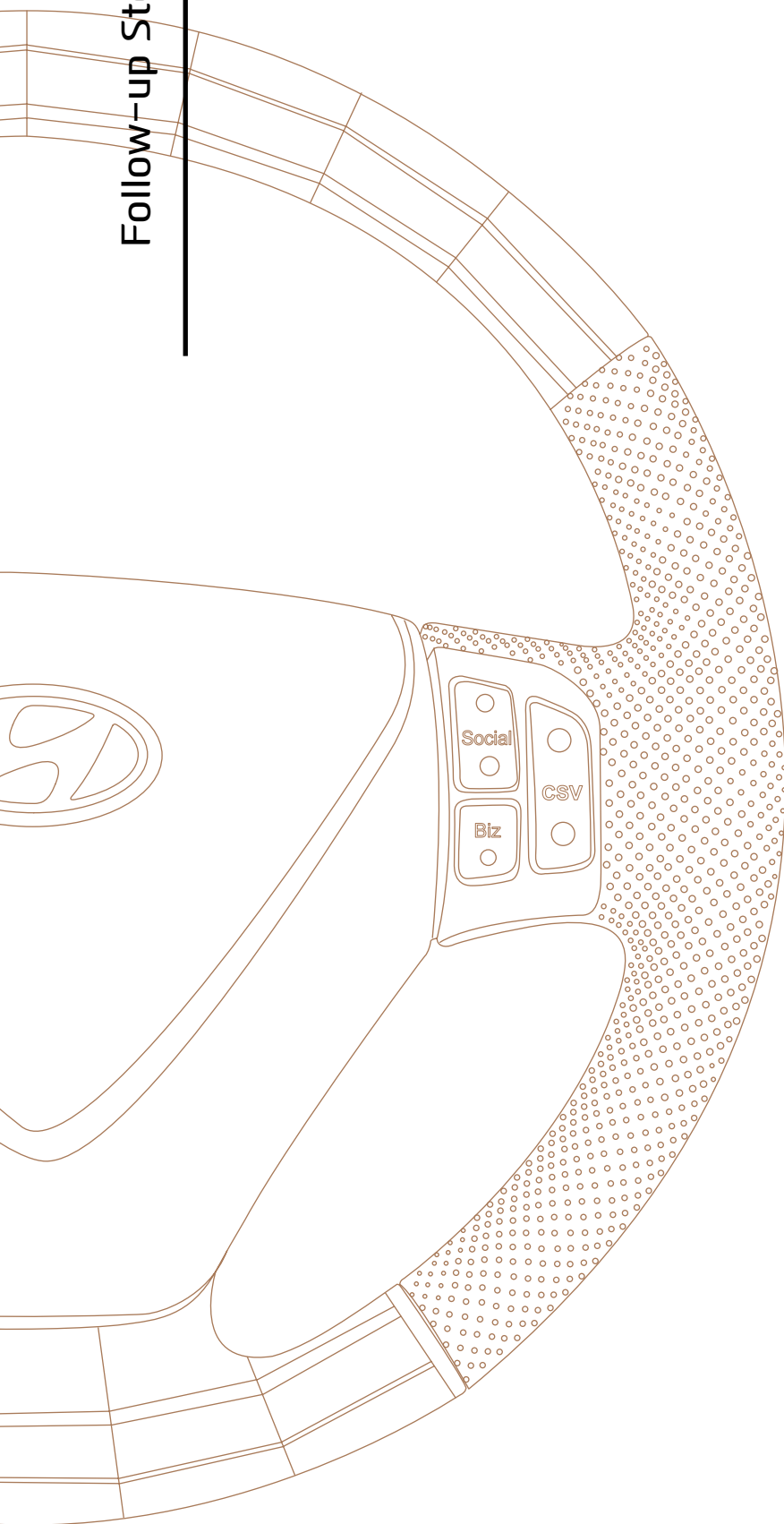
Working Together, to Walk Farther

PARTNERSHIP FOR BETTER TOMORROW

Industry experts project that the global market for robots will have entered the developing stage by 2018, amounting to around USD 21.1 billion. In particular, wearable robots for supporting various human activities are expected to be in the greater demand. According to a report of WinterGreen Research of the U.S., the market size for medical and rehabilitant robots will be USD 1.8 billion by 2020, compared with USD 43.3 million in 2013.

To establish a viable presence in such fast-growing markets, Hyundai Motor Group has decided to consolidate the robotic technology of its subsidiaries into the establishment of 'Maximum Mobility', a common platform, and thus creates industry synergies and secures a competitive advantage in the market for wearable robots. Under the close coordination of the Group, Hyundai Motor Company conducts overall sales and R&D; Hyundai Rotem designs products, develops components, and oversees the production, quality management, and distribution of final products manufactured by Easy Move Inc., a social enterprise. Easy Move specializes in producing personal assist and rehabilitation devices on consignment, and by successfully playing its role in such project, the company will function as a role model for social enterprises contributing to social and economic development. In addition, by conducting public business in cooperation with government agencies, Hyundai will create shared value and fulfill its social responsibility as a corporate citizen living up to its reputation as Korea's business leader.





Reinvent the wheel

Creating shared value (CSV) is not something that can be achieved in a day or two — it takes time, passion and effort. That is why Hyundai plans CSV ahead of time. In our 2015 Sustainability Report, we introduced examples of our distinctive and creative CSV activities, including producing the first Korean bobsleigh for the Korean national bobsleigh team, developing self-driving vehicles and pursuing clean mobility. In 2015, we continued to make progress in relevant fields, and we are pleased to share the follow-up stories of those achievements.

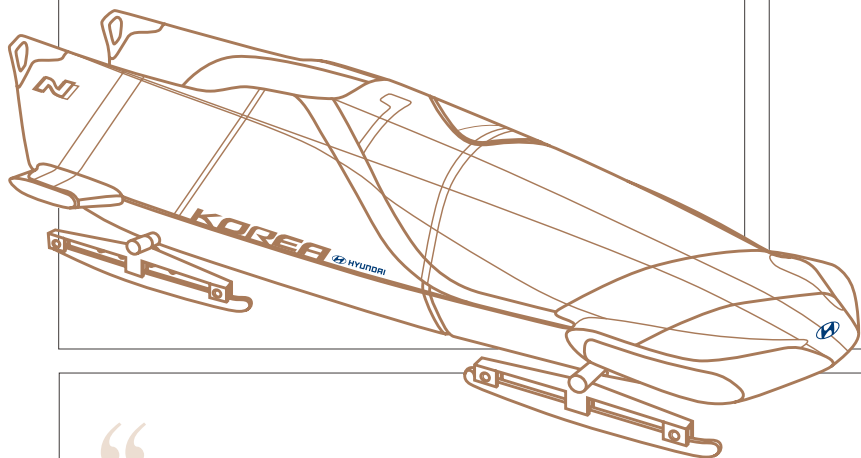
ENGINEERED by Hyundai

Customized bobsleigh made by Hyundai Hyundai and the Korean national bobsleigh team work in unison to win the “race of possibilities”. The national bobsleigh team had never had a decent bobsleigh, and used to have to borrow a bobsleigh from other countries or buy a used one. Despite this, the team had achieved great results at many international competitions, and Hyundai came up with a plan to unlock their full potential. We began to sponsor the team in 2014, and by producing a bobsleigh, Hyundai is contributing to the development of winter sports in Korea.

N Bobsleigh

‘N Bobsleigh’ is the official name for the bobsleigh exclusively developed by Hyundai. It is an advanced model of the ‘Concept Bobsleigh’ first unveiled at the 2015 Seoul Motor Show, and brings together our leading-edge automotive technologies.

In January 2016, the national team made a successful debut of the new bobsleigh, on which the word ‘Korea’ is engraved, at the Europe Cup Tournament held in Saint-Moritz, Switzerland. The team completed the track at a maximum speed of 139 km/h. Hyundai will continue to make improvements, so that the Korean national team can have the world’s best customized bobsleigh.



N

‘N’ is Hyundai’s sub-brand launched in September 2015. The N performance brand will offer high-performance cars that deliver the most thrilling driving experience for customers who truly love cars.

Hyundai is using the high-performance ‘N’ concept and technologies in developing the new bobsleigh, which is why it is called the ‘N Bobsleigh’. In our 2015 Sustainability Report, we set out how producing a bobsleigh would be connected to technologies for future-oriented, high-performance cars. In line with this, we launched the N performance brand in 2015, followed by the unveiling of the N Bobsleigh in 2016, showing the significance and value of the CSV activities embodied in the bobsleigh production.



“

At first, I was not familiar with bobsleighs, but I soon realized that there are many similarities between a car and a bobsleigh. Relevant teams at the Namyang Technology Research Center worked closely together on the project, and, through continuous improvements, we were able to develop a bobsleigh with the ‘Hyundai’ mark on it.



Sang-Hyun Park,
Senior Research Engineer, Aerodynamic Development Team

”

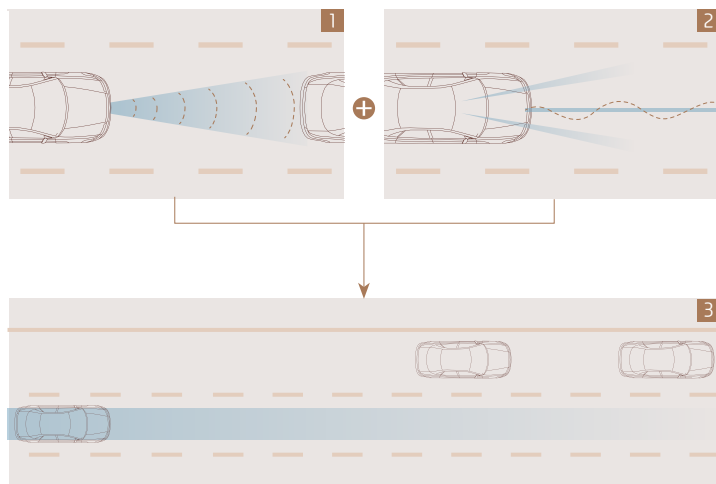
ZERO Accident

Self-driving vehicles with perfect safety Hyundai continues to make intensive and extensive efforts to deliver convenient and safe mobility. Self-driving cars, which do not require driver input, are a major outcome of our “human-centered” innovation. Our technologies in the Advanced Driver Assistance System (ADAS), the basis of autonomous driving, have met global standards, and we now apply ADAS to many of our mass-produced cars. We are also playing a leading role in popularizing the next generation of smart cars by improving relevant technologies.

G90

In general, autonomous driving is broken down into five steps, based on different degrees of automation as defined by the US National Highway Traffic Safety Administration. Step 0 refers to absolutely no ADAS function; step 1 signifies the automation of a specific function; step 2 for the automation of multiple functions; step 3 for limited autonomous driving; and step 4 signifies fully autonomous driving.

Hyundai currently applies step 2 technology to many of our mass-produced vehicles, and our goal is to reach step 3 by 2020 and step 4 by 2030. The Genesis G90, launched last year, is a leading example of our autonomous driving technology. Embedded in the G90 is Highway Driving Assist (HDA), which combines Advanced Smart Cruise Control (ASCC), Lane Keeping Assist System (LKAS), and Autonomous Emergency Braking (AEB), to enable partially autonomous driving on highways.



- 01. ASCC
- 02. LKAS
- 03. HDA

When will autonomous driving technology be commercialized?

The commercialization of a completely autonomous driving system that does not require a driver may rely more on laws and changes in the social system than any technical difficulties.

From the 'Talk about self-driving vehicles' in the 2015 Sustainability Report of Hyundai Motor Company

Will self-driving cars actually become reality? By demonstrating an unmanned vehicle in downtown Seoul in 2015, we showed that autonomous driving technologies will soon be commercialized. In November 2015, Hyundai became the first company in Korea to demonstrate autonomous driving technologies on public roads — it was a remarkable sight to see a self-driving Genesis on the streets of downtown Seoul without any direct driver intervention. The Genesis used LKAS and other advanced technologies for driving in downtown areas, so it was able to perform maneuvers such as passing a slow-moving vehicle and then returning to its lane.

Smart Mobility + Clean Mobility

Hyundai took a step forward towards autonomous driving on actual roads. In March 2016, the Genesis became the first self-driving car in Korea to receive temporary driving permission for public roads from the Ministry of Land, Infrastructure and Transport. Earlier, in December 2015, the Genesis and the Tucson Fuel Cell Electric Vehicle (FCEV) received a highway self-driving license from the State of Nevada in the U.S., making the Tucson the first FCEV to receive a self-driving license. This showed Hyundai's world-leading competitiveness in both smart mobility and clean mobility.

New HO₂RISONS

Bringing about a future of clean mobility Clean mobility, generating zero CO₂ emissions, is the ultimate goal of Hyundai's eco-friendly car development. Technological prowess is a critical factor, but there are other important factors as well, such as innovative ideas and commitment to social responsibility. We are therefore leading the drive towards a "hydrogen society" through our state-of-the-art technologies and creative thinking, so that we can achieve sustainable growth as a global automaker and fulfill our responsibilities as a corporate citizen.

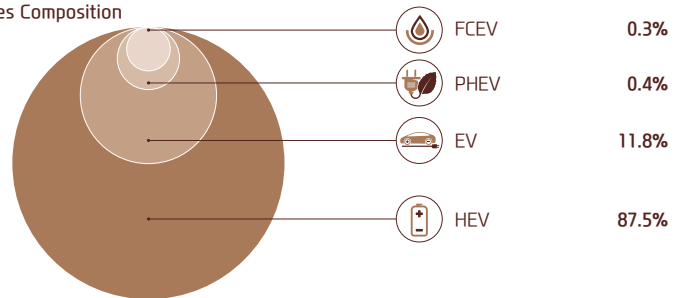
In our last Sustainability Report, we reported on the 2014 announcement of the '2020.22.2 Project', our strategy to build an eco-friendly car line-up that consists of at least 22 vehicles by 2020, thus making us the world's second largest manufacturer of eco-friendly cars. This project resulted in the launch of the Sonata PHEV in August 2015 and the IONIQ Hybrid in January 2016. With the launch of the IONIQ EV and PHEV models in June 2016, we are confident of achieving our goals.

2020.22.2

73,592

Sales of eco-friendly cars are going well. Hyundai and Kia saw record performance in the eco-friendly car market last year, selling a combined total of 73,592 units, up 4.9% over the previous year. This total was comprised of 64,383 hybrid cars, 8,651 electric vehicles, 306 plug-in hybrid vehicles, and 252 FCEVs. The eco-friendly car market has stuttered slightly, but is expected to grow in 2016. We will strengthen our market position in 2016, particularly through the IONIQ line-up of three models.

Sales Composition



Collaboration to Expand the Eco-friendly Car Market

CASE I Hyundai signed a memorandum of understanding with POSCO ICT in June 2015 to expand EV charging infrastructure. Hyundai will build around 120 charging facilities by the end of 2016, and POSCO ICT will be in charge of operations and maintenance. Existing charging facilities are mostly set up in places that cannot be easily accessed by the general public, so we will build charging facilities in convenient public locations, such as large supermarkets and movie theaters; this will increase accessibility and convenience, which will, in turn, contribute to the popularization of eco-friendly cars. The two companies are world leaders in their respective fields, and their partnership will lead the expansion of the eco-friendly car market.



CASE II As reported in the 2015 Sustainability Report, Hyundai began the world's first mass production of FCEVs in 2013. As part of our continuous efforts to supply eco-friendly vehicles, we undertook the pilot test of a hydrogen fuel cell bus. We began cooperating with Ulsan Metropolitan City in May 2015 on the development of eco-friendly hydrogen fuel cell bus technology, and the promotion of the relevant industry. Hyundai lent hydrogen fuel cell buses to Ulsan City for free until April 2016, and is now evaluating bus performance and eco-friendliness during the period of the pilot operation. The hydrogen fuel cell buses used for the pilot test are eco-friendly, pollution-free vehicles that emit only water, instead of exhaust gases, and they can travel 440 kilometers on a single charge.



As a world-renowned automaker and global corporate citizen, Hyundai seeks sustainable growth by fulfilling our economic and social responsibilities. The 2016 Sustainability Report of Hyundai Motor Company describes what we attempted and achieved in the pursuit of sustainable management in the year. This report also details our prospects for the future as well as steps we plan to take toward growing together with our stakeholders.

SUSTAINABILITY PERFORMANCE



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Sustainability Management System

Based on advanced and efficient management systems, we strive to grow together with our stakeholders and contribute to social and economic development for the benefits of all.

Management Philosophy and Vision

Management Philosophy

The spirit and values that have driven Hyundai Motor Group are defined by three key phrases: ‘unlimited sense of responsibility’, ‘realization of possibilities’, and ‘respect for mankind’. Based on these, Hyundai Motor Company has established a management philosophy to ‘realize the dreams of mankind by creating a new future through ingenious thinking and continuously challenging new frontiers’.

‘Unlimited sense of responsibility’ signifies the pursuit of sustainable growth while maintaining responsibility towards all of our stakeholders; the ‘realization of possibilities’ signifies the pioneering spirit that has motivated us to invest in new areas; and the ‘respect for mankind’ represents our commitment to improve living conditions for everyone. With this philosophy in place, Hyundai will continue to grow as a respected company which makes a positive contribution to humanity.

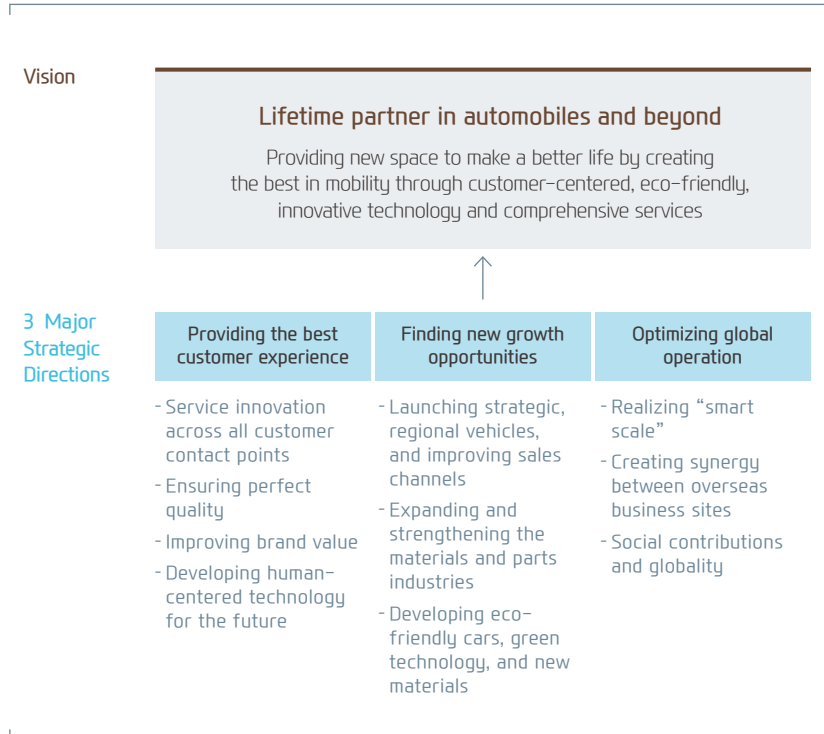
Unlimited sense of responsibility	<ul style="list-style-type: none"> - Pursuing sustainable growth with a sense of responsibility towards employees, suppliers, and their families - Pursuing the highest quality, to be responsible for the safety and happiness of customers
Realization of possibilities	<ul style="list-style-type: none"> - DNA that strives for unlimited growth and advancement - Entrepreneurship that enables us to break out of our comfort zone and to take risks - Creating real value by turning small possibilities into real achievements
Respect for mankind	<ul style="list-style-type: none"> - Improving living conditions by providing products and services of the highest quality to the greatest number of people - Being proactive in tackling environmental issues - Contributing to the global community by sharing our success

Vision 2020

Our ‘Vision 2020’ is to be a “Lifetime partner in automobiles and beyond”. It represents the Hyundai Motor Group’s goals for sustainable growth and a future that Hyundai pursues. Automobiles have gone beyond merely being a means of transportation; they help people to have a better quality of life. The philosophy and will of Hyundai are reflected in the Vision 2020 which is designed to embrace the changes in what an automobile means. By pursuing this vision, Hyundai has set out to become not just a carmaker, but a company that creates more value and shares in the daily lives of our customers as a lifetime partner.

Hyundai sets a new concept of an automobile as a ‘partner for lifetime’, tailored to the needs of customers from childhood to senior years. It is also a ‘partner for happiness’, a space for living, working, and resting that

Vision and 3 Major Strategic Directions



Sustainability Management System

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provides exceptional comfort and pleasure. As a 'partner for everyday life', we will ensure the best customer experience from the moment a customer chooses our brand by providing a complete range of the services associated with automobiles, from finance to product experience, IT services, and used car sales.

Partner for lifetime

We provide brands, products, and services that cater for our customers from childhood to senior years. We envision our future being one in which we are the automobile of choice for our customers at all stages of their lives.

Partner for everyday life

We understand service innovation is needed to provide greater value to customers. We therefore provide services at all stages of the ownership process, from selection to purchase, possession, and repurchase, to ensure the best customer experience.

Partner for happiness

Our automobiles have gone beyond a means of transportation, and are now a symbol of comfort and pleasure. With Hyundai, cars will become more versatile and provide innovative services to make driving faster, safer, more comfortable and more enjoyable. We will stay close to our customers, and offer them more ecofriendly and advanced IT technologies.



Customer

We promote a customer-driven corporate culture by providing the best quality and impeccable service with all of our efforts aimed at satisfying our customers.



Challenge

We refuse to be complacent, embrace every opportunity for greater challenge, and are confident in achieving our goals with unwavering passion and ingenuity.



Collaboration

We create synergy through a sense of "togetherness" that is fostered by mutual communication and cooperation within the company and with our business partners.



People

We believe that the future of our organization lies in the hearts and capabilities of individual members and will help them develop their potential by creating a corporate culture that respects talent.



Globality

We respect the diversity of cultures and customs, aspire to be the world's best at what we do, and strive to become a respected global corporate citizen.

Core Values

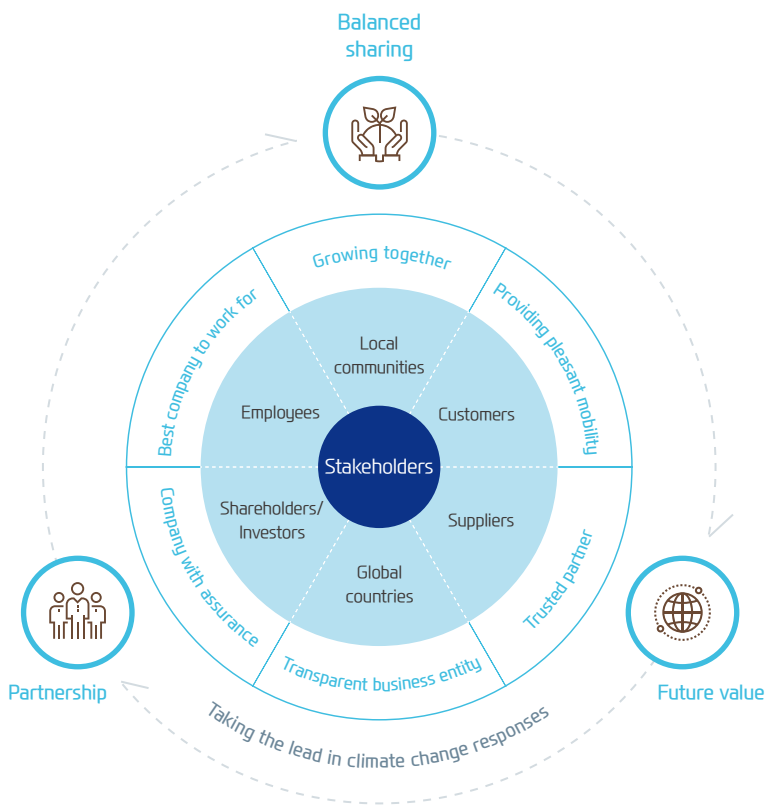
We have selected five core values to practice our management philosophy and to realize our vision — customer, challenge, collaboration, people, and globality. These core values were created by identifying the unique characteristics embedded in the mind-set of our employees that have contributed to our success, and then adding to that a set of values that will act as guidelines for everyone at the company. The core values will guide not only our business operations but also the decision-making and daily work lives of our employees. They will also help to develop a strong sense of community among our employees, and provide a basis for sustainable growth.

Socially Responsible Management

As most corporate entities step up their socially responsible management in response to the growing number of socially conscious stakeholders and a toughening regulatory environment, Hyundai pursues socially responsible management not only to improve our brand image but also to hire talent and enhance employee satisfaction, all directed toward contributing to maximize customer value. Accordingly, we strive to fulfill our economic, environmental, and social responsibilities, for the benefits of all, by strengthening ethical management and compliance programs and by building cooperative partnerships and thus communicating with stakeholders. In 2016 we changed our vision for socially responsible management from 'The Sustainable Value Provider' to 'Trustworthy Partner for Today & Tomorrow', to be consistent with the Group vision and to reflect social trends of late. Through partnerships with our stakeholders, we plan to operate types of business that enable us to create economic value and help solve such social problems as climate change, the aging of society, and youth unemployment.

Mid-to Long-term CSR Strategy Structure

Trustworthy Partner for Today & Tomorrow



Hyundai's Ethical Management Website
<http://audit.hyundai.com>

Ethical Management

Ethical Management System

In 2001, we established the Ethics Charter, the Employee Code of Conduct, and the Guidelines for Ethical Business Conduct, to set clear guidelines for all employees in the practice of ethical management. Furthermore, all relevant documents are made available on-line for effective communication and for on-demand reference. In 2002, we adopted a voluntary fair trade compliance program (CP) to enhance fairness and transparency in trading with suppliers. In addition, we joined the UN Global Compact in 2008 to declare our commitment to ethical management. In 2013, the Ethical Management website was completely revised to make it more accessible for stakeholders as well as employees, so that the information on the site can be used in ethical business conduct. In 2015, we expanded and reorganized the composition and functions of the existing Ethics Committee to launch the Corporate Governance & Communication Committee, thus strengthened our will and capability to practice transparent management.

Ethics Charter

The purpose of the Ethics Charter of Hyundai is to help employees make ethically correct decisions in business operations. It also applies to the suppliers of the company. More information on the Ethics Charter is available on Hyundai's ethical management website.

Cyber Audit Office

Hyundai operates the Cyber Audit Office to collect information on unethical business practices such as bribery and corruption on a regular basis, and to provide consulting if a staff faces with ethical dilemma. All reports need to be made under real names, but are then handled through investigations that do not disclose the name of the person reporting the incident. Typical cases reported to the Office include: unfair trade practices related to personal connections such as school alumni or hometown friends; a request for or acceptance of bribes and unjustified gifts; abuse of authority; a request for special consideration; and other actions that violate ethical business conduct.

Reports of social or ethical issues with which many of our stakeholders are concerned, such as human rights, labor, local community and supply network, are directed to and followed up by relevant departments. Reports can be made via the internet, by phone, fax, or letter; and reporters are notified of actions taken by relevant departments. The identity of the informant is strictly protected under the policy on secret assurance, identity protection assurance, and responsibility reduction.

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Ethical Management Milestones

- 2001 — Established the Ethics Charter and Employee Code of Conduct
- 2002 — Implemented a CP
- 2003 — Declared ethical and transparent management initiatives
Issued the first Sustainability Report
- 2004 — Reorganized the Cyber Audit Office
- 2005 — Published guidelines on ethical business conduct
- 2006 — Announced win-win collaboration initiatives
Provided an ethics management program to new managers
- 2007 — Established the Ethics Committee under the BOD
- 2008 — Joined the UN Global Compact
Signed Korea's largest fair trade agreement
Declared Hyundai CSR management initiatives
- 2009 — Received 'AA' rating for CP from the Fair Trade Commission
Established the Hyundai Social Responsibility Charter
- 2010 — Signed fair trade agreements with subcontracting suppliers — 2nd phase
Announced win-win growth initiatives with suppliers
- 2011 — Adopted the International Financial Reporting Standards accounting standards
Signed fair trade agreement with subcontracting suppliers — 3rd phase
- 2012 — CEO declared voluntary CP practices
Provided CP training at company level
- 2013 — Established ethical standards to strengthen ethical management system in China
Added regulations on accepting gifts or treats
Began operations of the Cyber Audit Office
- 2014 — Reinforced CP training at company level
- 2015 — Ethics Committee was expanded and renamed the Corporate Governance & Communication Committee
Strengthened transparent and ethical management education programs for employees and suppliers

Implementation


Since 2013, Hyundai has been developing and enforcing compliance guidelines covering key legal risks inherent in our business, all in an effort to mitigate the risks. Concerning operations in Korea, the guidelines address eight key areas such as Trade Secrets Protection Act, Monopoly Regulation and Fair Trade Act and Privacy Act. Those on overseas operations include copyright law and design rights. We also have published and distributed to our business sites in Korea a compliance management handbook detailing the compliance support system and explaining the importance of compliance, as well as general legal risks related to automobile business and countermeasures, helping employees understand the company's compliance management and the system supporting it. As for overseas operations, a 'Global Compliance Handbook', covering among basic laws of many fields, was made and distributed in the early 2016.

In 2015, to enhance the overall compliance awareness of employees, we expanded compliance training programs for new executives and employees as well as for staff members at relevant departments. Of particular note, two on-line programs covering compliance in general and the Act on the Prohibition of Illegal Solicit were administered to employees in our global business sites. Also, as part of the strategy to strengthen the compliance support system, we established a Compliance Counseling Center, as a communication channel to promote employee participation in building the foundation of a sound corporate culture of compliance. Through the center can employees request for compliance guidelines and education, ask for an assessment of legal risks, and report legal violations.

Compliance Management

Purpose

Hyundai is committed to complying with all applicable laws and regulations. The primary purpose of our compliance management is to accurately assess various legal risks associated with all business operations of Hyundai and to manage them before they become a clear threat. Furthermore, through compliance management within the framework of sustainability management, Hyundai seeks to gain stakeholders' trust and build the basis for fulfilling our social responsibilities. To accomplish these objectives, we have established a compliance management support system and through this system, implement diverse compliance programs.

Compliance Counseling Center	<ul style="list-style-type: none"> • Purpose: To collect employee requirements on compliance support and reports on legal violations • Channels: E-mail (compliance@hyundai.com), Phone (+82-2-3464-3300)
Tasks for 2016	<ul style="list-style-type: none"> • Designate a compliance personnel to promote the compliance culture at company level • Continue to publish and distribute compliance guidelines and offer compliance trainings to reinforce staff competence in compliance • Prevent legal risk from becoming a clear threat through compliance inspection
Compliance Slogan	

Mid-to Long-term Direction for Compliance

Strengthening employees' competence in compliance, promoting compliance culture at company level

STAGE OF COMPLIANCE SUPPORT SYSTEM

Adoption

- Designating a compliance personnel
- Establishing standards for compliance control and implementing guidelines
- Establishing implementation plans
- Identifying key legal risks

2012~2013

Maturity

- Providing 33 compliance guidelines
- Providing on-line and off-line compliance trainings
- Regular compliance inspections
- Building a global compliance support system

2014~2015

Expansion

- Strengthening employees' competence in compliance
- Promoting the compliance culture at company level
- Designating a compliance personnel at company level
- Expanding and reinforcing a global compliance support system

2016~

Voluntary Fair Trade Compliance

Hyundai fulfills its duty and responsibility as a leading global company practicing fair and transparent management. In 2015, the CEO publicly pledged Hyundai's will to comply with fair trade and began reflecting fair trade compliance guidelines in business activities. We also educate and train new executives and employees, and staff members at relevant departments on the importance of fair trade practices, thereby cultivating a corporate culture of fair trade compliance. In addition, we produce a monthly fair trading newsletter to help employees stay informed of relevant issues and practice fair trade.

Risk Management

Risks facing the automobile industry of today have grown in complexity and diversity over the years, harboring potential ripple effects of growing magnitudes. As such, if an auto company does not promptly and properly respond to all risks it faces, not only its profitability but also its very survival could be jeopardized. In fact, there has been an increasing number of cases in which automakers suffered substantial business damages due to inappropriate responses they had made to core sustainability issues such as environment and safety.

Hyundai has been strengthening its risk management by taking preemptive actions against uncertainties in the business environment. Furthermore, to turn risks into opportunities to create competitive advantages and strategic countermeasures, we have built a company-wide comprehensive risk management system. Our risk management, in particular, aims at preempting risks by identifying the fundamental sources and analyzing cause and effect from a multifaceted perspective. It also seeks to mitigate negative impacts associated with risks and turn them into business opportunities.

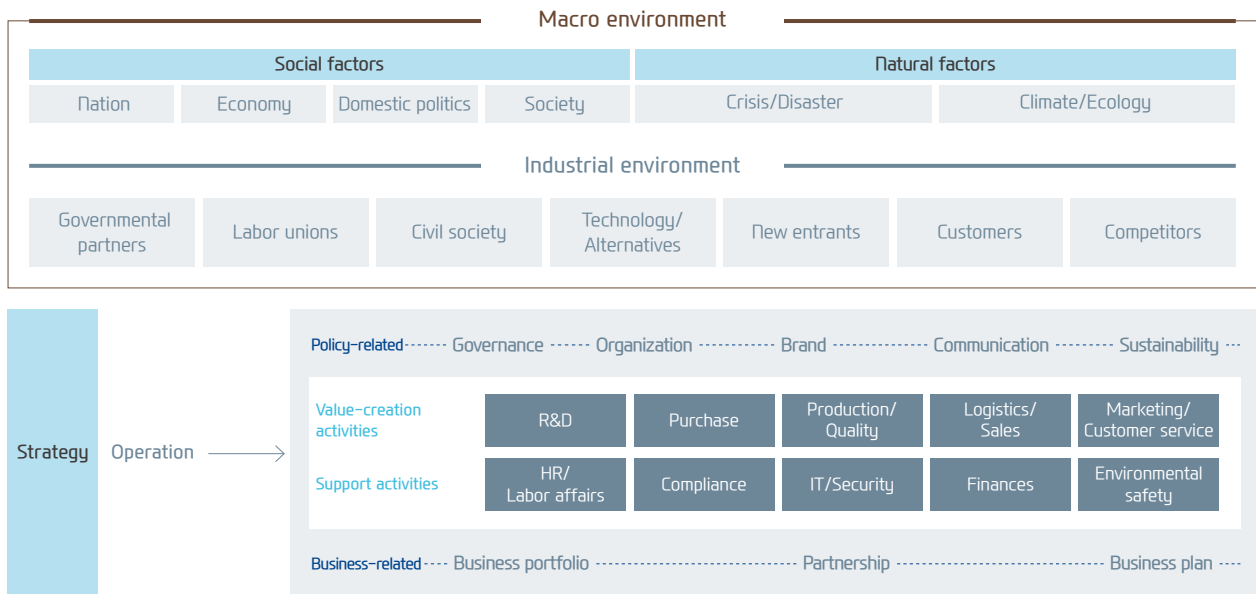
Major Risks

Today, automakers including Hyundai are facing many types of risk never known before. Macro environmental risks include natural disasters, severe fluctuations of oil prices or exchange rates, as well as economic recessions of such emerging markets as China, which has been driving the growth of the global economy, including automobile business, since the 2008 financial crisis. In the area of automobile business, there have been such dramatic changes as increasingly toughening regulations on greenhouse gas emissions and fuel efficiency in many countries, rapid developments of electronic vehicles and smart cars, rising calls of stakeholders for vehicle safety; and facing such challenges, automakers feel more than ever the need to invest in and develop innovative technology.

Risks associated with business operations include major recalls, shortage or loss of core talents, regulation violations, patent disputes, and increasing terror and violence caused by political conflicts. Especially in 2015, the entire automobile industry faced substantial difficulties due to the unstable economies of emerging nations, fluctuations in exchange rates, and plunging oil prices. Amid such a challenging environment, Hyundai took proactive risk management actions in Russia, Brazil and other emerging markets, such as launching new recession-resilient products, introducing a variety of

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Risk Structure



customer-focused finance programs, and stepping up social contributions involving local communities, in order to minimize inevitable business and financial losses.

Global Risk Management System

To effectively respond to a variety of increasing internal and external risks, Hyundai operates a dedicated risk management team, established in 2014, within the Business Strategy Planning Division of the headquarters office. Also, designated risk management personnel at each of Hyundai's global business sites play an important role in managing risk on a global scale in a systematic manner. Through these risk management organizations and systems, Hyundai monitors various internal and external risk factors on a daily basis. In dealing with major risk factors, we analyze scenarios and takes countermeasures, thus preemptively respond to all potential risks.

Stakeholder Communication

To earn the trust of stakeholders, a company must respect them and maintain the highest standards of ethics and transparency. Hyundai has shared the value of business based on trust with its stakeholders, and continues to strengthen the ethics and transparency of its business operations.

Stakeholder	Key Issues	Communication Channels
Customers	<ul style="list-style-type: none"> • Sustainable mobility • Excellent quality • Enhancement of vehicle safety • Customer satisfaction improvement 	Motor show and new car launching ceremony, test driving, sports sponsorship, customer service, customer satisfaction survey, car club, website, on-line communication, reports (financial report, sustainability report, etc.)
Employees	<ul style="list-style-type: none"> • Employee satisfaction improvement • Fostering outstanding employees • Human rights protection • Health and safety 	Labor-management committee, occupational safety committee, internal publication, newsletter, grievance counseling center, website, stakeholder interview, reports
Suppliers/Dealers	<ul style="list-style-type: none"> • Win-win growth • Fair trades • Long-term partnership 	Win-win growth and fair trade agreement, Foundation of Korea Automotive Parts Industry Promotion, seminar and training for suppliers, stakeholder interview, Energy-Saving Technology Exchange Meeting, R&D Tech Day, R&D symposium, R&D Motor Show, purchasing portal, reports
Shareholders/Investors	<ul style="list-style-type: none"> • Improvement of the corporate value • Shareholder interests protection • Stable growth • Transparent information disclosure 	Annual general meeting, Corporate Governance & Communication Committee, company briefing, IR meetings, website, reports
Society	<ul style="list-style-type: none"> • Invigoration of local economy • Job creation • Social contribution activities 	Social contributions, communication with local communities near worksite, youth support program, website, stakeholder interview, report

Corporate Governance

A transparent and efficient corporate governance system centered on a BOD exemplary in both integrity and expertise has been the back bone of the strong and sound growth of Hyundai.

BOD Structure

The Board of Directors (BOD) of Hyundai is the top decision-making body of the company, and is comprised of four executive directors and five outside directors, in line with relevant regulations. The BOD acts on behalf of shareholders and other stakeholders to meet their interests. It also makes decisions on key management issues and other matters stipulated in the articles of association, with the aim of continued business growth, and supervises directors and executives. In addition to regular quarterly meetings, BOD meetings are held by the chair or appointed directors whenever a resolution of the BOD is required. A resolution is valid if supported by at least half of the votes cast, and with more than half of the BOD members being present, unless otherwise stipulated in the relevant laws. The BOD runs sub-committees that are in charge of certain roles to strengthen the supervision and execution of the duties of the directors while enhancing expertise and efficiency in decision-making. The sub-committees are the Audit Committee, the Outside Director Candidate Nomination Committee, and the Corporate Governance & Communication Committee.

Audit Committee

The Audit Committee, which is comprised of four outside directors to ensure transparency and independence, is responsible for auditing the company's finances and operations. It also requires directors to provide information on business operations and investigates the financial status of the company, which is then reported to the BOD. In addition, it communicates with external auditors about the plans and the results of audits of the company's financial statements to perform efficient auditing work.

Outside Director Candidate Nomination Committee

The outside directors of the BOD have all been screened by the Outside Director Candidate Nomination Committee and appointed with approval from shareholders at the annual general meeting (AGM). When designating new outside directors, Hyundai submits a 'Confirmation of Qualification for Outside Director' to Korea Exchange that ensures the independence of new directors and other legal compliance. As of now, more than half the Committee members are outside directors: two internal directors — Mong Koo Chung and Wonhee Lee — and three outside directors — Se Bin Oh, Sung Il Nam, and You Jae Yi.

Corporate Governance & Communication Committee

In 2015, the Ethics Committee was expanded and renamed Corporate Governance & Communication Committee, and all four of its members are outside directors to ensure its independence and transparency. The Committee deliberates on and reviews important business matters, internal transactions for their transparency, and ethics management. A director in the Committee is assigned to protecting shareholder rights, acting on behalf of shareholders, and functioning as a communication channel between the BOD and shareholders by attending briefing sessions for investors and non-deal roadshows for overseas investors.

Thanks to these efforts aimed at improving shareholder interest, Hyundai in 2015 paid out interim dividends for the first time; and total dividends also rose substantially from the previous year. The company also announced the Corporate Governance Charter to promote transparent and responsible management under the supervision of an independent and professional BOD. The Committee will continue to improve the transparency of the BOD and expand shareholder participation, while finding better policies and activities to promote shareholder rights. By so doing, the Committee will play an important role in helping the company share its future growth strategy with its shareholders and achieve sustainable growth.

Vision of the Corporate Governance & Communication Committee

Being a socially responsible company by increasing shareholder returns, strengthening shareholder communications, improving the transparency and expertise of the BOD

Finding ways to build a corporate governance system that meets global standards

More shareholder returns	More communication with shareholders	More transparency	More expertise
Continuous effort to raise dividend	Having more NDRs	Corporate Governance Charter announced and posted on the company website	Education of outside directors
To the level of other global automakers in the mid-to long-term	Meeting with major investors	Sharing information about activities of the Corporate Governance & Communication Committee	Hosting seminars by governance experts outside the company

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Corporate Governance Charter

Goal		
To publicize our will to improve corporate governance and earn shareholder trust by declaring the Corporate Governance Charter which emphasizes our pursuit of transparent management To establish the framework of improving corporate governance by enacting operational regulations of the BOD and the Corporate Governance & Communication Committee		
Process		
Feb. 2016 The BOD Resolution on the Charter	Mar. 11, 2016 Announced the Charter at the AGM	Mar. 2016 ~ Posted on the company website
Features		
Insisting our will to build advanced corporate culture based on stable, transparent governance system Stipulating rights and responsibilities of shareholders, and composition and roles of the BOD Indicating the founding purpose of the Corporate Governance & Communication Committee and its operational regulations Stating responsibility of an audit organization and its obligation to fair disclosure		

Hyundai Corporate Governance Charter
<http://worldwide.hyundai.com/WW/Corporate/InvestorRelations/CorporateInformation/CorporateGovernancebrCharter/Preface/index.html>

BOD Status

Information on the BOD of Hyundai, including the composition of the BOD and sub-committees, BOD resolutions, profiles of BOD members, their attendance and salaries, is available in our business reports and on the company website. The AGM is notified three weeks in advance, earlier than the standard two weeks stipulated in the commercial law, so that shareholders have sufficient time to examine the agenda in detail. We also notify shareholders with holdings of less than 1% about the AGM, so that all shareholders can benefit from their rights and interests.

In 2016, in particular, the company disclosed its audit report two weeks rather than one week before the AGM as done in the previous years. In addition, we directly reported to shareholders on the appointment of an independent auditor at the AGM, all in an effort to bolster the prompt and transparent disclosure of information we pursue. Although the BOD can approve financial

Activities of the Corporate Governance & Communication Committee

Category	Detail						
Governance NDR	<table border="0" style="width: 100%;"> <tr> <td style="width: 15%;">Date</td> <td>July 6th ~ 9th, 2015 (3 days and 4 nights)</td> </tr> <tr> <td>Purpose</td> <td>Listening to opinions of major overseas shareholders on the establishment of the Corporate Governance & Communication Committee and explaining related issues to them</td> </tr> <tr> <td>Participants</td> <td>Outside director in charge of protecting shareholder interest, CFO, Executive in charge of IR</td> </tr> </table>	Date	July 6th ~ 9th, 2015 (3 days and 4 nights)	Purpose	Listening to opinions of major overseas shareholders on the establishment of the Corporate Governance & Communication Committee and explaining related issues to them	Participants	Outside director in charge of protecting shareholder interest, CFO, Executive in charge of IR
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Governance Improvements

Category	Detail				
Meeting with major investors	<table border="0" style="width: 100%;"> <tr> <td style="width: 15%;">Overview</td> <td>Meeting with governance personnel at major institutional investors (Including meetings with outside directors) • National Pension Service (Sep. 3, Dec. 8), BlackRock (Sep. 10), APG (Sep. 11, Dec. 2) Hermes (Oct. 7), Finepoint (Dec. 8)</td> </tr> <tr> <td>Detail</td> <td>Current status of Hyundai's corporate governance; plans to operate the Corporate Governance & Communication Committee</td> </tr> </table>	Overview	Meeting with governance personnel at major institutional investors (Including meetings with outside directors) • National Pension Service (Sep. 3, Dec. 8), BlackRock (Sep. 10), APG (Sep. 11, Dec. 2) Hermes (Oct. 7), Finepoint (Dec. 8)	Detail	Current status of Hyundai's corporate governance; plans to operate the Corporate Governance & Communication Committee
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Detail	Current status of Hyundai's corporate governance; plans to operate the Corporate Governance & Communication Committee				
Meeting with major governance institutions	<table border="0" style="width: 100%;"> <tr> <td style="width: 15%;">Overview</td> <td>Meeting with a proxy advisory firm and governance advisory institutions • ISS (Proxy advisory firm, Nov. 17), ACGA (Asian Corporate Governance Association, Oct. 27), GES (European governance advisory institution, Dec. 11)</td> </tr> <tr> <td>Detail</td> <td>Importance of improving corporate governance; plans to secure expertise and independence of BOD</td> </tr> </table>	Overview	Meeting with a proxy advisory firm and governance advisory institutions • ISS (Proxy advisory firm, Nov. 17), ACGA (Asian Corporate Governance Association, Oct. 27), GES (European governance advisory institution, Dec. 11)	Detail	Importance of improving corporate governance; plans to secure expertise and independence of BOD
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Detail	Importance of improving corporate governance; plans to secure expertise and independence of BOD				
Governance seminar	<table border="0" style="width: 100%;"> <tr> <td style="width: 15%;">Overview</td> <td>Inviting specialists outside the company for governance trainings to improve expertise of BOD (Dec. 22)</td> </tr> <tr> <td>Detail</td> <td>BOD roles for internal control; cases of other companies</td> </tr> </table>	Overview	Inviting specialists outside the company for governance trainings to improve expertise of BOD (Dec. 22)	Detail	BOD roles for internal control; cases of other companies
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Detail	BOD roles for internal control; cases of other companies				

statements and dividend payments under the current law, Hyundai handles these at the AGM, to promote a focus on the shareholder. We communicate with the market by improving transparency in governance through strict compliance with the relevant laws, and by sharing with major stakeholders our mid-to long-term roadmap, including plans on R&D investment.

BOD Status

	Name	Title	Committee	Role	Date of appointment	Term	Gender
Internal Directors	Mong Koo Chung	Chairman & CEO	Outside Director Candidate Nomination Committee	CEO, Chair of the BOD, Chair of the Outside Director Candidate Nomination Committee	Mar. 14, 2014	3 years	Male
	Eul Sun Chung	Vice Chairman			Mar. 11, 2016	3 years	Male
	Gap Han Yun	President & CEO		CEO	Mar. 13, 2015	3 years	Male
	Wonhee Lee	President & CEO	Outside Director Candidate Nomination Committee	CEO	Mar. 11, 2016	3 years	Male
Outside Directors	Se Bin Oh	Outside Director	Audit Committee, Corporate Governance & Communication Committee, Outside Director Candidate Nomination Committee	Chair of the Corporate Governance & Communication Committee	Mar. 14, 2014	3 years	Male
	Sung Il Nam	Outside Director	Audit Committee, Outside Director Candidate Nomination Committee	Chair of the Audit Committee	Mar. 11, 2016	3 years	Male
	You Jae Yi	Outside Director	Corporate Governance & Communication Committee, Outside Director Candidate Nomination Committee	In charge of protecting shareholder rights	Mar. 11, 2016	3 years	Male
	Dong Kyu Lee	Outside Director	Audit Committee, Corporate Governance & Communication Committee		Mar. 13, 2015	3 years	Male
	Byung Kook Lee	Outside Director	Audit Committee, Corporate Governance & Communication Committee		Mar. 13, 2015	3 years	Male

* As of March 11, 2016

Qualifications for Directors

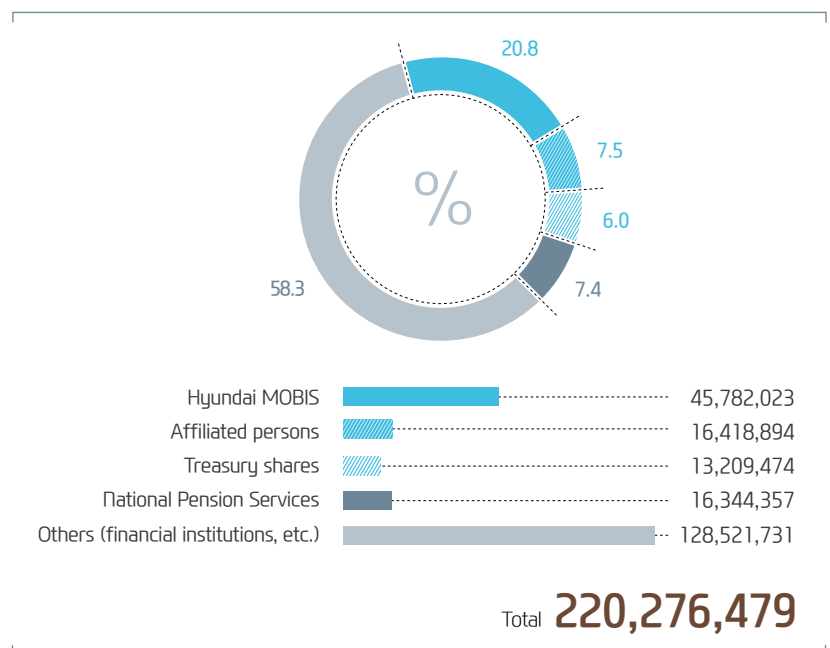
Hyundai's directors are required to hold qualifications as specified in relevant laws and regulations, possess exemplary ethical and professional value sets, diligently exercise the duty of representing the rights and interests of shareholders and other stakeholders in a balanced manner. They also should be able to allocate sufficient time to the conduct of their duties, and demonstrate strategic thinking, practical knowledge, and the mature ability to make judgment as well as a strong sense of responsibility. Outside directors are required to have expertise and experience in finance, economy, management, law, accounting, or relevant fields. They are also required to have no major conflicts of interest with the company and make independent decisions.

Expertise of the BOD

Outside directors of Hyundai visit production plants and research centers at home and abroad on a regular basis to enhance their expertise. Also, the company helps them better perform their duties by providing educational opportunities at professional institutions outside the company.

Shareholders

(Unit: Share — ordinary share)



* As of December 31, 2015

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- Sustainability Management Materiality Analysis

Creating and Sharing Economic Value

Our pursuit of innovation as a global automaker and our responsible approach as a corporate citizen will help us achieve sustainable growth with our stakeholders.

Global Business Performance

In 2015, the automobile industry grew 2%, the lowest since 2010, due mainly to a recession in emerging markets caused by falling prices of oil, raw materials and other commodities as well as by uncertainties in global politics. Despite these challenging circumstances, Hyundai sold 4.96 million vehicles worldwide, continuing its growth trend. In addition, the company has been enhancing the brand value of Hyundai by launching all-new global luxury brand 'Genesis' and introducing a new line-up of eco-friendly vehicles.

Market Share

(Unit: %)

	2013	2014	2015
Korea	41.6	41.2	38.9
Overseas	5.1	5.1	4.9
Global	5.7	5.8	5.6

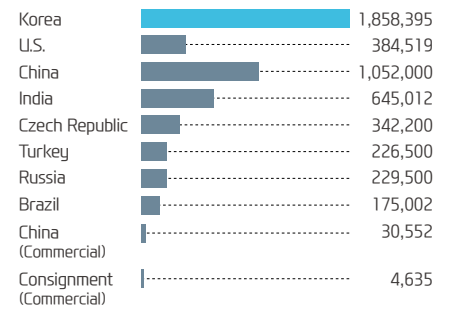
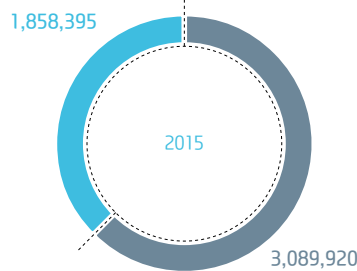
Global Production

Hyundai has an annual 4,915,000 unit production capacity, led by its Korean plants equipped to produce 1.78 million vehicles, followed by eight overseas subsidiaries, in China, India, the Czech Republic, and other countries, whose combined production capacity stands at 3,135,000 units. In 2015, we increased the production capacity of Hyundai Motor Manufacturing Czech to over 30,000 units as part of the strategy of expanding our presence in Europe and securing supply flexibility in the global market. In addition, to advance into the small commercial semi-bonnet car market of Europe, we signed a strategic partnership agreement with Karsan of Turkey and established a local production base. In 2016, our fourth plant in China, with a production capacity of 300,000 units, will begin its operation and contribute to expand sales in the Chinese market.

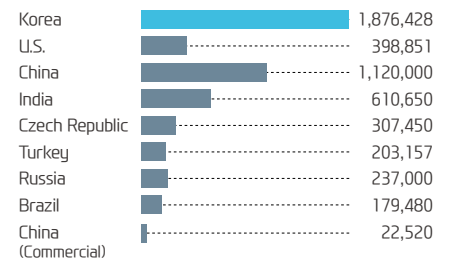
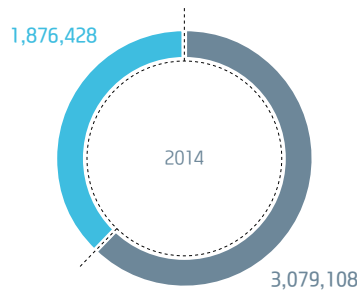
Global Production

(Unit: Vehicle)

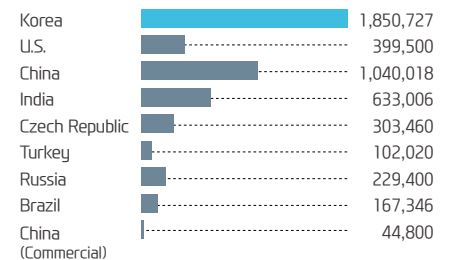
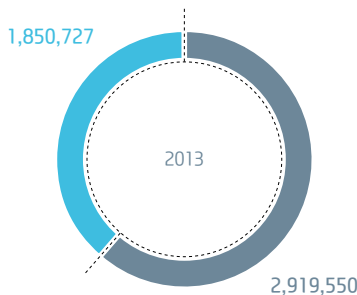
- Korea
- Overseas



Total 4,948,315



Total 4,955,536



Total 4,770,277

Global Sales*

In 2015, the global automobile industry grew at a record low rate, mainly attributable to worsening economies in emerging markets. Hyundai, however, set a record in its sales history by selling 4,964,831 vehicles globally, 1,296 units more than the previous year. In Korea, our sales rose 4.2% over the previous year, thanks to the strong sales performance of the Sonata, and the launch of New Avante and All New Tucson. In addition, the launch of the G90, the first model of our global luxury brand Genesis, contributed to enhancing the brand value of Hyundai. The number of Hyundai vehicles sold overseas, however, decreased by 0.6% to 4,250,710 vehicles, owing mainly to a 5.7% sales decrease in China where the growing popularity of SUVs has had a negative effect on sales of sedans. The ratio of overseas sales to total sales is about 86%, similar to that of the previous year.

By region, the company sold 940,171 vehicles in North America, 1.8% more than the previous year, as low interest rates and falling oil prices fueled the growth of SUV sales. In Western Europe, sales grew 9.1% year-on-year to 476,530 vehicles, as the European Central Bank's interest rate cuts and quantitative easing contributed to improve the appetite of auto consumers. In India, the biggest market among the emerging economies, stable exchange rates and continued interest rate cuts, as well as our localization strategy, helped push the number of Hyundai vehicles sold to 476,001, a 15.7% increase. Of particular note, the launch of the compact SUV Creta and the new i20 drove the growth. In 2016, we aim to reach the 5 million mark and set a new record in our history of global sales.

Global Sales*

(Unit: Vehicle)

	2013	2014	2015
Korea	640,865	685,191	714,121
Overseas	4,091,668	4,278,344	4,250,710
Total	4,732,533	4,963,535	4,964,831

* Based on shipments

Business Performance

Financial Highlights

(Unit: KRW billion)

		2013	2014	2015
Consolidated	Sales	87,308	89,256	91,959
	Operating profit	8,315	7,550	6,358
	Net profit ¹⁾	8,993	7,649	6,509
	EBITDA ²⁾	10,867	10,100	9,152
Separate	Sales	41,691	43,046	44,440
	Operating profit	3,721	3,735	4,267
	Net profit	5,182	4,914	5,435
	EBITDA ²⁾	5,341	5,349	6,047

¹⁾ Includes minority interest

²⁾ Operating profit + depreciation of tangible assets + depreciation of real estate held for investment + depreciation of intangible assets

Sales by Overseas Subsidiary

(Unit: KRW billion)

	2013	2014	2015
HMMA	7,385	7,437	7,510
BHMC	19,433	19,756	19,203
HMI	4,737	4,637	5,404
HAOS	1,816	2,744	3,186
HMMC	5,450	5,398	5,794
HMMR	2,751	2,384	1,930
HMB	2,384	2,263	1,710

* Based on sales performance before adjustment for consolidation

Sustainability Management System

Corporate Governance

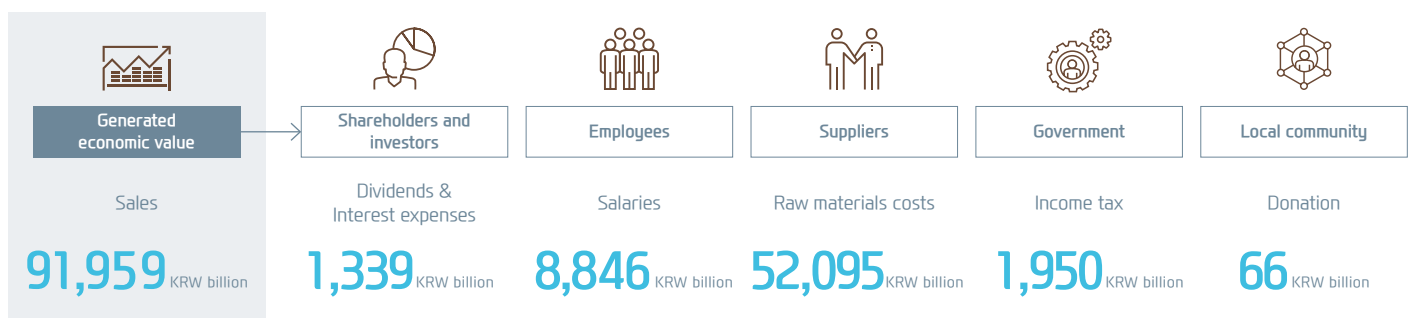
Creating and Sharing
Economic ValueSustainability Management
Materiality Analysis

Distribution of Economic Gains

We share our economic gains with our stakeholders, including shareholders, investors, suppliers, local communities and government agencies, as part of our commitment to fulfilling our social responsibilities.

Hyundai will continue to flourish through economic growth and stability, and to share more value with our stakeholders.

Distribution of Economic Value in 2015



* Consolidated figures basis

Distribution of Economic Value by Stakeholder

(Unit: KRW billion)

		2013	2014	2015	
Consolidated	Shareholders and investors	Dividends	534	817	1,080
		Interest expenses	341	300	259
	Employees	Salaries	8,308	8,538	8,846
	Suppliers	Raw materials costs	47,354	49,677	52,095
	Government	Income tax	2,703	2,302	1,950
	Local community	Donation	75	71	66
	Total		59,315	61,705	64,297
Separate	Shareholders and investors	Dividends	534	817	1,080
		Interest expenses	121	123	111
	Employees	Salaries	5,994	6,211	6,259
	Suppliers	Raw materials costs	25,844	26,311	26,740
	Government	Income tax	1,142	1,194	1,245
	Local community	Donation	57	50	51
	Total		33,692	34,706	35,484

* Adjustment of information disclosed in the previous reports: The calculation of the economic value distributed through business operations has been replaced with the disclosure of data disclosed in the company's business report, a material submitted to the Financial Supervisory Service for public disclosure, exclusive of internal data, such as training expenses, outsourcing labor expenses, and direct expenses for operating social contributions; thereby economic value distributed via employees, suppliers, government, and local communities for the year 2013 and 2014 has been recalculated and thus disclosed.

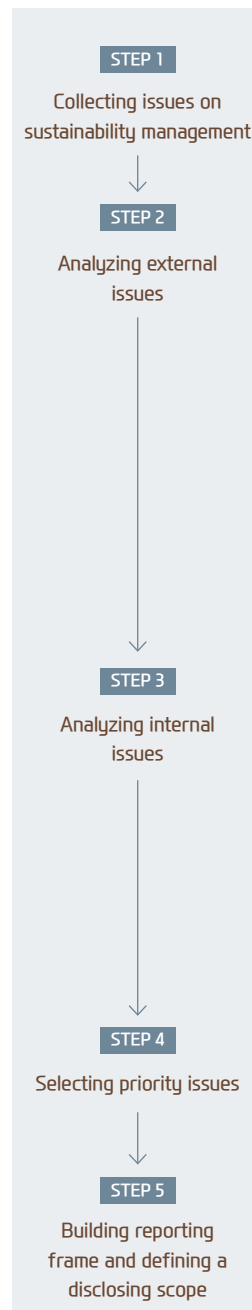
Sustainability Management Materiality Analysis

We chose major issues of sustainable management carefully based on the stakeholder perspective and report them transparently, clearly and efficiently.

Materiality Analysis

Our sustainability reports focus on high priority issues that have been identified, through rigorous analysis of internal and external issues, as being of highest interest to stakeholders and as having a major impact on business operations. In 2015, to identify high priority issues and measure their materiality, we analyzed the agendas of subjects discussed at the meetings of top management, assessed their relevancy to management strategies, and conducted a survey among staff members of key areas responsible for sustainability management. In addition, as part of our transparent information disclosure policy, we sought to share information of other auto companies' sustainability management practices deemed pertinent to stakeholder interest. We will continue to publish sustainability reports that contain the information that is most important to our stakeholders, and will ensure that our sustainability activities are communicated in full through those reports.

Materiality Analysis Process



We brought together key issues from existing sustainability reports, and formed a pool of 31 issues which reflect amended regulations and our own management policies.

1. Media coverage analysis

More than 233,000 news articles relevant to sustainability management were identified, of which 8,926 articles were analyzed. Key issues were classified into categories such as the economy, the environment and society, and then divided into positive and negative.

2. Global guideline analysis

The latest sustainability management guidelines, such as GRI G4, the UN Global Compact, ISO 26000 and DJSI, were analyzed as regards to their reporting requirements and guidelines.

3. Competitor and industry leader benchmarking

Sustainability reports by other automobile manufacturers were analyzed for best practices.

1. Connectivity analysis with respect to management strategy

Among agenda items reported or submitted for approval to BOD, management strategy council and other regular meetings of top management, 31 items deemed relevant to sustainability issues were analyzed.

2. Financial/non-financial evaluations

Through employee surveys, financial impacts (revenues, profits, sales volume, production cost, etc.) and non-financial impacts (reputation, brand image, PR effects, etc.) of issues were evaluated.

Priority of each issue was identified through step 2 and 3, and we defined a reporting scope by considering the impact of the priority issues on stakeholders.

Issues deemed high in materiality were reported in a descriptive manner, detailing 2015 performances, mid- to long-term direction and key data by issue.

- Sustainability Management System
- Corporate Governance
- Creating and Sharing Economic Value
- Sustainability Management Materiality Analysis

Materiality Analysis Results

Major Issues

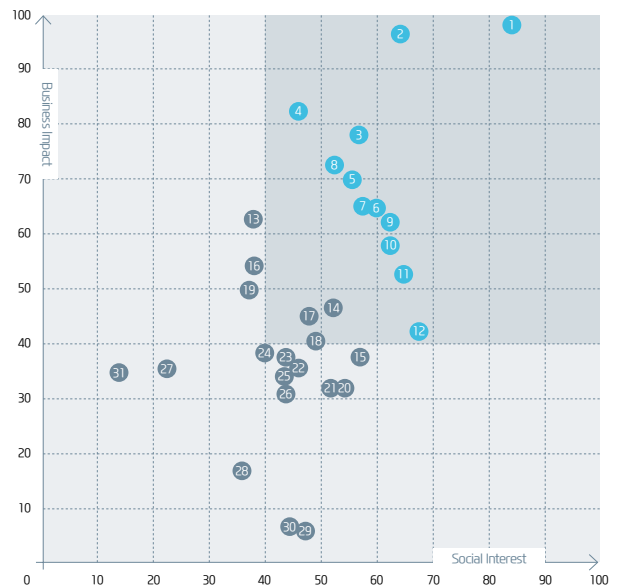
- Composite Ranking
- Social Interest
- Business Impact
- Previous Ranking
- Page

●	Issue	● ●	Stakeholders	○	Analysis on materiality change	●
1	Product and service quality	1 1	Customers, Suppliers, Shareholders/Investors	1	Chosen as the top priority issue as last year	8-9, 11, 60-70
2	Labor-management relations	4 2	Employees, Customers	3	Chosen as a top priority issue as last year, but grew a bit in materiality due to strikes for four years in a row and delays in wage negotiations	14, 102-103
3	Economic performance	10 4	Shareholders/Investors, Employees	2	Chosen as a top priority issue as last year	10-11, 55-57
4	Development of eco-friendly products	20 3	Customers, Shareholders/Investors, Local community	4	Social interest decreased due to low oil prices and other factors, but business impact was assessed high due to the launch of eco-friendly vehicles, such as the IONIQ	22-27, 77-81
5	Greenhouse gas emissions management	11 6	Local community, Employees, Government	27	Sharply increased in materiality due to the growing business relevancy to such responses to climate change as Korea's emission trade system and the 2015 Paris Agreement*	82-84
6	Ethics and compliance management	7 8	All stakeholders	11	Somewhat increased in materiality as social interest and criticism spiked following the Volkswagen scandal which led to product boycotts, hefty fines and other negative financial impacts	48-50
7	Financial/non-financial risk management	8 7	All stakeholders	22	Sharply increased in materiality due to the growing importance of compressive risk management in response to uncertainties in the business environments amid a continued global economic recession	50-51
8	Compensation and benefits	14 5	Employees	17	Sharply increased in materiality recording high in business impacts for its connectivity with labor-management relationship and economic performance, whereas low in social interest	108
9	Corporate governance	6 10	Shareholders/Investors, Employees	18	Moderately increased in materiality following the launch of the Corporate Governance & Communication Committee and other related activities in response to a growing social interest in corporate governance	14, 52-54
10	Suppliers management	5 11	Suppliers, Customers, Employees	8	Chosen as a priority issue as last year	93-97
11	External stakeholder communication	3 13	Customers, Suppliers, Shareholders/Investors, Government, Local community	6	Somewhat decreased in materiality due mainly to relatively low business impact despite high social interest	12-13, 15, 51
12	Social contribution	2 17	Local community	10	Chosen as a top priority issue in the aspect of social interest due to growing calls for more active corporate participation in addressing social issues	16-19, 28-33, 112-127

* The agreement within the framework of the United Nations Framework Convention on Climate Change, signed at the Paris climate conference (COP21) in December 2015, to establish a new climate change management system after the expiration of the Kyoto Protocol which was adopted in 1997 and is to be expired 2020

Other Issues by Stakeholder

● Issue	Stakeholders	● Issue	Stakeholders
13 Job creation and retention	Employees, Local community	23 Management of pollutants and harmful substances	Local community, Government
14 Employee communication	Employees	24 Participation in public policy	Government
15 Sustainability management system	All stakeholders	25 Management and recycling of raw materials	Local community
16 Support for suppliers	Suppliers, Customers, Employees	26 Waste discharge management	Local community
17 Strengthening environmental management system	Local community, Employees	27 Management of impact on society	Local community
18 Improvement of energy consumption and efficiency	Local community, Employees	28 Awards and agreements regarding sustainability management	All stakeholders
19 Voluntary compliance to international standards	All stakeholders	29 Biodiversity	Local community
20 Employees' human rights and diversity	Employees, Local community	30 Water resources management	Local community
21 Employees health and safety	Employees	31 Strengthening security management	Customers, Employees
22 Human resources development and career development	Employees		



01 Product Responsibility

2015 PERFORMANCE



Launched the Genesis G90 and the Sonata Plug-in Hybrid Electric Vehicle (PHEV)*

* Chosen as one of the 2016 Ward's 10 Best Engines by WardsAuto, for the first time in the world for a PHEV powertrain

Unveiled the Lambda 3.3 Turbo engine mated with a front-wheel-drive 8-speed transmission, and exclusively developed an electronic system to control gasoline engines and transmissions



Facts & Figures

G L O B A L L Y



Our footprint is global

MANAGEMENT APPROACH

All products of Hyundai are made with the aim of caring for our customers. We strive to offer superior quality and innovative safety and convenience features, so that customers feel cared for, and are proud of driving their vehicles. To achieve this, we focus on accelerating vehicle performance, to enhance the pleasure of driving. In particular, we put our efforts on offering features and technologies to ensure product quality, by carrying out thorough analysis on values that customers truly appreciate and through “emotional product quality”.

Moreover, Hyundai always reacts proactively to the rapidly changing automobile industry, in order to secure our leadership in vehicle safety and convenience, which in turn will provide new value to our customers. To pursue ‘Quality Excellence & Customer Focus’ which exceeds customer expectations, we look beyond everyday quality issues to explore all potential problems. In doing so, we improve the durability and quality of our products.



LOCAL

And yet truly local

Plan for 2016

- Launch new localized strategic models: Verna and Yuedong for China; and the i30 for Europe
- Strengthen new electronic technologies and upgrade autonomous driving technologies
- Build mobile booths to expand 'the Before Service' and provide the Hyundai mobile experience area in Europe
- Expand connectivity technology and offer customized services, based on phone connectivity, in local markets
- Have more channels and programs for customer communication

Mid-to Long-term Direction

- Achieve "zero casualty" by improving technologies which help drivers avoid accidents
- Mass-produce advanced autonomous driving vehicles by 2020, and fully autonomous vehicles by 2030
- Maintain global quality management to satisfy customers and meet market demands
- Improve the development processes for our luxury vehicles to ensure the success of the Genesis brand
- Offer the best customer communications programs



The Creta (a compact SUV localized for the Indian market) won the coveted 'Indian Car of the Year'; the Xcient (a heavy duty truck, locally named "Changhu" in China) was chosen as the "Truck of the Year" in China; and the G90 was named the best car of the year in Korea

Launched the 'Maum Dream' event and conducted a "car-to-car" test to improve customer communication



PRODUCT RESPONSIBILITY

63

Developing Safety Technologies for Future

Development of Autonomous Driving Vehicles	63
Development of Collision Damage Mitigation Technology	65
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Brand Innovation Based on Quality and Service

Improving Product Quality	68
Improving Services	69

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Enhancing Customer Value

Improving Customer Communication	71
Enhancing Customer Satisfaction	72
Protecting Customer Information	72

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Global Highlight

India	73
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Key Sustainability Data

Indicators	Unit	2013	2014	2015
Sales	Vehicle	4,732,533	4,963,535	4,964,831
New Vehicle Quality Index ¹⁾ [Ranking]	PP 100 ²⁾	106 [5th]	94 [1st]	95 [2nd]
No. of customers experienced the Before Service — Overseas	Person	4,300,000	4,340,000	4,750,000
No. of customers participated in customer satisfaction survey — Korea	Person	2,800	3,100	4,000
Hyundai Global Satisfaction Index — Overseas	Score (Out of 1,000)	835 (22 countries)	841 (25 countries)	882 (26 countries)
Hyundai Customer Satisfaction Index — Korea	Score (Out of 100)	80.4 (2nd)	82.0 (1st)	81.8 (1st)

1) Initial Quality Study (IQS) conducted by the J.D. Power and Associates, a U.S.-based global marketing information services firm; the IQS scores a vehicle 90 days after its purchase based on the number of complaints per 100 units

2) Points per 100 vehicles

Stakeholder Interview

What do you think are the strengths of the Hyundai brand?

Hyundai is well positioned in Brazil. It has overcome difficult market conditions by understanding market trends, and by providing high-quality products and customer satisfaction. The most competitive aspects of Hyundai are its constantly evolving product line-up, and the ten year warranty, backed by its quality management guideline, 'The Hyundai Way is the Quality Way'. Hyundai also helps dealers to build pleasant, modern dealerships, and offers other support, which is another major plus for dealers from Hyundai. All these efforts are improving its brand competitiveness in the Brazilian market.

How do you expect Hyundai to help local dealers improve their retail sales?

Hyundai's current dealer assistance programs are good. However, I would like to suggest the following: firstly, improving price competitiveness over major competitors; secondly, providing financial support at favorable interest rates as low as those of major competitors; and last but not least, regular public relations activities, including retail sales promotions, TV commercials and other media exposure on a regular basis.

What is your company's core competitiveness?

We are a full-service car dealership, selling vehicles from eight brands including Hyundai. All our businesses and services are completely aimed at customer satisfaction. We undertake active promotions for retail sales, and preemptively respond to market conditions by sharing strategies with our automakers, including Hyundai. In addition, we are well-located and equipped with high-end facilities.

Interviewee

Fernando Coelho
CEO, Grande Coreia Agency in Fortaleza, Brazil

Car dealer who sells products from eight automakers, including Hyundai

69-70

Developing Safety Technologies for Future

Classification	2015 Performance	Mid-to Long-term Direction
Development of autonomous driving vehicles	<ul style="list-style-type: none"> Applied safety and convenience features, such as Highway Driving Assist (HDA) and Driver Attention Alert (DAA) systems, to the Genesis G90 Unveiled the R-Car (Research Car), a pilot model for an autonomous driving vehicle Obtained an autonomous driving license in the U.S. state of Nevada 	<ul style="list-style-type: none"> Mass-produce advanced autonomous driving vehicles by 2020 (Investment of KRW 2 trillion)
Development of collision damage mitigation technology	<ul style="list-style-type: none"> The Aslan was named to be the safest care in Korea The Sonata recoded the highest score at the China-New Car Assessment Program (C-NCAP) The Tucson received '5★' at the Euro NCAP, and chosen as the Top Safety Pick Plus* by the U.S. Insurance Institute for Highway Safety 	<ul style="list-style-type: none"> Develop weight-reduced robust body structure optimized for each product line-up.
Vehicle IT technology	<ul style="list-style-type: none"> Collaborated with global IT firms for joint R&D on smartphone connectivity <ul style="list-style-type: none"> Google: Applied the Android Auto to the LF Sonata for the North American market, the world first ever among mass-produced cars (April 2015) Apple: The development of CarPlay under way Baidu of China: Formed partnership for connected car technology (January 2015) 	<ul style="list-style-type: none"> Improve vehicle-to-external (V2X) connectivity <ul style="list-style-type: none"> Upgrade car safety (eCall, V2X technologies) Expand driver convenience (Internet of Things, smart home connectivity) Develop vehicle intelligence technologies <ul style="list-style-type: none"> Develop customized services based on voice or context recognition system Lead IT convergence technology

* Received the highest grade 'Good' on every evaluation item of all crash tests including small overlap

Development of Autonomous Driving Vehicles

The ultimate goal of Hyundai's vehicle safety technology is "zero casualty", by helping drivers to avoid accidents. Our commitment not only to driver safety, but also to the safety of passengers and pedestrians is reflected in our efforts to develop autonomous self-driving cars. Autonomous driving technology recognizes driving conditions using sensors, and can then control driving without input from the driver. Hyundai is pushing the development of autonomous driving vehicles, with the target of commercialization by 2020.

Safety and Convenience Features of the G90

Highway Driving Assist System The Highway Driving Assist (HDA) system, which was first applied to the G90 in 2015, is a smart cruise mechanism equipped with Lane Departure Warning System (LDWS) and Rack-Motor Driven Power Steering (R-MDPS). The LDWS detects lanes, and keeps the car in its lane with steering assistance from the R-MDPS until the vehicle gets

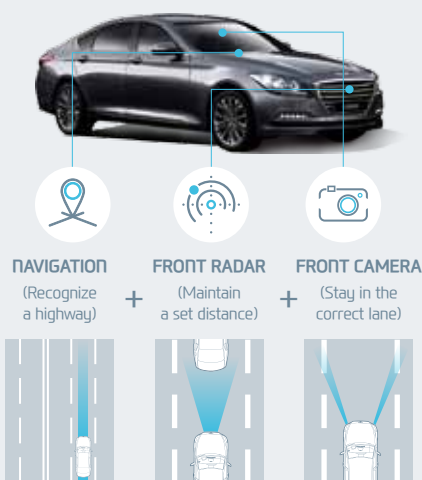
to its destination, safely and comfortably. In addition, if, for example, a vehicle is in smart cruise mode at 110km/h on a 110km/h speed-limit highway and then joins a 100km/h speed-limit highway, the vehicle is automatically caused to run at 100km/h.

Driver Attention Alert System The Driver Attention Alert (DAA) system analyzes driving patterns based on information from the LDWS camera installed behind a room mirror. If the driver is driving too close to the edge of a lane or making sudden lane changes or steering movements, a careless driving indicator is displayed on the instrument cluster. If these driving patterns are repeated, a warning message and an alarm encourage the driver to get some rest. The DAA system can be activated when a vehicle is running at between 60km/h to 180km/h, on any type of road.

KEY FEATURES

Highway Driving Assist System

Safety and convenience system to maintain a set distance from the vehicle ahead, and help the car stay in the correct lane on a highway



NAVIGATION
(Recognize a highway) + **FRONT RADAR**
(Maintain a set distance) + **FRONT CAMERA**
(Stay in the correct lane)

- **Maintaining a set distance and the correct lane**
 - Improving the safety and convenience of long-distance driving and traffic congestion
- **Working in partnership with a navigation system**
 - Control speed by recognizing speed limits
 - Recognize if a car joins a highway
 - Automatically deactivated at junctions, exits, ramps and toll gates
- **Available speed range**
 - Up to 150km/h

* Speed range extended to include lower speed: lane keeping assistance is available at 60km/h or faster

Driver Attention Alert System

Alert system to call driver's attention and encourage to have a break by analyzing driving pattern and estimating the level of fatigue

Key Features

1 → 2 → 3

Recognition	Detection	Warning
FRONT CAMERA	FRONT CAMERA	POP-UP ALERT
Lane monitoring: Steering/torque, Acceleration/ deceleration signal, Turn signal	Analyzing careless driving patterns	Careless driving level, Pop-up alert on cluster

Key Specifications

G90

Analysis signal	Lane information	Recognition
	Steering patterns, Acceleration/ deceleration pedal	Recognition
Warning condition	Limit on early driving period	10 minutes driving after break time
	Limit on repetition	1 minute
Measure for long-time driving		1 level increase for each hour of unrested driving
Measure for normal driving		Controlling turn signals and acceleration/ deceleration pedals
Reflection of driving tendency		Available in 'Normal' and 'Early' modes
Indicating/warning method		Level/Pop-up

Careless Driving Patterns



Zigzag A pattern in which a vehicle's movement fluctuates horizontally within a lane



Unintentional lane departure A pattern in which a vehicle slightly departs the lane and gets back



Abrupt steering A pattern in which a vehicle's handle is steered abruptly after being hardly steered



Insufficient steering A pattern in which the driver loses grip of the handle and the vehicle is being tilted to edge of a lane

R Car and Autonomous Driving License in Nevada

In 2015, Hyundai unveiled the R Car (Research Car), a pilot model for an autonomous driving vehicle, based on the Tucson. The R Car is equipped with Hyundai's technologies of the future, including the world's first mass-produced eco-friendly fuel cell. In addition, the LiDAR sensor, installed near the license plate, sends out beams to enable the car to dodge obstacles. The R Car's roof has solar panels for power generation, and eco-friendly interior materials on its doors.

In addition, the company has obtained an autonomous driving license for highways in the U.S. state of Nevada, to test four of its self-driving vehicles, including the Tucson FCEV. This was particularly pleasing for Hyundai as Nevada is strict in issuing driving licenses for autonomous vehicles, and requires detailed presentations on the technology and road tests of the vehicles. The models which now can be tested on public roads in Nevada have various Advanced Driver Assistance Systems (ADAS) developed by Hyundai, including Traffic Jam Assist (TJA), Emergency Stop System (ESS), and the Narrow Passage Assistant System.

Product Responsibility

Eco-friendliness

Suppliers

Employees

Society

Development of Collision Damage Mitigation Technology

Pedestrian Protection Technology

Pedestrian protection technology minimizes injuries to pedestrians in car accidents. Hyundai has developed the Active Hood System, and built it into the Genesis, the Asan and the All New Tucson. We also apply high-efficiency energy absorption structures and materials to bumpers and hoods, the main collision impact spots, to minimize damage and injuries in accidents. In addition, we have increased the number of models with an autonomous emergency braking system, in order to prevent collisions with pedestrians by recognizing their presence on the road.

Robust Body Structure

Hyundai has continued to focus on developing robust body structures that are optimized for each of its products, and based on our mid-to long-term platform strategy. As the backbone of a vehicle, the body structure is a major factor in driving performance, as well as in controlling noise, vibration and harshness (NVH). It also has a vital role in protecting passengers from the effects of traffic accidents. We are committed to developing robust body structures that can resist collisions from all angles — front, rear, and broadside collisions, and even roll-over. To improve both fuel efficiency and safety, Hyundai is developing a lighter but robust body structure by using Advanced High Strength Steel (AHSS) for more than 50% of the vehicle body, and also by using lightweight materials such as aluminum and carbon composite materials.

Device to Reduce Personal Injury

In the event of a collision, passengers risk severe injury due to their own kinetic energy, even if a robust vehicle frame minimizes deformation of the passenger cabin. Hyundai uses a technology that minimizes impact on passengers by forcibly tensioning the seat belt reel at the moment of impact to reduce injuries to the head, chest, and abdomen. In addition, the nine-airbag system, including front airbags for the driver and passenger, side airbags for front and back seats, curtain airbags, knee airbag for the driver and rollover sensors, is simultaneously deployed to absorb the remaining kinetic energy of the passengers, to minimize severe injuries. Airbag pressure and deployment time automatically vary according to the nature of the collision, which helps with passenger safety. Hyundai also leads in protecting infant and child passengers by offering a child seat as a standard feature.

Vehicle IT Technology

Blue Link Service

We introduced our first telematics service, 'Mozen', in 2003, and the launch of the smartphone-based service Blue Link in 2012 was the beginning of providing telematics services in earnest. In 2013, the second-generation Blue Link was applied to the new Genesis. The new Blue Link comes with the 'Concierge+' service which includes a GPS navigation application, and runs automated self-diagnostics to prompt the driver to visit the nearest Hyundai repair center if needed, as well as existing functions such as smart control, safety/security features, vehicle diagnostics management, and information services. A new 'Blue Link Truck & Bus' telematics service for use with the Trago Xcient, a heavy-duty truck, was launched in 2013. It offers services such as vehicle diagnostics, safety/security features, heating without starting the car, air-conditioning control using a smartphone; it also provides the driver with a Digital Tachograph (DTG)-based real-time control service, optimized for heavy-duty trucks, free of charge for two years. In 2014, we offered a five-year service plan for the first time with the Asan, to improve the safety of our customers.

Blue Link service was launched in North America in 2011, and China in 2012. Hyundai has also launched a new service in North America, the 'Hyundai Assurance Connected Care Program', with various safety and car care features, including automatic collision notification, SOS emergency assistance, vehicle maintenance and recall alert services, to improve driver safety and convenience. In China, the service has been recognized as innovative, safe, secure, and convenient program, thus boosting the product value of SUVs and full-sized cars with high growth potential.

Smartphone Connectivity Technology

With the number of smartphone users continuing to grow, the need for connected services is also increasing. Hyundai therefore, in partnership with global IT companies, is focusing on technologies related to smartphone connectivity, to enable drivers to enjoy a wider range of connected services and contents conveniently and safely in their vehicles.

Connected Car at a Glance

Connecting the 'Car to Life'

With IT rapidly evolving, customers' interest in the Internet of Things (IoT) is also increasing substantially. The car is a good example of the IoT, with extensive data being generated and transferred via in-vehicle networks, which in turn implies a major impact if the in-vehicle IoT can connect outside the vehicle. Hyundai is aiming to create the 'Ultimate Intelligent Car' by developing the services and technologies of the future. A connected car — one with information and communications technology, capable of providing passengers with Internet and mobile connectivity — is fundamental for the automobiles of the future, including self-driving vehicles and eco-friendly cars, for it enables safer and more efficient driving and more convenient use of information outside the vehicle. Just as the convergence of conventional cellphones and connectivity gave birth to smartphones, connected cars will also evolve into different forms of mobility, beyond merely being means of transportation.

The future of Hyundai's connected cars and 4 mid-to long-term service fields

Firstly, smart remote maintenance will remotely diagnose and fix vehicles, without the customer needing to call in at a service center. This will offer substantial convenience — even customers who are not used to IT devices, such as the elderly, will easily be able to deal with unexpected situations, and will not have to wait for emergency services.

Secondly, autonomous driving will provide the utmost in safety by connecting a vehicle to other vehicles and the road infrastructure, taking drivers beyond the limits of what they can simply see. Current autonomous vehicles recognize nearby factors using sensors installed in the vehicle; connected car technology of the future will enable more autonomous driving by also using other vehicles' information, including destination and directions, as well as other information such as traffic conditions.

Thirdly, smart Traffic will reduce energy consumption, speeds up journeys, and minimizes pollution by analyzing traffic and road conditions and the

whereabouts and destinations of other vehicles, in order to inform drivers of the optimal route for their journeys.

Lastly, the connected Mobility Hub will use computing power to make daily life and interaction with cars and their surroundings smarter. The Mobility Hub enables a car to become a "moving life space" in which drivers can access services which were previously only available at home or work.

4 development focus of connected cars: in-vehicle networks, cloud technology, big data, and security system

Hyundai is developing connected car technologies through the 'Open Innovation' partnership with global companies, to support in-vehicle networks, the high-speed transfer of large amounts of data, and integrated security systems. We have also a cloud technology system to collect vehicle data and to provide computing power, based on which our data scientists research and develop products, improve product quality, and listen to customer feedback, among many other services.

The car is the next frontier of the connected life of the future, and these new technologies will help to put mobility at the center of people's lives. Hyundai centers its R&D efforts on connected car technologies, based on which more people will enjoy a new experience of mobility and innovation in their lifestyles.



Product Responsibility

Eco-friendliness

Suppliers

Employees

Society

Vehicle Safety Tests

Vehicle Safety Test Results

In 2015, Hyundai models earned exceptional safety ratings in tests in Korea and overseas. In Korea, the Asan recorded 97.3 points, far higher than competitor vehicles, at the Korean New Car Assessment Program (KNCAP), and was named the safest car of the year by the Ministry of Land, Infrastructure and Transport. Overseas, the Sonata recorded the highest score at the China-KNCAP, 60.7 points out of 62, and obtained a '5★+'

rating. The 2016 Tucson was selected as the Top Safety Pick Plus by the U.S. Insurance Institute for Highway Safety, receiving the highest grade on every evaluation item on all crash tests, including small overlap. The Tucson also received a '5★' rating at the Euro NCAP. These achievements are the fruits of Hyundai's continued commitment to vehicle safety.

'CAR-TO-CAR' EVENT



Background

Hyundai is well aware that customers' trust comes not only from great product quality but also from great communications, and that is why we made extra efforts for customer satisfaction in 2015. In particular, to earn back customer trust in Korea following concerns about product quality and vehicle safety, we undertook regular customer communication programs and a special "car-to-car" event, to test if there was any difference in product quality and vehicle safety between a product made for the Korean market and one made for overseas.

The "car-to-car" test took place on August 22nd 2015. One randomly selected Sonata Turbo manufactured at the Alabama plant in the U.S. and one from the Asan plant in Korea were deliberately crashed front-on, in public. The Korean car was chosen by a well-known Korean blogger, Dae-Hwan Lee, and the overseas model was selected by Professor Pil-Soo Kim from Daelim University College. The vehicles were deliberately crashed into each other at 56km/h with 200 meters in between. Both models were proved to be identical in terms of safety according to the evaluation standards of the Korean KNCAP; both earned passing marks for three major factors, namely A-pillar damage, door opening/closing, and airbag activation. The level of injuries to the dummies inside the cars (head, neck, chest, and upper legs) were calculated to be equal as well. After the success of this test, we will continue to focus on earning customer trust into 2016 and beyond..

Test Conditions

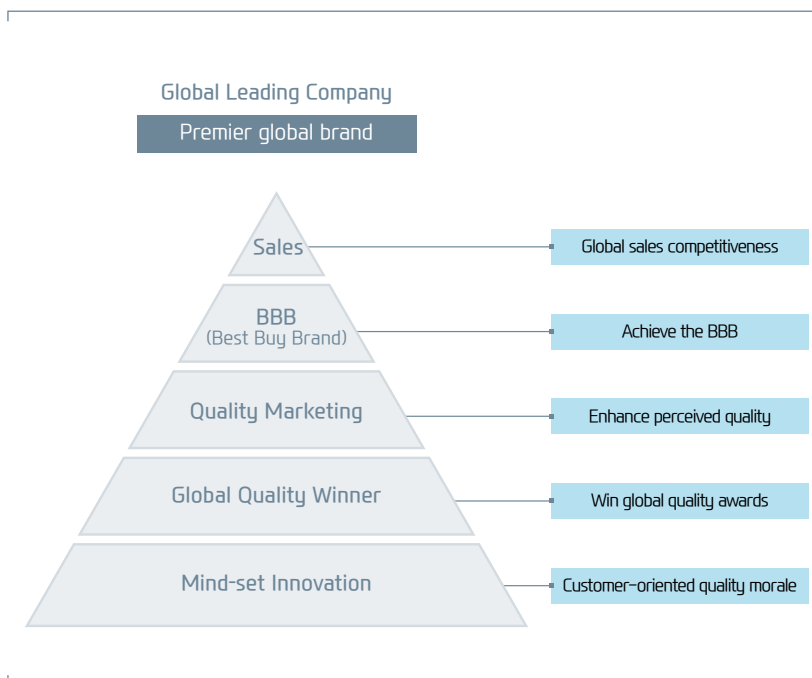
- 100% front-on collision test at 56km/h (KNCAP standards basis)
- Unmanned driving system with a crash test dummy

Brand Innovation Based on Quality and Service

Classification	2015 Performance	Mid-to Long-term Direction
Improving product quality	<ul style="list-style-type: none"> Initial Quality Study (IQS: quality study of new vehicles during the early days of ownership) <ul style="list-style-type: none"> U.S.: 2nd among 21 companies Models: Accent (RB), Tucson (LM) China: 1st among 46 companies Models: Verna, Langdong, Mingtu and ix25 Europe: 3rd among 20 companies, as rated by Auto Bild (2.42 points) 	<ul style="list-style-type: none"> Maximize safety and quality, and minimize customer complaints <ul style="list-style-type: none"> Global product quality management from a customer and market perspective
Improving services	<ul style="list-style-type: none"> Established the base for digitalizing services by expanding the Workshop Automation service system and the digital 'Before Service' Offered 'Before Service' events to 4.75 million customers in 94 countries Launched the '365-day Open Maintenance Service', the first of its kind in the Korean automobile industry 	<ul style="list-style-type: none"> Open the Hyundai Motor Studio Goyang <ul style="list-style-type: none"> The first multipurpose complex in Korea for sales, services and branding Open the service center of the future 4 strategic tasks for overseas customer services <ul style="list-style-type: none"> Green (safety/environment): focus on EV services and customer safety Connected (digitalized): expand Workshop Automation and auto care services Interactive (communication between business sites) Unique (differentiation): provide distinctive services for the Genesis brand and expand the 'Hyundai Assurance+' service

Improving Product Quality

Hyundai Quality Improvement System



Proactive & Creative Global Safety Quality Management

Our quality management philosophy is to provide customers with high quality vehicles that do not break down. To support this, Hyundai has established a 'Proactive & Creative Global Safety Quality Management' system, a company-wide initiative through which everyone at Hyundai communicates and collaborates to bring about the best in safety and quality for our customers. We are also committed to improving throughout the entire quality management chain, from development to manufacturing, sales and after-sales servicing.

In addition, Hyundai has established a customer-based quality management system and 'Q-Cluster', the company-wide comprehensive quality assurance infrastructure. Using these systems, the company aims to detect quality issues and resolve them proactively. In the after-sales servicing aspect, the early detection, early response and the offering of early solutions to quality problems enables Hyundai to avoid serious product safety and quality issues in advance, so that we can provide our customers with the highest quality, safest vehicles possible.

Product Responsibility

Eco-friendliness

Suppliers

Employees

Society

Quality Assurance to Best Respond to Customer Safety

There is increasing focus on driver safety after a number of major recalls in the automobile industry. Hyundai has undertaken a number of preemptive recalls, and is responding with continuous quality enhancement and repairs for vehicles that show potential quality problems. The company will continue to provide immediate responses to customer complaints, and will dedicate itself to quality improvements at company level.

Product Quality Surveys

Product quality is essential for a brand, as well as for earning customers' trust and for maintaining sustainable competitiveness. That is why our slogan, 'The Hyundai Way is the Quality Way', reflects our commitment to quality. In 2015, Hyundai earned many outstanding results in studies and surveys from globally renowned institutions thanks to its global product quality management with focus on customers and markets. Hyundai will communicate with its customers for quality management throughout the entire lifecycle of its products, thus grow into the most beloved brand by customers.

U.S. In the Initial Quality Study performed by an American-based global marketing institute J.D. Powers & Associates, Hyundai ranked second among non-premium automakers, one of the highest for two consecutive years. The Accent and the Tucson were segment winners in the small car and the small SUV segment, respectively. The Elantra (locally named Avante in the U.S.) and Santa Fe also won their segments. These four wins once again proved the excellence of Hyundai's product quality.

China Hyundai's products also performed very well in quality surveys in China. In the 2015 C-NCAP, Hyundai was first out of 46 non-premium brands, and of the 11 segments in the survey, the company won four segment winners, through its Verna, Langdong, Mingtu and ix25 models. This was the most segments won by a single company ever since the survey has begun in 2000. In particular, the Langdong ranked the first at its segment for the second year in a row, confirming its leadership in the semi-medium sedan market in China.

Europe Europe is the home of the global automobile industry, and Hyundai is proving its competitiveness there as well. In the 2015 Quality Report from Auto Bild, a highly-regarded German automobile magazine, Hyundai earned third place out of 20 automakers. This was especially satisfying because Auto Bild's survey is thorough, taking into account feedback from owners, recall information, results from regular check-ups, detailed car tests, durability, customer complaints, maintenance requirements and warranties.

Countermeasures for Major Product Quality Issues in 2015

Recall of the Sonata for Engine Failures (U.S.)	Recall of the Sonata over Brake Pad Defects (U.S.)
Problem: engine makes noises and the engine alert signal remains on while driving, and if the driver ignores the noise and keeps driving, the engine can possibly stop	Problem: brake lights of the old Sonata model, manufactured in the U.S., could stay on due to a defective stopper pad
Cause: impurities gather in the engine during the manufacturing/assembling process, impacting oil flow	Cause: insufficient durability in high temperatures and humidity
Countermeasure: check for engine noise, with an engine replacement if the noise exceeds a certain level; warranty extended to 10 years/120,000 miles • Period: Dec. 11 2009 ~ Apr. 12 2012 • Vehicles affected: 470,000 units	Countermeasure: replacement of the brake-pedal stopper pad (the component between the brake pedal and its switch) • Period: Dec. 11 2009 ~ Jun. 30 2011 • Vehicles affected: 304,900 units
In-depth solution: installed new equipment to improve the cleanliness of the engine manufacturing/assembling process	In-depth solution: improved the management of raw material mixture used in the manufacture of brake pedal stoppers

Improving Services

Proactive Customer Service

Customer Care Center The Hyundai Customer Care Center (HCCC) is the helpline for global customer service, dealing with general inquiries and complaints about Hyundai vehicles, and we are always looking for ways to make it better through regular check-ups and other management activities. In 2015, as part of call center management, we commissioned a third-party institution to undertake a 'mystery shopper' survey of 41 offices throughout the globe. We have also used feedback from customer complaints to improve the call centers.

Before Service In order to provide the best service to customers across the world through our global service network, Hyundai offers the world's first 'Before Service', including 'Visiting Before Service' and 'Social Contributions Before Service'. In 2015, the Before Services were offered to 4.75 million customers by

94 companies, agents, and dealers across the world, and have helped to improve customer satisfaction and Hyundai's brand image. One example of the Before Service is in Europe, where Hyundai has developed a mobile booth where people can experience 'Modern Premium', our brand direction, and new services are being prepared to give customers various mobile experiences.

Capacity Building for Overseas Dealer Service To ensure that we provide the best service quality across the world, Hyundai is focusing on strengthening our overseas dealerships. We founded the internet-based Hyundai Training Academy in 2015, so that mechanics and service advisors overseas can get the information they need, quickly and easily from smart devices. The company also holds various education programs and seminars for overseas staff and dealers, including customer satisfaction (CS) seminars and the Hyundai Service Leaders Program. Every two years for the last 20 years, Hyundai has hosted its World Skill Olympics, a contest to find the best mechanic in the world, with the 11th event being held in 2015.

365-day Open Maintenance Service Hyundai has introduced its '365-day Open Maintenance Service' in 23 directly-managed service centers in Korea, the first service of its kind in the Korean automobile industry. Customers can access maintenance services any time they want, even at weekends and holidays. This service came about from the idea that many customers find it difficult to visit service centers on week days, and so the 365-day Open Maintenance enables them to get vehicle maintenance in their free time, and they can even deal with emergencies due to traffic accidents or unexpected breakdowns at weekends or holidays. Thanks to the Service, Hyundai customers, excluding commercial vehicle owners, can go to service centers and get high quality vehicle maintenance on any day of the year, even without a reservation, if they have an emergency. In addition, Hyundai's service supplier, Blue Hands, provides 365-day service in six major cities of Korea, to maximize customer convenience.

MERS Prevention Treatments For six weeks in June and July 2015, Hyundai launched nation-wide free disinfection services to prevent the spread of Middle East Respiratory Syndrome (MERS) in Korea. At service centers and Blue Hands centers, as well as for customers of Before Service, disinfection services were provided to about 600,000 vehicles — regardless of brand — fumigating parts of vehicles that could threaten to transmit MERS, such as the steering wheel, transmission, door handles, floor mats, etc.

KEY BEFORE SERVICES

Visiting Before Service

in collaboration with sales activities such as test driving or new car exhibits

U.S. hosted special events at big shopping malls and stadiums

Brazil all dealers participated in the 'Mega Before Service' and 'National Before Service' events

Europe provided extensive free vehicle maintenance services, linked to the release of a new model

Together with Before Service

in collaboration with local community events in different countries

India provided free vehicle maintenance for military vehicles on Armed Forces Day

Canada joined in with festivals in Ontario and Vancouver

Turkey hosted Before Service events at shopping malls to commemorate Children's Day

Caring Before Service to assist fleet management companies and motor clubs

Singapore provided free vehicle maintenance to a taxi fleet management company

Taiwan, Philippines, Indonesia invited motor clubs to take advantage of Before Services

Peru provided free vehicle maintenance for police vehicles

Social Contribution Before Service offering natural disaster relief

Flood-affected areas in Chile emergency vehicle maintenance and other help for disaster relief

Areas affected by volcanic activity in Argentina vehicle maintenance and other free services for damaged vehicles

Quake-affected areas of Nepal free maintenance and other services for damaged vehicles, including repairing body panels

Home-to-home Service Since 2011, to improve vehicle servicing, Hyundai has offered its Home-to-home Service, through which Hyundai picks up a customer's vehicle and then returns it after finishing all required vehicle maintenance. We even loan a luxury car to the customer whose vehicle is being repaired. This is a prime example of Hyundai's efforts to expand our services to satisfy varying customer requirements.

Smart Customer Services

Workshop Automation Services Hyundai is extending workshop automation services, to improve customer satisfaction through more efficient vehicle maintenance. This service is intended to digitalize all customer contact points of vehicle maintenance process from reservation to drop-off, release and even follow-up services. In 2015, workshop automation was extended to Hyundai's dealerships in 37 countries, helping to improve customer satisfaction by automatizing maintenance services and communicating with customers in real-time. This standardized service process also creates a virtuous circle between increasing maintenance capacity and increasing dealer profitability.

Mobile-based Next Generation Diagnostics Hyundai is developing high-tech devices and services linked to IT, to overcome the limits of time and space in customer service. In 2014, the company became the first one in the world to develop mobile-based next-generation diagnosis equipment, equipment which is now commonplace in the global market. Starting from more conventional laptop-based diagnosis equipment, the current tablet-based equipment improves maintenance efficiency by being faster, and offering a greater variety of services. These next-generation systems will be rolled out to more service centers, so that more mechanics can use them. In addition, Hyundai will put in place an additional check-up system ahead of vehicle delivery, to further enhance customer satisfaction.

Remote Vehicle Maintenance Services To handle problems in automobiles in every region of the world, Hyundai has offered remote vehicle maintenance services since 2010, and has supported from the center in Korea. Also, the company has hosted regular operation improvement seminars since 2012, in order to encourage the use of this system, by inviting the key people from each region, and sharing service information, including details on new technology and the information needed for specific repairs. In doing so, we have continued to enhance our competitiveness in maintenance, as part of our commitment to world-class, world-wide customer satisfaction.

Product Responsibility

Eco-friendliness

Suppliers

Employees

Society

Enhancing Customer Value

Classification	2015 Performance	Mid-to Long-term Direction
Improving customer communication	<ul style="list-style-type: none"> Proved vehicle safety and quality through a collision in public Improved customers' understanding and formed ties 	<ul style="list-style-type: none"> Communicate with customers with sincerity Develop new communication programs between executives and customers Develop programs to increase customers' interest in Hyundai
Enhancing customer satisfaction	<ul style="list-style-type: none"> Ranked first in the Hyundai Customer Satisfaction Index, as in the previous year Recorded 882 points in the Hyundai Global Satisfaction Index, measured across 26 countries Strengthened customer service response for luxury vehicles Received external customer satisfaction awards 	<ul style="list-style-type: none"> Establish a virtuous circle system for customer experiences and the improvement process based on the HCSI (Customer experience → Feedbacks for improvement → Operation/Improvement process → Customer-oriented reward system) Establish an all the year around support system to further improve employee skills Provide customers with greater satisfaction at all customer contact points
Protecting customer information	<ul style="list-style-type: none"> Established a new Personal Information System to control access to and protect customer information data 	<ul style="list-style-type: none"> Expand training and monitoring for all contractors who handle customer information Improve the monitoring and management of access to and use of customer information by building a monitoring system to process customer information

Improving Customer Communication

When we perform customer communication activities for marketing, Hyundai neither invades privacy, applies double standards, nor abuses upon vulnerable social group such as children. Also, for marketing communications in different regions all around the world, we perform preliminary reviews and collect local opinions, so that our marketing activities coincide with ethical and cultural norms in respected regions. Thanks to these efforts, there has been no such cases as violations or fines for non-compliance with laws and regulations concerning marketing communications for the last four years since 2012.

Maum Dream Communication

Following on from the “car-to-car” crash test in August 2015, Hyundai accelerated its efforts to improve communications with customers, including more dialogues with so-called “anti-fans”. With the perspective to consider customers with bitter opinions as advisors, rather than anti-consumers, the company launched a new customer communication program, ‘Maum Dream’. Maum means “heart” in Korean, and reflects our heart-felt commitment to doing the best we can for our customers, as well as our wish to have conversation with customers about future and dream.

There were three Maum Dream events in 2015. In October 27th, about eighty customers and 23 journalists



asked questions concerning negative comments made about Hyundai and its products on-line, and about the future vision of Hyundai. The company did its best to answer their questions honestly and openly. At the second event, on November 16th, the company talked with college students majoring in natural sciences and engineering about its ‘N’ performance brand, autonomous driving, and eco-friendly technologies. For the third event, on December 16th, the company invited members from the on-line automobile community ‘Bobaedream’, which has been highly critical at times about Hyundai. We listened and replied to their

questions and criticisms, including questions about new cars and technologies, their complaints, and suggestions for improvements.

We will continue to host face-to-face meetings between company executives and customers, and we aim to develop sub-programs to turn negative thoughts of customers into positive ones while diversifying the program to attract more customers. In addition, as promised at the last Maum Dream event, we will launch an ombudsman system through which customers can deliver their suggestions directly to us.

Enhancing Customer Satisfaction

Customer Satisfaction Survey

The Hyundai Customer Satisfaction Index (HCSI) is an annual survey in which we survey new car owners who have purchased their vehicles within the last three years, in order to measure customer satisfaction (CS) and look for changing trends in customer requirements. The 2015 HCSI encompassed face-to-face interviews with 4,000 people and additional focus groups for extra in-depth surveys, which enhanced credibility.

The survey showed that the overall CS level in the automobile industry has decreased since 2012, mainly because of the increasing expectations of customers. Hyundai, however, has defeated competitors, and has held on to its leading position in vehicle maintenance services for two years in a row. Where the survey showed there was need for improvements, Hyundai has set targets for such improvements, and will liaise at customer contact points to make sure that those improvements satisfy customers.

CS Performance and Efforts

Since the launch of the Genesis G90, there has been an increasing need to build a service culture to attract more customers, especially luxury car buyers. Hyundai has therefore focused on creating consistent customer experiences at every contact point through customized education programs for our staff.

Success in Customer Satisfaction

- National Customer Satisfaction Index: first place at all segments — compact, semi-medium, medium, semi-large, large, RV — for the first time in the Korean auto industry
- Korean Standard-Quality Excellence Index: first place at all segments — 6 consecutive years for semi-medium, medium and SUV segments; 5 consecutive years for after services

PRODUCT AND SERVICE LABELING

Information for Customers on Compliance with Regulations

Korea

Label confirming authenticated information on exhaust gases

Label on fuel efficiency

Vehicle information label — vehicle ID, weight, identification number, and tire information

Warning label about front passenger seat airbags, discouraging small children from sitting in front seats

China

Ignition battery label, ID label, Vehicle identification number, Label for refrigerant of an air conditioner

Label on fuel efficiency, Certificate of Conformity (COC) label, Child Restraint System (CRS) warning label

Airbag label, Antitheft label

Europe

ID label — vehicle weight, Whole Vehicle Type Approval authentication number, etc.

North America (USA/Canada)

Manufacturer's Suggested Retail Price (MSRP) label — fuel efficiency, NHTSA and other information in accordance with Automobile Information Disclosure Act

VECI label — authenticated information on exhaust gases

Compliance label — vehicle weight, tire information, etc.

- Korean Customer Satisfaction Index: first place at all segments — 22 consecutive years for passenger car; 12 consecutive years for RV
- Korean Service Quality Index: first place at all segments — 5 consecutive years for sales/maintenance
- Korean Net Promoter Score: first place at all segments — 9 consecutive years for passenger car/RV

Protecting Customer Information

Personal Information Protection

In 2011, Hyundai established the Personal Information Protection Committee, under the supervision of a Chief Privacy Officer (CPO) at each respective field, in order to build a foundation for personal information protection management system. We minimize the amount of personal customer information stored by staff, and continue to emphasize the importance of the protection of personal information through regular training.

Personal Information Protection System

Through training and monitoring, Hyundai encourages not only its employees but also suppliers and other contractors to comply with all applicable laws and regulations on customer information. The company also has established the Personal Information System (PIS) to manage the entire customer information process, which helps to control and monitor suppliers and contractors who are handling customer information, thus building the stable customer information transaction system.

Certification for Personal Information Protection Management

Hyundai has established a company-wide system to manage personal information, and is committed to complying with all applicable laws and regulations on technological and managerial countermeasures to protect privacy throughout the entire transaction process from collection to disposal of information. In 2014, the company acquired the Personal Information Management System (PIMS) certification, a voluntary certification concerning information protection, from the Korean government. In 2016, as we have become a subject that is required to earn Information Security Management System (ISMS) authentication, we are making preparations to fulfill the requirements needed to acquire such authentication. We will continue to re-test or renew all the relevant certifications and systems, thus strengthen our personal information protection, and secure safety and continuity in managing our customer information.



The Creta, our strategic model for India, demonstrates our passion and commitment to the best in CS

Customers are the ultimate goal of our product responsibility. Hyundai therefore goes beyond just producing vehicles with a good driving performance, and looks for ways in which we can care for customers' health and happiness. For the entire process of designing, manufacturing and selling the Creta, Hyundai has been thinking from the perspective of the Indian market, so that we can deliver great customer satisfaction in India.



The Creta has won the hearts of Indian customers

Made for the Indian Market, Loved by Indians

Hyundai established Hyundai Motor India (HMI), an overseas subsidiary for the Indian market, in 1996. We were particularly keen to find better ways to meet the expectations and requirements of Indian customers, and, as a result, HMI has maintained a leading position — first in exports, second in local sales — among local automakers in India.

The driving force of our success has been strategic models, localized for the Indian market. In September 1998, Hyundai began mass production of the Ssangro compact car, its first localized model, at the Chennai plant, and sold 60,321 units in 1999, becoming the second best-selling car in India. In addition, we established Hyundai Motor India Engineering in 2004 to focus on localized R&D, and, by working closely with the Pamyang Technology Research Center in Korea, Hyundai has built on success stories in India, including the development and launch of the Creta.

The Creta is available with three powertrain options — a 1.6-liter gasoline engine that produces a maximum of 123 horsepower, and two diesel engines which are a 1.4-liter engine that produces a maximum of 90 horsepower and a 1.6-liter with a maximum of 128 horsepower. Because Indian drivers prefer automatic transmissions (AT), the two diesel models are equipped with AT, the first vehicles in their segment to offer AT. There is also an additional space to store a water bottle in the door trim, air conditioning in the back seats, and the audio buttons have been re-arranged for a right-hand drive car. In addition, to add luxury specifications, the Creta offers such features as 17-inch diamond cut alloy wheels, LED position lamps, a 5-inch touch screen audio system, and side curtain airbags.

Because of India's road conditions, we used additional AHSS for vehicle rigidity, and our own staff undertook over 6,000km of road tests on public roads during the development stage, to improve vehicle durability. We even submerged a vehicle in water to test water tightness, which is important in India where extremely heavy rains during the monsoon season can affect vehicles. Even with all these improvements, by using locally produced vehicle parts for more than 90% of the vehicle, both costs and weight fell.

Thanks to these efforts to take into account the preferences of local consumers, and backed by our innovative engineering, the Creta has been a great success in the Indian market. Within the first month of its launch, 6,783 units were sold, ranking it first in the Indian SUV market, and the Creta has maintained this leading position by selling 22,948 units in the first quarter of 2016.

Indian Car of the Year 2016, Made by Hyundai

The Creta won the coveted 'Indian Car of the Year 2016' award, beating 12 other finalists. 14 specialist jurors, who are reporters of nine media specializing in automobiles, choose the winner through a comprehensive review of sales, price, performance, technological innovation, design, fuel efficiency, cost efficiency, safety, creating new markets, and consumer reviews. The award is one of the most renowned in India, and also a significant factor in new car purchases.

Hyundai's i10, Grand i10, and New i20 have previously won the 'Indian Car of the Year' award, in 2008, 2014, and 2015, respectively. With the Creta's win, Hyundai has now won four times in last 10 years, as well as becoming the first automaker to win the award three years in a row.

Accumulated sales volume
(July 2015 ~ April 2016)

63,836 units

Market share
(compact SUV basis; as at end-April 2016)

19.4%

* Source: Society of Indian Automobile Manufacturers

Eco-friendliness

2015 PERFORMANCE



Production line-up for all models completed satisfying Euro 6 emissions standards

Expanded the use of AHSS up to 53%

Secured the technology to mass-produce luggage covering by recycling seat foam of end-of-life vehicles

Strengthened monitoring of pollutant generation, and standardized facility maintenance



MORE &

More driving pleasure

MANAGEMENT APPROACH

Since its declaration of the 'Management Philosophy and Policy on Global Environment', Hyundai has been pursuing eco-friendly growth by balancing economic growth and environmental preservation. Our environmental management policy is not limited to dealing with global environmental regulations; it also recognizes climate change issues as a fundamental task that an automaker should embrace in earnest. Accordingly, we work to improve vehicle fuel efficiency, reduce greenhouse gas (GHG) emissions to which we contribute, recycle resources, and better manage hazardous substances. Particularly, by deploying a low-carbon technology strategy dubbed 'Blue Drive', we seek to improve the fuel efficiency of internal-combustion engines in the short run, and through an eco-friendly vehicle strategy '2000.22.2', develop and deliver eco-friendly vehicles in the long run. Moreover, we have set up the GHG Emission Management Council to reduce GHG emissions at the production level and share information on our GHG reduction performances and technology.

LOW WEAR

Lower ecological footprint

Plan for 2016

- Expand the IONIQ line-up (Hybrid, EV, PHEV)
- Comply with the fuel efficiency regulations of the EU and Korea, and improve the average fuel efficiency by 4% over the 2015's
- Institute the GHG Emission Management Council and reinforce the GHG reduction activities of each business site to reduce by 1.1% year-on-year
- Reduce the use of highly hazardous chemical materials through extensive use of reverse osmosis method at pure water manufacturing facilities (Approx. 2,200 tons)
- Improve the energy efficiency to reduce GHG emissions through highly efficient air compressors

Mid-to Long-term Direction

- Implement the eco-friendly vehicle full line-up project by 2020 (2020.22.2 Project) and develop clean mobility technologies
- Improve the average fuel efficiency by 25% compared with 2015 by 2020
- Save energy, eliminate loss, reduce GHG emissions and energy consumption through overhauling of unproductive heating and cooling systems
- Adopt high efficiency equipment, improve lighting, implement eco-friendly plants through recovery of waste energy and waste heat



Reduced GHG emissions by 0.4% over the previous year's, thanks to GHG reduction activities



The Tuscan (locally named ix35 in Europe) received an international certification on eco-friendliness



Reduced 8.1 tons of GHG emissions of the Sonata PHEV, compared to the existing model *

* Measured the total amount of carbon dioxide created by the entire process of manufacturing a vehicle and then driving it for 120,000km



OUR VALUE

ECO-FRIENDLINESS

77

Developing Eco-friendly Vehicles

Improving Fuel Efficiency	78
Reducing Exhaust Gas Emissions	79
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Key Sustainability Data

Indicators	Unit	2013	2014	2015	
Energy consumed in producing one vehicle	MWh/ Vehicle	1.10	1.09	1.07	
GHG emissions per vehicle production	tCO ₂ e/ Vehicle	0.512	0.521	0.519	
Cumulative number of models certified as eco-friendly vehicles	International certification on eco-friendliness	Vehicle	9	11	12
	GHG emission certifications	Vehicle	12	14	15
	Low-carbon product certifications	Vehicle	1	2	4
Costs and investments for environmental protection*	KRW billion	123.6	133.5	115.6	

* Sum of direct and indirect costs associated with pollution reduction, such as facility investment and waste disposal by third party, and risk management costs associated with pollution reduction

Stakeholder Interview

Tell us about your overall first impression of IONIQ Hybrid.

I think the main attraction of the IONIQ Hybrid is its design. I was first impressed with its modern yet fresh style evoking an eco-friendly image. As for performance, it is distinctively superior in acceleration, overcoming the problem common among most hybrid vehicles. This can appeal to customers who consider vehicle performance an important buying point. However, I feel that the braking needs some improvement. I might be overly sensitive but I think the braking is not so solid. It also is a little weird that RPM doesn't display in the sports mode except for the Q trim model. However, I am generally satisfied.

Please describe on how much IONIQ Hybrid's fuel efficiency affected the purchase decision.

I drove about 4,500km up until end of April after receiving the vehicle in January 29, 2016. I compared it with the Avante. Without hesitation, I was inclined to buy a car with high fuel efficiency considering driving the car for a long time. I am receiving a favorable response from friends and neighbors for owning an eco-friendly car that also saves on fuel cost from driver's perspective .

As a consumer, what do you expect from Hyundai regarding eco-friendly vehicle development?

I was quite surprised when I first drove the IONIQ. For the pleasant surprise I do thank Hyundai. I hope that Hyundai continues to grow on the global stage and becomes successful in the global eco-friendly vehicle market. Keep up the good work.

Interviewee

Seokgyoon Han
IONIQ Hybrid customer

Product Responsibility

Eco-friendliness

Suppliers

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Developing Eco-friendly Vehicles

Classification	2015 Performance	Mid-to Long-term Direction
Improving fuel efficiency	<ul style="list-style-type: none"> GDI (gasoline direct injection) line-up completed for all segments, T-GDI engine (downsized engine with enhanced fuel efficiency while the performance maintained by combining the GDI technology and the turbo charger) developed Developed a new transmission for full-sized cars (front-wheel drive 8-speed transmission) 	<ul style="list-style-type: none"> Improve the average fuel efficiency by 25% compared with 2015 by 2020
Reducing exhaust gas emissions	<ul style="list-style-type: none"> Production line-up for all models completed satisfying Euro 6b emissions standards Diesel passenger vehicles <ul style="list-style-type: none"> New engine developed to Euro 6c standards: 9% better in fuel efficiency and 16kg lighter LNT system developed to Euro 6b standards: IR52 awarded the Jang Young-shil Award for 33 weeks in 2015 Diesel light commercial vehicles <ul style="list-style-type: none"> Mass-production of engines that meet Euro 6b standards: SDPF (SCR on Diesel Particulate Filter) applied for the first time in the company history Mass-production of SDPFs in compliance with Euro 6b standards Formed a task force team in response to the Real Driving Emissions (RDE) Regulation 	<ul style="list-style-type: none"> Develop mix technology (convergent control of engine with post-treatment) for off-cycle NOx reduction Strengthen the competitiveness of new engines <ul style="list-style-type: none"> Apply new technology: Integrated heat control, lubrication control New technology for higher fuel efficiency Develop engines to Euro 6c emissions standards and its internal adoption Produce diesel sedans with Active SCR system that meet the RDE regulation Promote cost reduction in the RDE system in the short-, mid-, and long-term
Lightweight vehicles	<ul style="list-style-type: none"> Sound absorbing wheel in mid-air: Lightweight vehicle and Noise, Vibration, Harshness (NVH) improvement achieved through the realization of a mid-air structure Expanded the use of Advanced High Strength Steel (AHSS) to 53% Applied all-in-one hot stamping side outer parts to products (i30's follow-up model) Developed a Front End Module (FEM) carrier (3.0 kg/vehicle, Veloster's follow-up model) 	<ul style="list-style-type: none"> Extensively apply aluminum suspension parts from mid-size cars to eco-friendly cars Maximize lightweight technology using more hot stamping (150k segment) parts Develop cost-saving light plastic mix materials
Eco-friendly certifications	<ul style="list-style-type: none"> The Tucson received an international certification on eco-friendliness The Sonata Hybrid and PHEV models certified as low-carbon products The IONIQ received a GHG emission certification 	<ul style="list-style-type: none"> 2020.22.2 Project for eco-friendly vehicles (establishing the full line-up of green cars by 2020 and developing technology for realizing the goal of clean mobility)

Hyundai is working to improve the fuel efficiency of internal combustion engines in the short run and develop zero-pollution vehicles in the long run. To achieve these goals, we are developing zero-emissions technology, reducing the use of hazardous chemical substances, and in the process, have obtained various international environmental certificates. Hyundai continues to develop eco-friendly drivetrain systems and plans to establish a full lineup eco-friendly vehicles by 2020.



Improving Fuel Efficiency

Engine Downsizing

Hyundai seeks to improve fuel efficiency by downsizing gasoline engines and improving turbocharge and direct injection technologies, both of which increase the fuel efficiency of engines. Engine downsizing is a way to improve fuel efficiency and boost output by reducing the number of cylinders or displacement. As the engine accounts for a large portion of vehicle weight, the smaller the engine, the lighter the vehicle. Also, fuel efficiency improves when the number of cylinders or displacement decreases, which reduces the frictional resistance or loss caused by incoming air. However, a turbocharger compensates for the output loss caused by engine downsizing. A technology derived from diesel engines with a turbocharger is GDI (Gasoline Direct Injection) which injects fuel directly into the engine which improves fuel efficiency. The GDI option is available for all vehicles we produce and we have developed the T-GDI engine, a downsized engine combined with GDI and turbocharge technologies. Hyundai Motor plans to expand the line-up of downsized T-GDI engines for all of its vehicle models. We also plan to develop a new engine with optimized fuel efficiency and gradually replace the current engine line-up since old engines have limits to improvement.

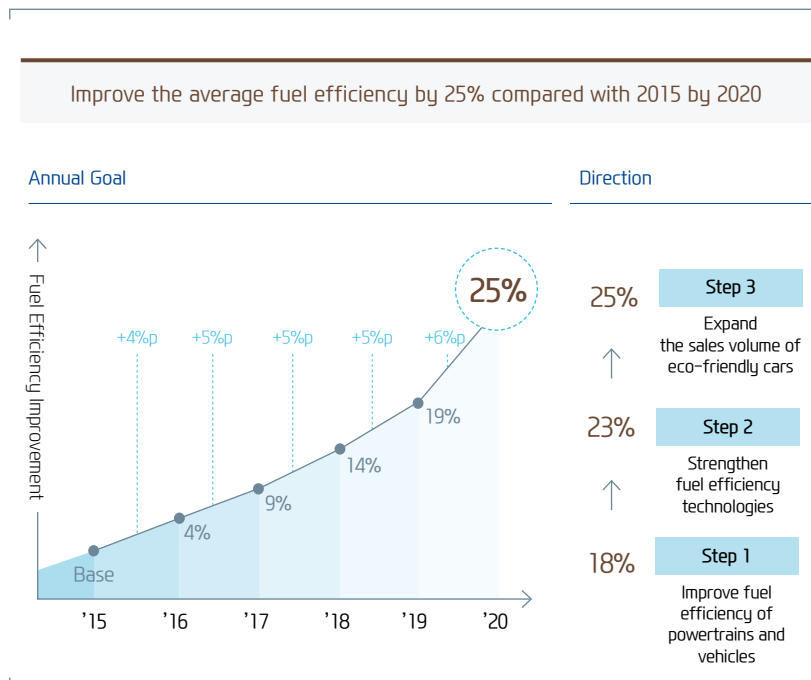
More Gears in the Transmission

The transmission has a great effect on fuel efficiency since it transmits power from an engine to the axle that turns the wheels. A transmission with more gears improves acceleration and ride quality in addition to fuel efficiency, depending on driving conditions. But the addition of gears contributes to the complication of the structure which in turn adds to weight, which necessitates vehicle downsizing. The continuous variable transmission (CVT), which has no gears, improves fuel efficiency and has a seamless shifting feel; but it hampers acceleration and lowers ride quality.

Hyundai developed the CVT in 2012, a 7-speed double clutch transmission (DCT) in 2014, and a new front-wheel drive 8-speed transmission for full-sized vehicles in 2015. We are now developing a new transmission that entirely improves fuel efficiency by increasing the transfer efficiency of current 6 (front-wheel drive) and 7 (rear-wheel drive) speed transmissions and improving internal friction.

The DCT has realized the cost effectiveness and comfort of manual transmissions and increased fuel efficiency by 5–7% compared with most same-speed transmissions. The 7-speed DCT, an upgraded version of the current 6-speed DCT, is featured in the 2014 Sonata and 2015 i30. Hyundai is selectively applying multi-speed transmissions and CVT depending on the horse power of the vehicles. The CVT is currently installed in the Accent and the Avante hybrid for which fuel efficiency is a top priority.

Roadmap for Fuel Efficiency Improvement



Product Responsibility

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Suppliers

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Society

Reducing Exhaust Gas Emissions

Exhaust Gas Emission Reduction

Hyundai completed the line-up of all diesel models that comply with Euro 6b. We finished the production of SDPF, a new complex reduction technology integrated SCR and DPF for the purpose of reducing NOx and PM/PN (micro dust) in the meantime. Also, Hyundai began preparing to respond the Real Driving Emissions (RDE), which is one of the regulatory trends (Euro 6c, applied Sep. 2017) of NOx emissions and other emission gas in real driving, required globally after the Volkswagen emission gas scandal.

Clean Diesel Engine

Hyundai is actively developing combustion improvement, weight-reduction and electronic-control technologies in response to increasingly stringent diesel engine emissions standards, and to reduce GHG emissions as well. The development of new, cleaner-burning diesel engines has enabled a significant combustion improvement through 2200bar high-pressure injection and LP-EGR system, and a substantial friction reduction between moving parts. In addition, we reduced CO₂ emissions by replacing cast iron blocks with lightweight aluminum blocks. We have also improved fuel efficiency and reduced hazardous exhaust emissions by applying an adjustable oil pump and an integrated thermal management system and other electronic control techniques. For diesel sedans, we have released a new engine equipped with SDPF and SCR systems, for the first time in the company history, in order to improve combustion efficiencies, and as a response to the Euro 6b standards. In addition, we are developing an engine that adopts to various real-road conditions and environmental conditions, using the 'Design of Experiments' test method and the environmental chamber.

Not only does Hyundai Motor consistently improve diesel vehicles but also is expanding the diesel vehicle line-up. We are currently selling small and mid-size vehicles equipped with a diesel engine and plan to apply diesel engines to large-size vehicles and all models in the near future.

Lightweight Vehicles

Increasing Use of New Materials

Hyundai has been focusing on reducing vehicle weight by realizing the cost advantage of high-strength steels and expanding the use of new materials such as aluminum and magnesium and carbon fiber composites. We have expanded the use of AHSS to 53%, and extensively applied hot-stamped parts in order to improve collision safety. Moreover, we have developed a local reinforced front bumper back-beam made of carbon fiber reinforced plastic (CFRP) by making CFRP for vehicle parts.

Developing New Process Technology

In the process of producing aluminum engine components, sand casting is used to hollow out the components; and Hyundai has developed an eco-friendly casting method that significantly reduces harmful gases that generate during the molding process. This technology improves not only the work environment but also product quality. For shaft steel parts, hollow-forge technique is used to make the inside of the product hollow, which drastically reduces weight. This new technology can help reduce vehicle weight by a minimum 10% to a maximum 30% without requiring the use of new materials.

Developing Next-generation Weight-reduction Technologies

Hyundai has laid the groundwork for developing technology for advanced vehicle body materials by implementing a government-supported project, "developing ultra-lightweight vehicle bodies of multi-material mix". Through the implementation of the project, we were able to develop an optimal material deployment technique based on weight, performance, cost and mass production factors, while improving our vehicle weight reduction technology.

Strengthening Metal Forming Research and Development

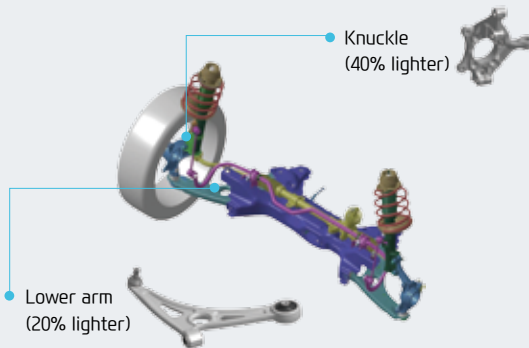
We are utilizing metal forming facilities in our technology research center to obtain source technology related to lightweight materials such as aluminum and magnesium. Along with developing high tensile lightweight materials and researching for ways of applying the materials for maximum effect, we are accelerating our efforts to develop a cost-saving forming process. Such efforts will bear fruit in the form of contribution to enhancing the technology related to upgrading material quality through the tech network of our affiliates and suppliers.

Application of High Tensile Steel and Vehicle Weight Reduction

Model	Application
IONIQ Hybrid	<ul style="list-style-type: none"> AHSS covering 53% of the vehicle body Aluminum applied to hood, tailgate, front-wheel knuckle, front-wheel lower arm, back-wheel carrier, front-wheel caliper and front back beam
Genesis G90	<ul style="list-style-type: none"> AHSS covering 52% of the vehicle body (16% for the existing model, 17kg lighter than before) Increased application of aluminum: suspension (rear-wheel upper, lower and assist arms)
Avante	<ul style="list-style-type: none"> AHSS covering 53% of the vehicle body (21% for the existing model)
Tucson	<ul style="list-style-type: none"> AHSS covering 51% of the vehicle body (18% for the existing model)

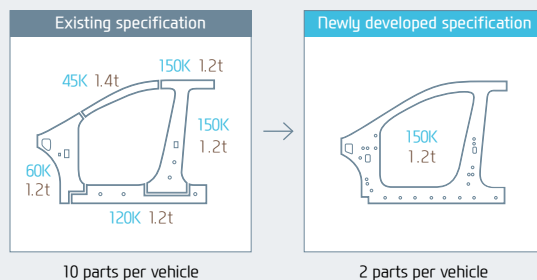
Increased Application of Aluminum

Contribute to the improvement of fuel efficiency and driving performance (handling stability) by developing high-strength aluminum alloy and process simplification technology



Expanded Application of Hot Stamping (150K segment)

Improve average strength and optimize the thickness of vehicle body frame



Resource Recycling of End-of-life Vehicles

Plastic Recycling

The interior and exterior plastic parts used in cars include Polypropylene (PP), Polyamide (PA), Acrylonitrile, Butadiene, Styrene (ABS), Polycarbonate (PC), and other thermoplastic polymer materials. As such plastic parts develop surface corrosion or lose their physical properties over time due to their extended exposure to the elements, recycling them requires techniques that remove pollutants and restore physical properties. Hyundai is reusing plastic materials recycled from old vehicles using relevant technologies we have either developed on our own or acquired from our suppliers. The recycled materials are used mainly for producing wheel-guards and undercover parts. The company is also diversifying the reuse of materials by introducing vehicle body weight reduction and other related technologies.

Recycling of Seat Foam

The foam used in car seats is thermoset polyurethane foam and, unlike other plastic parts, it is difficult to reuse. Hyundai, however, developed a technology that can be applied to turning recycled seat forms into car insulation materials and since been using the technology to mass-produce luggage partitions and luggage covering materials, while conducting experiments on applying the technology to other types of parts. In addition, we will try to extend its application to the production of not only auto parts but also building materials such as sound absorbing panels.

Product Responsibility

Eco-friendliness

Suppliers

Employees

Society

Eco-friendly Certification

Life-cycle Assessment

To improve the eco-friendliness of its new models, Hyundai is conducting a life-cycle assessment on all models based on the ISO 14040 series. The life-cycle assessment is a technique to assess environmental impacts associated with a product during its entire life cycle, from raw material extraction to production, use, and disposal. Using this method, we have been monitoring the environmental impact of each new car compared with the existing one. The extended use of the method has earned us a number environmental certificates. This life-cycle assessment is also used as a basis for obtaining environmental certifications.

International Standard Certification for Environment

Since achieving its first eco-friendly vehicle certification in 2010 from TÜV NORD for the Tucson ix (locally named ix35 in Europe) and ix20, Hyundai has acquired environmental certificates for 12 vehicles, as of the end of 2015.

International Standards for Eco-friendly Vehicle Certification

Year	Model (Region)
2010	Tucson (Europe), ix20 (Europe)
2011	i20 (India), Eon (India)
2012	i30 (Europe), Santa Fe (U.S., Europe), Avante (U.S.)
2013	Tucson FCEV (Europe), i10 (Europe)
2014	Tucson FCEV (Korea, U.S.), All New i20 (Europe), Sonata Hybrid (Korea)
2015	All New Tucson (Europe)

Carbon Labeling

Hyundai measures the total amount of carbon dioxide created by the entire process of manufacturing a vehicle and then driving it for 120,000km, and reports this information to customers. More advanced hybrid technology that used in the Sonata PHEV has reduced the total amount of GHG produced during its life-cycle by 8.1 tons. 18 Hyundai models have acquired carbon labeling certifications since 2009 as of the end of 2015. We will continue to focusing on reducing carbon footprints through development of better hybrid technologies and eco-friendly driving guidance systems, use of bio materials, and other efforts.

Carbon Labeling Certification



Responding to Climate Change

Classification	2015 Performance	Mid-to Long-term Direction
GHG emission reduction at business sites	<ul style="list-style-type: none"> Established a council to address GHG issues Strengthened GHG reduction activities, resulting in a 0.4% cut compared with the year before Pursued energy conservation and higher efficiency in the production process: conventional lighting and thermal power sources replaced with more energy-efficient systems Reduced transportation costs by shipping more cargo by railroad 	<ul style="list-style-type: none"> Mid-to long-term direction for GHG emissions reduction at business sites <ul style="list-style-type: none"> Supply equipment: Improve equipment efficiency, operation, and technology Production equipment: Standardize operating hours and energy sources Indirect equipment: Standardize management guidelines and optimize buildings' energy uses New technology: Adopt self-power generation and renewable energy sources Expand the use of railroad services for long-distance transportation

In December 2015, the world agreed to limit the global temperature increase to 1.5°C above the pre-industrial level at the Paris climate conference (COP21) of the United Nations Framework Convention on Climate Change. In response, each government has released its post-2020 reduction targets. The Korean government has vowed to cut GHG emissions by 37% from the Business As Usual (BAU) level by 2030.

Hyundai has joined the national reduction effort by implementing an energy target management system from 2011 to 2014 and an Emission Trading Scheme (ETS) in 2015. For the short run, we are trying harder to conserve energy, prevent energy loss, and raise efficiencies in energy use. For the mid and long run, we are working to build low-carbon emitting plants by exploring various new technology options such as small-scale combined power generation, solar energy, and energy storage.

GHG Emission Reduction at Business Sites

GHG Emission Management Council

Hyundai is responding to climate change by making financial assessments of the associated risks and opportunities. The company, in particular, has a natural disaster emergency response system to anticipate circumstances in which normal business cannot continue due to drastic declines in productivity, cost increases or the effect of natural disasters or climate change.

To better respond to the ETS, which was introduced in 2015, Hyundai has established the GHG Emission Management Council to addressing GHG-related issues. Through this consultative channel, the company has examined its GHG emission reduction program and performances, and analyzed the results from the

Organization to Respond to GHG at Business Sites



Product Responsibility

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financial perspective. The Council consists of members representing all business aspects including business sites, buildings and production technology. It promotes energy conservation and awareness, efficient energy use, investing in the reduction of energy use and adopting energy-related technologies and sharing energy-reduction techniques. Meanwhile, overseas business sites are flexibly responding based on their respective country's regulatory and business environments.

GHG Reduction Efforts by Plant

Hyundai manages its GHG emissions and energy consumption while responding to the government's climate change policies. While the number of vehicles produced declined by 0.1% from 4,955,536 in 2014 to 4,948,315 in 2015, the GHG emission was reduced by 0.4% over the same period, from 2,581 thousand tons in 2014 to 2,570 thousand tons in 2015. We will continue our GHG reduction efforts covering all manufacturing plants, R&D centers, and headquarters, with a particular focus on manufacturing plants which account for 85% of total emissions.

Asan Plant The Asan Plant has been involved in a variety of energy conserving activities, including adopting high-efficient facilities, optimizing processing facilities and maximizing energy efficiencies. Specifically, the plant recycles the exhaust gas produced during the auto body paint process, saving KRW 300 million annually in energy cost; and installed 16,220 LED lightings throughout the production facilities, cutting electric bills by KRW 100 million annually. Timers have been placed throughout to prevent inadvertent energy consumption while the plant is idle. In 2016, the Asan Plant plans to adopt highly efficient air compressors to improve energy efficiency and reduce greenhouse gas emissions.

Ulsan Plant The Ulsan Plant has adopted highly efficient equipment, optimized the processing facilities and new energy sources, as part of its effort to cut GHG emissions. In 2015, it invested KRW 1.4 billion in air compressors to replace the old ones and KRW 2.2 billion in 65,000 energy-efficient lightings. The heating facility of the materials plant, which consumes a lot of LNG, was replaced with a more gas-efficient system. In order to

take part in government policies promoting eco-friendly business operations, the plant is reviewing and investing in renewable energy sources and relevant new projects. As a result of these efforts, the Ulsan Plant was able to reduce GHG emissions per car by 2.5% in 2015 compared with 2014's figure, despite a 0.3% increase in vehicles produced.

Jeonju Plant The Jeonju Plant has completed a system of monitoring its energy uses by energy type. Every month, employees in charge of energy management get together, analyze findings of the monitoring system and produce solutions to a more efficient use of energy. As a result of its continued efforts to improve process efficiency, save energy and reduce loss, the plant was able to reduce its 2015 GHG emissions by 6% to stand at 136,439 tons compared with the 2014 figure of 144,394 tons.

Namyang Technology Research Center The Namyang Technology Research Center conducts various experiments and research activities crucial to automobile production ranging from initial car design to road testing. In 2015, the Center reduced its GHG emissions by adopting more energy-efficient facilities and equipment as well as operating systems: 2 million kW or 1,328 tons of GHG emission was saved through an installation of LED lights and a system that automatically controls lights during lunch and dinner time; electricity and water supply systems were upgraded; new or renewed buildings, which numbered 10 as of 2015, were installed with high-efficient insulation materials and equipped with motors and other testing machinery with high efficiency; and a new solar power system (500kW-level) was placed, producing 660,000kW and cutting electric bills by KRW 77 million in 2015. The Center has its own energy control system monitoring its energy uses in real time, and uses resultant data to find more ways to reduce GHG emissions.

Business Trips and Commuting Hyundai encourages its executives and employees to restrain from going on overseas business trips as much as possible. The year 2015 saw a 2.6% reduction in overseas business trips compared with 2014, which translates into a sizeable reduction in GHG emissions. Moreover, 80% of the cars used for business trips in 2015 were eco-friendly hybrid cars. Four Tucson FCEVs, the next-generation green car, were purchased to be used by employees for their business trips in Korea. 569 commuter buses (22,377 seats in total) are in operation, easing employees' burden of commuting to/from work and helping reduce GHG emissions.

* The 2015 greenhouse gas data are of pre-verification, and subject to change following verification. Updated data will be released in next year's report. As for the plant in China, the ton of coal equivalent (TCE) value was employed in the calculation of the GHG conversion value for the use of electric power in accordance with the Chinese government policy.

Optimizing Logistics Hyundai has an optimized logistics network covering raw materials, parts and finished products. As road transportation accounts for most of the logistics, reducing pollutants generated by road deliveries is critical to cut the overall GHG emissions; the company therefore has 13 vehicle processing centers in Korea, to minimize transportation distances as well as GHG emitted in the process. Meanwhile, we are expanding the use of railroads for car delivery, which emits less GHG. In 2015, we adopted two railroad delivery routes connecting Asan and Incheon to the Busan New Port.

Participating in the Carbon Market

Following a global-wide adoption of the Paris Agreement and global warming preventive measures, carbon trade schemes are expected to appear in various shapes in the international community. In response to such an expectation, Hyundai will keep an eye on international carbon trade policies, examine how to utilize the carbon market, and devise a GHG reduction strategy in consideration of environmental and financial variables. Since all European nations, some parts of China and Korea have already adopted an emissions trade system of their own, we will continue to manage our GHG reduction targets and performances, share relevant technologies, and carry out other GHG-related activities, all to respond to the system in a coherent manner.

Response to Climate Change Risks and Opportunities

	Category	Status and Response	
Regulatory risks	Strict regulations on fuel efficiency globally	Regulations on fuel efficiency and emissions across the world, including Korea, the U.S., Europe, China and India	Enhance fuel efficiency technology for all models and develop eco-friendly cars
	Taxes on fuel and energy	Tax benefits and penalties through CO ₂ -based vehicle taxes in 17 European countries	Enhance fuel efficiency technology for all models and develop eco-friendly cars
	Reinforced regulations on refrigerants, tires and fuel	Regulations on new refrigerants to be implemented in Europe and the U.S.	Develop refrigerant technology
	Emissions reporting system	Greenhouse gas emissions regulations in most domestic and overseas worksites	Ensure the reliability of greenhouse gas emissions across the globe
Regulatory opportunities	Regulation on product efficiency	Increase in sale of eco-friendly cars due to reinforced greenhouse gas regulation	Enhance competitiveness in fuel efficiency through consistent R&D efforts in comparison with competitors
Physical risks	Tropical low pressures	Risk of tornadoes during summer in the U.S.	
	Changing rain patterns and drought	Risk of flood, snowstorms, drought and yellow dust in Korea and China Risk of snowstorms in the Czech Republic	
	Abnormal temperature	Risk of hot temperatures during summer in Korea, Turkey and the Czech Republic	
	Other climate risks	Risk of tsunamis in India Possibility of disruption in parts supply from vendors and in imports (maritime logistics) due to abnormal climate change	
Physical opportunities	Opportunity for sales increases due to climate changes in countries where competitors are located		
Managerial opportunities	Change in consumer behavior that prefers eco-friendly products	Increase in consumers' demand for eco-friendly cars as a result of eco-friendly car support policy in the U.S. and Europe	Increase in sale of eco-friendly cars

Product Responsibility

Eco-friendliness

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Minimizing Environmental Impact

Classification	2015 Performance	Mid-to Long-term Direction
Pollutant control	<ul style="list-style-type: none"> Installed a dual filter in paint booth exhaust ducts Installed extra air pollution prevention facility (materials plant) 	<ul style="list-style-type: none"> Apply reverse osmosis (R/O) method to pure water manufacturing facility at the auto paint shop Replace harmful chemicals (MEK, acetic acid ethyl, water-soluble paint)

Hyundai constantly seeks better ways to reduce various pollutants its manufacturing plants emit. To prevent chemical-related accidents, the company works to replace harmful chemical substances with safe materials and convert hazardous processes into harmless ones. Hyundai also strives to reduce wastewater discharges and volatile organic compounds (VOCs) by installing additional regenerative thermal oxidizers (RTO) and eliminating the primer process in painting the Porter at the auto paint shop of its Ulsan Plant.

Pollutant Control

Hyundai has stricter corporate standards on air and water pollutants produced in its manufacturing processes than are required by law. The company runs a system that monitors the amount of pollutants discharged, and makes preemptive efforts to stop pollutants being discharged in the first place. In 2015, we implemented various systematic pollutant control measures, including an expanded monitoring of the amount of pollutants we discharge during the production process and the standardization of facility inspection procedures. Besides, all Hyundai employees take part in various preventive activities such as chemical and environmental accident drills.

Minimizing Air Pollutions

Air pollutants produced in the vehicle manufacturing process at our Ulsan Plant include dust and VOCs. VOCs are mainly found in paints and thinner used by auto paint plants. Lately, we have been focusing on reducing the use of VOCs due to their harmful effects on people's health. The rate of solvent recovery has increased since we installed waste thinner recovery pipes at the paint plants No.1 and 41 in the Ulsan Plant. Subsequently, 6,358 tons of VOCs were emitted in 2015, 5% down from 6,692 tons in 2014. By replacing old dust collectors with new ones and reducing the replacement cycle from 24 months to 18 months, we also cut dust by 14% in 2015 (153 tons) compared with 2014 (178 tons).

The Asan Plant succeeded in reducing its pollutant emissions by more efficiently treating the contaminants that are generated from the oven air-out process. The

efficient treatment was made possible because of the RTO improvement at its paint plants which produce pollutants more than any other car manufacturing facilities. We also installed a filter chamber at the farthest end of paint booth exhaust ducts, thereby doubling the amount of pollutants treated. Moreover, we added an air pollution prevention facility to set a parallel processing system for two air pollution prevention facilities at the molding sand plant, thus improving the treatment efficiency more than two times higher than before. As a result, air pollutant emissions at the Asan Plant decreased by 8 tons compared with 2014. We will continue to reduce pollutant emissions through thorough management of the entire process from the management of emission sources to the collection of pollutants.

Minimizing Water Pollutants

Lack of water resources is a growing global concern. Our Ulsan Plant, as a leading auto plant of Korea's car manufacturing industry, has in place water resources management policies and reduction goals and is executing an appropriate strategy. Although the plant produces as much as 5.13 million tons of wastewater per year due to its size, we are doing our best to implement process improvements aimed at minimizing water pollutant discharges and manage the water quality of nearby streams as a way to preempt serious management risks. Particularly, we are aiming for zero discharge of oil by mapping drain pipes as well as installing surveillance cameras and oil sensors along the streams. We also have a mid-to long-term strategy involving installation of floodgates and/or air pockets.

The wastewater which the Ulsan Plant generates comes mostly from its paint plant and goes through chemical or biological treatments before being sent to the Bang-eo-jin water quality improvement center. Afterwards, the wastewater goes through another water purifying process and then is discharged into the Taehwa River nearby. As the primary step, before sending the wastewater to the water quality control center, we pass it through the wastewater disposal system at each plant. In addition, we set a control standard (30%) higher than the legal standard and operate three automatic monitoring systems, called TeleMetering System (TMS). In 2015, we

generated 177 tons of wastewater, 7.3% less than 190 tons in 2014. We are aiming to reduce the amount of wastewater we generate by about 3% every year. Though wastewater is expected to increase in volume with the planned increase of car production, we will do our best to reduce wastewater as well as of water pollutants for the goal of realizing an eco-friendly auto plant.

The Asan Plant operates a zero liquid discharge wastewater treatment facility that treats wastewater not only from its production facilities but also from the residential areas nearby. It adopted a facility to reuse treated wastewater from electro-coating in 2008 and a facility to recycle wastewater from car wash in 2009, which enables the plant fully recycle all the wastewater it generates and produce all of its industrial water without external supplies. Moreover, the plant has in place an oil-water separation facility which primarily treats cutting oil discharged by the engine processing plant to prevent the direct inflow of wastewater of high contamination.

Minimizing Waste Materials

To actively participate in the nation-wide project of recovering resources from wastes, we have expanded the list of recyclable items and improved the recycling rate by further segmenting the classification of items to be recycled. In 2015, the Ulsan Plant increased the recycling rate by 1%p year-on-year, pushing the total recycling rate to 90.6%. The plant also reduced its waste paint discharge by about 8.5% through continued efforts to decrease waste paint sludge moisture content, whereas it increased the rate of waste oil recycled to over 30%, compared with 2014, by improving the water separation process. More importantly, we have improved the recovery rate of waste solvents to about 30% through recovery equipment upgrades, thereby cutting production costs and preventing air pollution. We will continue to focus on separate collection of waste materials while actively adopting various technology to expand new recycling technology and reduce waste paint sludge moisture content, and sharing best practices with everyone at the plant.

The Asan Plant succeeded in reducing its overall waste discharge by 7 tons in 2015, by mainly decreasing its use of cleansing oil through the use of destacker wringer rolls in the forming press of steel sheets, the first step of car manufacturing. Also, by improving the cutting fluids treatment process to a level where recycled fluids can be recycled or are of commercial value, the plant was able to increase the recycling rate of wastes and reduce material expenses. The amount of wastes the plant generated in 2015 totaled 47,370 tons, 4.3% less than in 2014, while the recycling rate reached 96.9%, up 1.9%.

Designated Green Company

The Ministry of Environment's Green Company system is to identify and support businesses contributing to improve the environment by reducing pollutants, saving resources and energy, producing eco-friendly products, or practicing green management. Hyundai's Ulsan plant has been designated by the system as a 'Green Company' since 1988.

Handling of Hazardous Materials

Management of Hazardous Chemical Materials

As accidents and environmental disasters related to chemical materials are on the rise of late, so is the public awareness of risks associated with the use of hazardous chemical materials. Hyundai meticulously maintains an expansive database of the weight of every component it produces and of the information of every chemical materials it uses; and uses the database in dealing with various environment regulations. In 2004, the company joined International Material Data System (IMDS), to assess if its processes meet regulations on parts from the beginning of vehicle development, and to preemptively handle hazardous materials. In 2007, Hyundai developed the e-Chemical Management System (e-CMS), and has used the data from IMDS to create a database of chemical materials information on all parts used in all of its vehicles manufactured since 2005.

Since 2014, the Ulsan Plant has been replacing high hazardous chemical materials with low hazardous materials, to prevent hazardous chemical leak-related casualties. In 2015 the plant replaced 20% caustic soda, a PH regulator used at the wastewater treatment facility, with 20% sodium aluminate. It also reduced the use of high hazardous chemical materials by 2,700 tons per annum by changing the ion exchange method, using 35% hydrochloric acid and 20% caustic soda, to RO method for its two pure water manufacturing facilities.

In 2016, the plant plans to further reduce its use of high hazardous chemical materials by 2,200 tons. In order to achieve this goal, it will extensively apply the RO system, which, once completed, will reduce its use of 50% sulfuric acid and 35% hydrochloric acid and 20% caustic soda, used at three pure water manufacturing facilities; and will decrease the density of nitric acid, used for removing phosphate coating sludge, from 60% to 9%. Going forward, Hyundai will stay at the forefront of developing safer and more eco-friendly chemical products by keeping a close cooperative relationship with chemical product suppliers.



The Hyundai California Proving Ground in harmony with state-of-the-art technology and Mother Nature



For Hyundai, corporate responsibility means maintaining business, social, and ecological aspects in balance. That is why we are relentlessly striving to minimize the environmental impacts for which we feel responsible, while focusing on obtaining product responsibility and capability to maximize customer satisfaction. The Hyundai California Proving Ground is a good example of how we strive to pursue growth in harmony with the environment.



The Hyundai California Proving Ground delivers the value of eco-friendliness and co-existence to the local community

Construction of a Proving Ground in an Eco-friendly Manner

In January 2015, Hyundai completed the construction of a proving ground in the Mojave Desert in California. The 17 km² Hyundai California Proving Ground, located in California City, 100 miles northeast of Los Angeles, plays an important role in evaluating the performance of Hyundai products and technologies developed by the company.

Various animals and plants are living in the Mojave Desert where the Proving Ground is located. The area is home to such rare species as desert tortoises, bobcats, desert kangaroo rabbits, desert ravens, round-tailed ground squirrels, Mojave rattlesnakes, Mojave lizards and eagles, all of which are designated as endangered species. Also found are Joshua trees which grow only in California deserts.

In building a proving ground in this area, Hyundai sought for ways to minimize its environmental impacts across all process from design to construction. We selected a construction method to abide by the stringent environmental laws of the state of California, while considering various aspects including the quality of air and water, natural resources, geology, management of hazardous substances, land property usage, public service and traffic. Our priority was to preserve the natural habitats of indigenous animals and plants. During the construction, we studied the natural ecology of areas on which roads and structures would be built and took every possible step not to harm areas designated for the protection of endangered species. As a result of these efforts, we were able to obtain all necessary building permits sooner than had anticipated and completed an eco-friendly proving ground.

Operating a Proving Ground in Harmony with Nature

Hyundai operates the Proving Ground with a focus on protecting the habitats of indigenous animals and plants, and the ecological system. Illustrative of our environmental concern is a measure we took to protect desert tortoises living within the Proving Ground at the cost of about KRW 5 billion. We purchased an area with environmental characteristics identical to those of the Proving Ground, and enlisted the help of a professional biologist in safely moving 27 desert tortoises. Since the relocation of the tortoises, we have conducted the ecological study twice per five years and will continue the study for the next five years.

We are looking after animals and plants of the ground designated as endangered species, and conduct management and protection activities. In 2015, we collected data on the habitat of desert ravens and the populations of round-tailed ground squirrels, and reported them to the state of California. In addition, we have conducted habitat research on endangered plants, such as Barstow woolly sunflowers, growing within the Proving Ground for four months, and confirmed no changes in the number of the endangered plants, thus proving the eco-friendliness of the California Proving Ground, once again.

Hyundai employees also participate together with local residents in 'Adopt-a-Highway', a program aimed at keeping nearby highways free of trash. Moving forward, we will contribute to the local community by providing junk vehicles to nearby fire stations for their fire control practices and by allowing police stations to use the Proving Ground as a place for driving practices and other training exercises.

03 Suppliers

2015 PERFORMANCE



Hosted 1,285 seminars for suppliers to improve their product quality, job competency and quality-driven mind set; 211,277 people participated

Hosted 5 job fairs for suppliers, with participation from 364 companies

Helped suppliers to enhance their competitiveness through R&D technology supports and quality improvement



G R O W

Growth in unison

MANAGEMENT APPROACH

Hyundai knows the importance of collaboration and co-prosperity, which is why we strive to improve trade practices and support our suppliers so that they are fully self-reliant and competitive. The automotive industry is a major assembly business, and Hyundai suppliers provide the company with 95% of parts used in building Hyundai vehicles. The company believes that the competitiveness of its suppliers is the basis for its true competitiveness. Therefore, the company provides its suppliers with education, system and human resource supports for their quality improvement, technology development and environmental protection endeavors. Hyundai has a number of teams dedicated to helping its suppliers, including Supplier Cooperation Team, R&D Technical Support Group, and Foundation of Korea Automotive Parts Industry Promotion. Employing these and other organizations, Hyundai seeks mutual growth in three strategies: cultivating global competitiveness; reinforcing the basis for sustainable growth; and establishing a joint growth system.

T O G G E R T H E R

Together for co-prosperity

Plan for 2016

- Enhance competitiveness in complete vehicles through quality seminars and their efficient operation
- Host 5 supplier job fairs (including small giants)
- Pay by cash for goods delivered to mid-sized companies (sales under KRW 500 billion)
- Expand the win-win payment system
- Create more synergy by helping suppliers improve their competitiveness

3 Strategies

- Cultivating global competitiveness: Fostering quality competitiveness, supporting productivity enhancement, developing R&D capability
- Reinforcing the basis for sustainable growth: Sustainable management foundation, expanding global sales channels, infrastructure for growth
- Establishing a joint growth system: Culture of joint growth, expanding supports for tier 2 and 3 suppliers, strengthening collaborative network



Paid by cash for goods delivered to mid-sized companies (sales under KRW 300 billion); expanded joint purchasing with suppliers to KRW 76.4 billion

Introduced and operated the win-win payment system

* A payment system through which tier 1 suppliers of a conglomerate pay by credit of the conglomerate for goods purchased to tier 2 and 3 suppliers, so that they can cash out without the risk of being bounced



SUPPLIERS

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Key Sustainability Data

Indicators	Unit	2013	2014	2015
Korea Automotive Parts Industry Promotion	Quality and Technology Volunteer Group Company	103	97	97
	Supplier Support Group Company	43	43	46
New recruitment of suppliers	Person	17,215	17,510	18,600
Number of suppliers participated in joint growth and fair trade agreements	Company	301	293	298
Number of suppliers participated in Energy-Saving Technology Exchange Meeting	Company	26	26	32

Indicators	As of 2015 year-end
Average of partnership with tier 1 suppliers	28 years
Sales average of tier 1 suppliers per company	KRW 271 billion Increased by 3.7 times (over 2001)
Number of suppliers whose sales exceed KRW 100 billion	Increased by 2.5 times (over 2001)
Number of suppliers jointly advanced into overseas	About 600 companies (Accumulated)

Stakeholder Interview

Why did you participate in the 2015 Meeting, and what theme did you present?

We have been attending the Energy-Saving Technology Exchange Meeting since 2012, so that we can learn about the technological achievements and successes of other companies specializing in energy-saving. Our themes for the 2015 Meeting were energy-saving through rationalization or optimization of over-sepc or surplus energy, and increasing the usage of high efficiency, low energy parts. This has enabled Duckyang to cut annual costs by about KRW 50 million.

What other collaborative programs does Duckyang participate in?

All our staff, from the CEO to personnel at each department, are always looking at how we can achieve success through win-win collaborations, and we also aim to learn about recent trends and gain technical support at the relevant seminars. In the second half of 2015, we began a joint overseas expansion in partnership with Hyundai, and, having established a subsidiary in Beijing, we are now supplying crash pads and other products to the Hyundai plant in Beijing. This has enabled us to achieve continued strong sales growth, and, by also developing auto parts for EVs, we now have a sales goal of KRW 1 trillion by 2017.

Please tell us some ideas you would like to share with Hyundai.

I'd like to express my gratitude to Hyundai for offering us these joint win-win collaboration programs, including the Energy-Saving Technology Exchange Meeting, which has helped us to exchange ideas and build networks with other Hyundai suppliers. In addition, it means a lot to us that Hyundai transfers advanced technologies to suppliers, helping us to share information and cut costs.

Interviewee

Ju Young Jang
General Manager, Maintenance Team,
Duckyang Ind. Co., Ltd.

A supplier participated in the Energy-Saving Technology Exchange Meeting

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Product Responsibility

Eco-friendliness

Suppliers

Employees

Society

Cultivating Global Competitiveness

Classification	2015 Performance	2016 Plan
Fostering quality competitiveness	<ul style="list-style-type: none"> Offered quality seminars and trainings to improve quality of auto parts: 505 times (130,652 persons) Offered trainings to improve and support work skills: 460 times (33,374 persons) Offered trainings to enhance quality-driven mind set and ethics: 320 times (47,251 persons) Ran the Foundation of Korea Automotive Parts Industry Promotion (including tier 1 and 2 suppliers) <ul style="list-style-type: none"> Quality and Technology Volunteer Group, at 97 suppliers Supplier Support Group, at 46 suppliers 	<ul style="list-style-type: none"> Strengthen quality seminars and continue the efficient operation of them Expand the operation of the Foundation of Korea Automotive Parts Industry Promotion (including tier 1 and 2 suppliers) <ul style="list-style-type: none"> Quality and Technology Volunteer Group, at 98 suppliers Supplier Support Group, at 48 suppliers
Developing R&D capability	<ul style="list-style-type: none"> Provided R&D support <ul style="list-style-type: none"> 1,085 joint R&D projects 120 exhibitions for new technologies (70 companies) 27 projects for IP/R&D strategic support 	<ul style="list-style-type: none"> Continue to support R&D technology <ul style="list-style-type: none"> 1,100 joint R&D projects 120 exhibitions for new technologies (70 companies)

Fostering Quality Competitiveness

Seminar to Boost the Competitiveness of Suppliers

Hyundai provides seminars to executives and employees of its suppliers to share its strategic directions and to enhance their business competencies. The seminars are categorized in terms of positions, departments and programs. The company also provides seminars for managers and staff with a focus on R&D and technology enhancement.

Korea Automotive Parts Industry Promotion

Hyundai Motor Group created the Foundation of Korea Automotive Parts Industry Promotion in 2002, as a non-profit organization. Hyundai, Kia and Hyundai Mobis made joint investments to create the Foundation, and have operated it. Staff of the Quality and Technology Volunteer Group and the Supplier Support Group of the Foundation spend three to 12 months a year working on the business site of Hyundai suppliers to provide guidance and support. This program is provided not only to tier 1 suppliers but to tier 2 and 3 suppliers, which are relatively small in size, as well.

Suppliers Seminar System

	CEOs	Executives	Managers	Staff
Participants	Top management formulating a corporate vision and taking the lead in boosting the company's competitiveness	Executives in charge of departments and with duty and goals to enhance the company's competitiveness	Managers in charge of teams and executing the company's policies and vision	Staff seeking to improve their performances through individual competitiveness
Courses	<ul style="list-style-type: none"> Enhance quality-driven mind set Share global management information Share vision of mutual growth 	<ul style="list-style-type: none"> Responsible for a relevant department Enhance leadership to lead changes Follow the same work direction as that of Hyundai 	<ul style="list-style-type: none"> Improve mid-level manager's role Develop business expertise Improve problem solving skills 	<ul style="list-style-type: none"> Improve competitiveness for business practices Promote quality-driven mind set Give motivation for better performance
Main Training Programs	<ul style="list-style-type: none"> Quality management seminar for CEO Seminar for tier 2 suppliers 	<ul style="list-style-type: none"> Seminar for future CEO 	<ul style="list-style-type: none"> Training to boost competitiveness of executives and managers New technology seminar for tier 2 suppliers 	<ul style="list-style-type: none"> Security and ethics trainings for overseas suppliers Quality trainings for tier 2 suppliers by business category
	Seminar for executives Quality Purchase & Development Production Sales		Job academy for suppliers R&D Quality Purchase Production technology	
	Quality training (throughout the year) Training for stabilizing parts supply Events for suppliers			

Supporting Productivity Enhancement

With the support of the parent company, tier 1 suppliers and industry experts, Hyundai helps tier 2 body part suppliers to improve their technology, work environment and production processes through voluntary innovation programs. We also encourage our tier 1 and 2 suppliers to optimize their production systems and to enhance quality and productivity by providing consultation on how to adopt smart plant systems and by offering financial support for their facilities. In addition, we operate on-site programs for tier 2 and 3 suppliers, to provide them with guidance and support for body part inspections, quality management of manufacturing processes, and quality assurance management, so that we can proactively manage product quality and make sure suppliers are always thinking about quality.

improvement, tailored technological support, and other technology support that they might need. The Group also hosts various meetings with suppliers concerning R&D, to improve communications and reflect suppliers' requirements. In addition, the Group runs the Value Engineering system, which aims to reduce costs without compromising quality.

Guest Engineers

From the beginning of the development of a new car, Hyundai works with guest engineers to reduce the development period and minimize the risk of design failure. In 2015, the average number of guest engineers working with Hyundai per month was some 400 people from around 40 companies. This also helps our tier 1 and 2 suppliers build technological expertise.

Developing R&D Capability

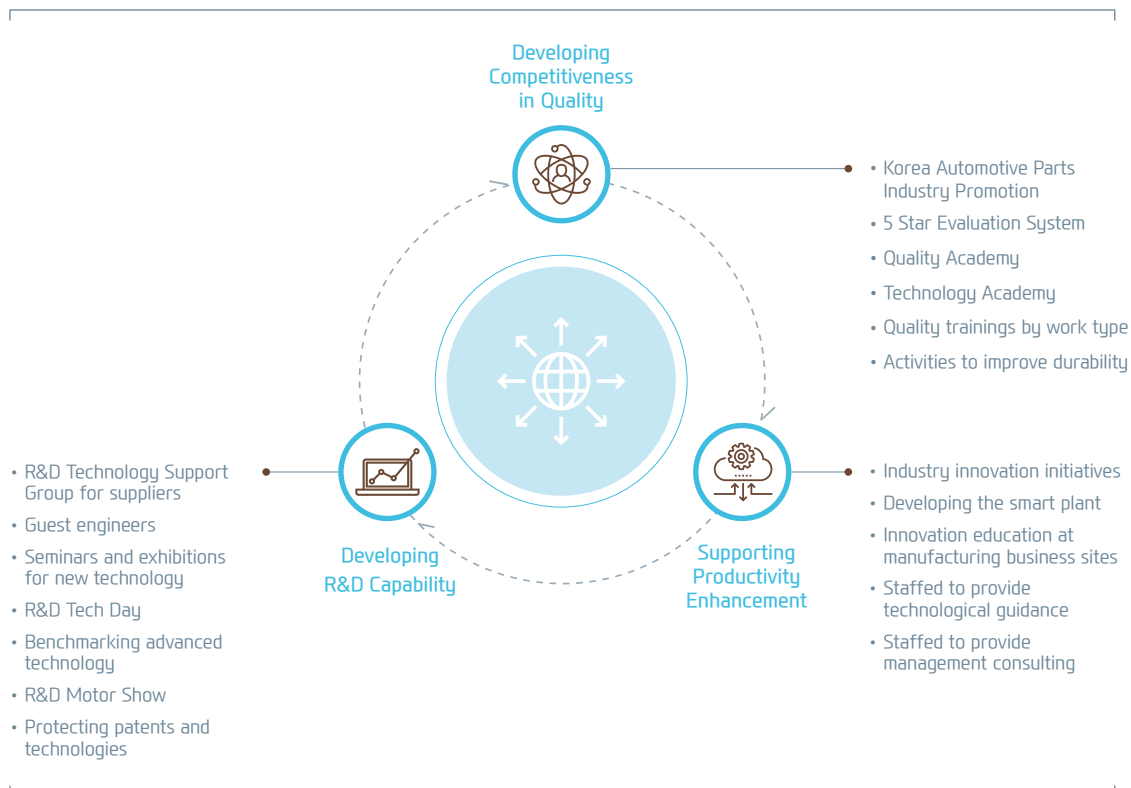
R&D Technology Support Group

The R&D Technology Support Group shares the company's technology development know-how with suppliers, thus helping them with R&D for quality

Protecting the Patents and Technologies of Suppliers

To protect the patents and technologies of our suppliers, Hyundai applies for co-ownership alongside the suppliers of the intellectual property (IP) on technology which Hyundai and those suppliers have developed together. We also protect suppliers' valuable trade secrets and key technologies through technology escrow agreements.

Programs to Cultivate Global Competitiveness



- Product Responsibility
- Eco-friendliness
- Suppliers
- Employees
- Society

Reinforcing the Basis for Sustainable Growth

Classification	2015 Performance	2016 Plan
Sustainable management foundation	<ul style="list-style-type: none"> • Paid by cash for goods delivered to mid-sized companies (sales under KRW 300 billion) • Expanded joint purchasing with suppliers to KRW 76.4 billion 	<ul style="list-style-type: none"> • Pay by cash for goods delivered to mid-sized companies (sales under KRW 500 billion) • Expand joint purchasing with suppliers to KRW 77 billion
Expanding global sales channels	<ul style="list-style-type: none"> • Supported the global expansion of about 600 suppliers 	<ul style="list-style-type: none"> • Expand the global expansion with suppliers and focus on R&D efforts to create synergy
Infrastructure for growth	<ul style="list-style-type: none"> • Hosted 5 job fairs for suppliers; 364 companies participated • Promoted the venture ecosystem through the Gwangju Center for Creative Economy & Innovation; helped 10 companies start up their businesses 	<ul style="list-style-type: none"> • Expand job fairs to include small giants in local areas • Promote the venture ecosystem and increase supports for commercialization of technology

Sustainable Management Foundation

Hyundai employs various means aimed at supporting its suppliers' efforts to achieve business stability. We pay small and medium suppliers by cash for goods delivered, and help them to cut cost through joint purchasing; we also help small and medium suppliers with liquidity problem by providing loans to operate their business, improve quality and productivity, and invest in facilities. In addition, we provide family network loans to tier 1 suppliers so as to help them improve the payment condition for goods delivered by tier 2 suppliers.

Expanding Global Sales Channels

Most of the current suppliers of our overseas manufacturing plants are Korean firms that entered the international market together with Hyundai. We proactively support the growth of some 600 suppliers working with Hyundai's eight overseas plants, in order to help them become small but strong global corporations. Hyundai supports our tier 1 and 2 suppliers' efforts to establish local plants in the international market. This enables the suppliers to secure a stable flow of orders and guarantees us a reliable supply of high-quality materials, thus contributing to mutual growth for both.

We attain positive achievements in quality competitiveness and substantial increases in sales by expanding together with our suppliers into overseas markets. In particular, many of our suppliers, which originally entered the market as Hyundai suppliers, are steadily expanding their overseas operations as they have gained recognition for their product quality from other automakers. Such positive results also are a great boon to synergies in joint operations including job creation

and expense reduction. In short, the outcome of the joint expansion of Hyundai and its suppliers serves as a stepping stone for the suppliers to further develop themselves as global-scale suppliers.

Supporting Joint Overseas Expansions

Consulting service	We provide our suppliers interested in expanding their operations overseas with information on industry regulations, business procedures and other relevant matters.
Local license support	We support our suppliers to build better relationships with local governments by guiding them through the procedures required for local plant construction and production line installations, in addition to help with tax negotiations.
Cooperation council	We support the operation of cooperation councils of our suppliers in overseas markets, with the purpose of building collaborative network and sharing information.

Infrastructure for Growth

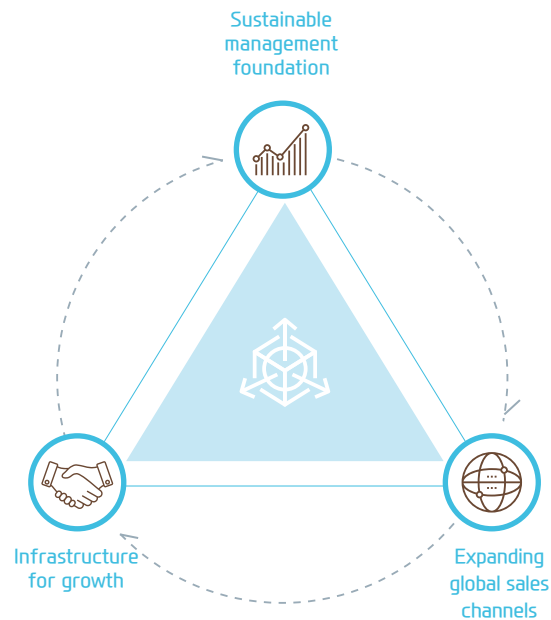
Support Outstanding Talent Recruitment for Suppliers

In 2012, Hyundai hosted the nation's first cooperative job fair for its suppliers struggling to attract top talent. In 2015, we launched job fairs by region together with 364 suppliers. The job fairs received positive responses for having contributed to the suppliers' recruitment of talent based on the brand recognition of Hyundai. We continue to promote our suppliers' recruitment and PR efforts by maintaining a website dedicated to employment of our suppliers.

Human Resources Development Consortium

Since 2004, Hyundai has held professional technology training for its suppliers through a human resources development consortium jointly operated by Hyundai, the Ministry of Employment and Labor, and Hyundai suppliers.

Support Program to Reinforce the Basis for Sustainable Growth



Sustainable management foundation	Expanding global sales channels	Infrastructure for growth
<ul style="list-style-type: none"> • Cash payment for goods delivered • Adjustment of raw material prices • Financing program • Earlier payment for the goods delivered on national holidays • Joint purchasing 	<ul style="list-style-type: none"> • Joint overseas expansions • Supports to expand exports of suppliers • Supports to expand exports of tier 2 and 3 suppliers to overseas plants 	<ul style="list-style-type: none"> • Human resources development consortium • Seminars for future leaders • Support outstanding talent recruitment for suppliers • Green Partnership program between a conglomerate and SMEs • Run the Venture Plaza • Support the Gwangju Center for Creative Economy & Innovation • Employee trainings for suppliers

- Product Responsibility
- Eco-friendliness
- Suppliers
- Employees
- Society

Establishing a Joint Growth System

Classification	2015 Performance	2016 Plan
Strengthening the collaborative network	<ul style="list-style-type: none"> • Operate a system to check raw material prices, to ensure joint growth between tier 1 and 2 suppliers 	<ul style="list-style-type: none"> • Continue to operate a system to check raw material prices
Expanding supports for tier 2 and 3 suppliers	<ul style="list-style-type: none"> • Ran the Foundation of Korea Automotive Parts Industry Promotion <ul style="list-style-type: none"> - Quality and Technology Volunteer Group, at 91 suppliers - Supplier Support Group, at 24 suppliers • Introduced the win-win payment system 	<ul style="list-style-type: none"> • Plan to operate the Foundation of Korea Automotive Parts Industry Promotion <ul style="list-style-type: none"> - Quality and Technology Volunteer Group, at 80 suppliers - Supplier Support Group, at 20 suppliers • Expand the win-win payment system
Environmental safety system for suppliers	<ul style="list-style-type: none"> • Held the Energy-Saving Technology Exchange Meeting for suppliers (32 companies participated) • Provided education programs in the area of environment, safety and health (51 companies participated) 	<ul style="list-style-type: none"> • Share knowledge on reducing greenhouse gas emissions and energy usage, and widen the sharing of relevant technology • Continue to provide education programs on the environment, health and safety for suppliers to meet their needs

Strengthening the Collaborative Network

Hyundai shares its procurement and quality policies with its suppliers. To help establish a rational and fair trade culture between our tier 1 suppliers and tier 2 and 3 suppliers, we operate a cooperation council for tier 1 suppliers. In addition to sharing company policies and announcements, the council serves as a communication channel through which to receive suggestions and complaints from tier 2 and 3 suppliers.

Expanding Supports for Tier 2 and 3 Suppliers

Hyundai operates a free training program that sends out to small and medium-sized corporations teams of professionals and consultants who share their expertise in auto-related technology and know-how, thereby helping the corporations improve their productivity, quality technology and global competitiveness. Furthermore, as a means of supporting our suppliers in account payment, we offer low interest loans based on Hyundai's no-interest deposits and special funds of financial institutions. As of this reporting, the size of the fund stood at KRW 40 billion.

Culture of Joint Growth

Hyundai signs a 'Joint Growth Agreements' with its suppliers every year and carries out various support programs. Included are four action agendas for

subcontract, financial support, reinforcement of support for tier 2 and 3 suppliers, consultation of price adjustment on raw materials, and others. Also, we operate the Transparent Purchase Center on Hyundai's website, through which we share our code of conduct and guidelines with our suppliers and receive suggestions from them. Prohibition of child or forced labor is clearly spelled out in the practical principles we have set for employees, including those of our suppliers, to follow. Furthermore, we publish and reward the best cases of joint growth made by tier 1 and 2 suppliers in an effort to promote the joint growth culture. In 2015, two companies were honored for their exemplary contributions.

Environmental Safety System for Suppliers

Environment, Safety and Health Management

To grow and prosper together with our suppliers, our Ulsan plant conducts an education support program aimed at training tier 1 suppliers in the Youngnam region in the areas of the environment, safety and health. In 2015 which marked the 9th year of the program, we identified people who wanted to participate in the program among managers of 160 companies, of which 57 people from 51 companies voluntarily participated in the program. The program provided information on the Toxic Chemicals Control Act and major case studies on how to respond it, as well as on plant safety management and chemicals management. There were also education programs with the theme of present state and future prospect in the area of the environment,

and case studies of improvements. Hyundai plans to develop training programs for its suppliers interested in improving their abilities to make appropriate countermeasures in the areas of the environment, safety and health.

Management System Certifications

We recommend our suppliers to acquire the OHSAS (Occupational Health and Safety Management System) 18001 certification in order to prevent or manage risks related to production operations and establish a voluntary safety and health management system. Most of suppliers completed with the acquirement. We also encouraged suppliers to acquire ISO (International Organization for Standardization) 22301 certification, in order to respond to accidents and disasters in a systematic manner, and also encouraged them to nominate a disaster management officer. Major suppliers in Korea are currently assessing how to acquire this certification, and we expect more suppliers to become certified.

Energy-Saving Technology Exchange Meeting

Hyundai has hosted the Energy-Saving Technology Exchange Meeting since 2012 in order to help suppliers efficiently manage their sources of energy, achieve sustainable growth, and become self-reliant. Reductions in energy usage and greenhouse gas emissions in particular cannot be achieved by one company alone, so Hyundai is committed to working itself and in partnership with suppliers to improve together. The 2015 Meeting saw participation from 32 suppliers, and the sharing of successes and information on technologies for energy saving.

Hyundai will continue to cooperate with small and medium suppliers to ensure joint growth, and will take proactive measures to assist them in building energy management systems.

Assisting in the analysis and evaluation of energy usage

At the 2015 Meeting, Hyundai shared details on how suppliers can evaluate their energy usage, and helped them improve energy efficiency by encouraging them to proactively set goals for energy-saving processes, and to put those processes into practice company-wide.

Understanding carbon emissions trading

Hyundai held a session to help suppliers understand and respond to the carbon emissions trading system introduced in Korea in January 2015, the first such system in Asia. In addition, we hosted a Q&A session at which participants shared the difficulties they faced regarding carbon emissions, and worked with them to find solutions.

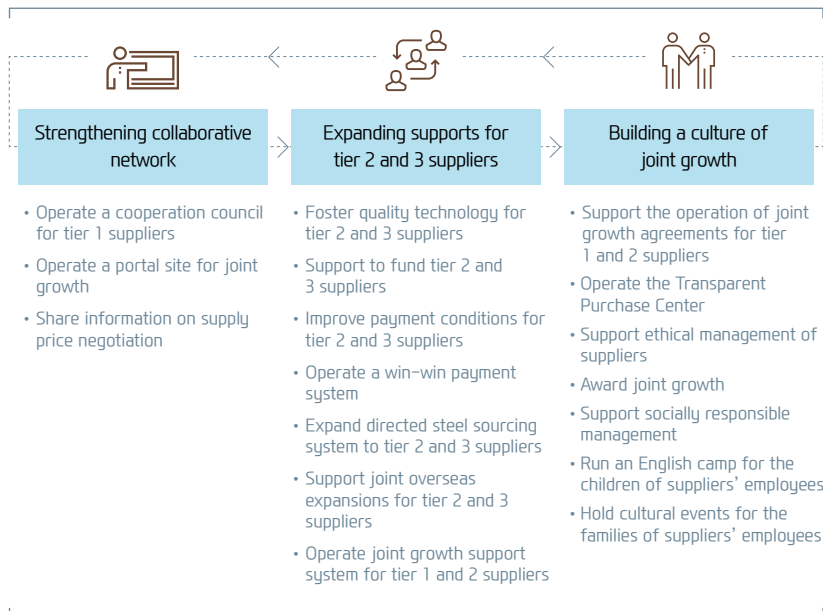
Energy-Saving Technology Exchange Meeting Participants

	2012	2013	2014	2015
Number of participants	20 companies (53 persons)	26 companies (66 persons)	26 companies (75 persons)	32 companies (90 persons)

Sharing successes in energy efficiency At the 2015 Meeting, five suppliers were chosen to share how they had saved energy, which in turn inspired other companies to join in the effort and respond better to climate change. The creative ideas shared by the five suppliers include switching to energy-efficient equipment and lights, developing a highly energy-efficient construction technology, and using a highly efficient transformation technique that uses a unique coiling. The ideas were well received by other participants.

Sharing eco-friendly technology Hyundai introduced successes in reducing energy usage in construction, an industry which is known to be a major source of greenhouse gas emissions, along with industry and transportation. We introduced a reinforced insulation technology based on the use of highly efficient building materials, and a core technology for high-performance heat insulating materials, which will help to reduce inefficiencies caused by deterioration in buildings. We also encouraged suppliers to use environmentally-friendly construction technology, all in an effort to help them enhance environmental management.

Win-win Growth System for Suppliers





Hyundai Venture Plaza nurturing creative ideas and technologies for the future

Hyundai is establishing an infrastructure for sustainable growth, in order to find ways to grow in partnership with our suppliers of today and tomorrow. The Venture Plaza is an example of our commitment to joint growth with suppliers, helping venture companies inside and outside the parent company to nurture their businesses. This will lead us to turn innovative ideas into strategic technologies.



The GCCEI helps Korea's auto industry to evolve and innovate

Helping In-house Ventures Bring Creative Ideas to Life

Since its launch in April 2000, the Venture Plaza has played a pivotal role in nurturing ventures within the company, and in promoting a corporate culture of creative R&D. In 2000, there were seven in-house start-up teams, but by end-2015, that number had risen to around 30. Of particular note, some of creative ideas, such as lane departure warning system, dual-mass flywheel and the Active Hood System, have been commercialized and used in Hyundai automobiles.

In 2015, Hyundai extended the scope of Venture Plaza to include R&D for creating shared value (CSV), where our employees can use their R&D expertise. Two CSV ventures were selected and are being commercialized, and the company will select more CSV projects in 2016.

Helping Start-ups to Become Drivers of New Growth

Hyundai has been increasing investment in start-ups in order to find new core strategic technologies at the early stages of their development. Initially, the Venture Plaza focused on investing in start-ups with strategic technologies in video, sound and software for vehicles, and in the environment. By 2015, it had expanded to support the development of a wide range of products for automobiles, and to help society by using the company's expertise to support venture firms.

In order to support the development of products for automobiles, we expanded the 'Technology Incubation Program', our distinctive venture platform for supporting start-ups with original technology in areas other than automobiles. Maxst, an augmented reality specialist, is one company that has benefitted from this program and worked together with Hyundai to develop

the 'Hyundai Virtual Guide', an app that acts as an augmented reality owner's manual. This will complement or replace the traditional owner's manual, allowing customers to use their smartphones or tablet computers to access information about their vehicles more easily. Launched in 2016 in North America, the Hyundai Virtual Guide will be available in markets across the world. Hyundai collaborated with four start-ups in 2015 alone as part of the Technology Incubation Program, and will select an additional six firms at least for 2016.

In order to use the company's expertise to support venture firms, Hyundai assisted the Gwangju Center for Creative Economy & Innovation (GCCEI) in its mission to foster venture firms, and also participated in the Tech Incubator Program for Start-ups (TIPS) operated by the Small and Medium Business Administration. We provided mentoring to 10 venture firms selected by the GCCEI, and gave help from our technology research center to automobile-related start-ups. In addition, we gave venture companies financing worth KRW 2.5 billion, using two creative economy funds to which we contributed. Hyundai also helped with the success of Maxst and the Hyundai Virtual Guide by publicizing them at the LA Auto Show, the Detroit Auto Show and the Consumer Electronics Show 2016, as well as through YouTube, an official launch by Hyundai Motor America, and other support. Hyundai will continue to provide promising venture firms with opportunities to participate in our Technology Incubation Program.

Hyundai was nominated as a partner for TIPS in March 2015, and has enabled five start-ups to receive financial support for their R&D. We will continue to use this program to foster start-ups in the auto industry, and to promote an entrepreneurial venture ecosystem.



04 Employees

2015 PERFORMANCE



Developed and provided employee education programs to change for the better (including a special training to put customers first)




Discussed and addressed 14 issues, such as increasing cultural events for employees, through the Labor-Management Council



Designated every Wednesday as 'SMART day', to bring changes to the way work is done





OUT STANDING ING

Outstanding innovations

MANAGEMENT APPROACH

Hyundai works with hundreds of thousands of employees around the world. The company declared the 'Code of Ethics' by which it pledges the respect for individual human rights of all employees. Also, by including 'People' in our five core values, we have pronounced our commitment to human rights protection. In addition, we comply with international regulations on human right protection as well as all labor-related laws and regulations of individual countries where we operate our business.

Relying on the belief that our future competitiveness rests on a creative human resource development, we foster global talent in a culture of promoting respect for diversity and making opportunity and fair rewards available to more employees. In order to assist our employees in maximizing their potentials, we create a safe work environment and provide continued supports so that they can sustain a happier life.

INNOVATOR



Driven by creative innovators

Plan for 2016

- Recruit those who respect human dignity and uphold work ethics
- Operate a global leadership development program for locally recruited new executives and candidates
- Build a safe workplace by aiming for zero fatal accident and lowering the overall accident rate below 0.1%
- Expand a job rotation program between business parts and in-house contests for career development and competitiveness improvement of employees

Mid-to Long-term Direction

- Foster leaders who lead changes at the workplace and create future values
- Build a corporate culture where human rights and cultural diversity are respected and employees' safety is ensured
- Enhance the soundness and competitiveness of the company through a solid partnership between labor and management
- Encourage voluntary work engagement through constant change management for leaders and work-life balance



Operated a year-round interview system and expanded the internship program to attract the best talent

Undertook safety assessments at 8 business sites in 7 countries; shared 75 best practices, and made 196 safety improvements



EMPLOYEES

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Key Sustainability Data

Indicators	Unit	2013	2014	2015
Number of employees	Person	104,937	109,748	112,072
Percentage of overseas workforce	%	39.9	40.8	41.5
Number of female executives	Person	8	10	23
Employee accident rate	%	0.48	0.39	0.35
Percentage of employees with disabilities (Korea)	%	2.6	2.7	2.8
Training hours per employee (Korea)	Hour	55	62	63

* All figures as of Dec. 31 of their respective year

Stakeholder Interview

Please compare the image you had of Hyundai before you joined the company with the image you have now.

The image I had of Hyundai before joining I would describe as “fast growing”, “successful”, “aggressive”, “low budget vehicle manufacturer”, “doubtful quality”, “low level of technology and performance” — perhaps the inevitable result for a latecomer which has grown in such a short period of time. However, after working for Hyundai for about a year, I have seen that product quality is much better than I had thought. In particular, when it comes to technology and performance, I understand how we place a very high priority on long-term durability, not just functional performance, which is benefitting customers over the long term.

Were there any cultural difficulties when you joined Hyundai? If so, how did you respond to them?

My family and I enjoyed a perfect landing in Korea. Early meetings and talks with executives made us feel very welcome in Korea, and at the Hyundai Motor Group as well. We were treated with great respect and warm-hearted openness, and everyone at the Pamyang Technology Research Center and the Headquarter has been so friendly and helpful from the very beginning. In addition, ongoing support from the Global Talent Team has been helpful. We received our first cultural training before I even joined the company, and now a follow-up program has been started to integrate on a higher level.

What improvements might Hyundai consider in order to recruit outstanding global talent?

If the company can provide the same level of support and integration that I have had, we will be competitive in attracting top tier talent. I think, in the end, it is a matter of confidence — during my own hiring process, I had talks with Group executives which gave me great confidence about joining Hyundai. I therefore think that, the more that highest-level executives are involved in the hiring process, the more confidence we can generate for outstanding global talent when recruiting them to join Hyundai.

Interviewee

Albert Biermann
Executive Vice President, Hyundai Motor Group

Joined Hyundai in 2015 as a Head of the Vehicle Performance Development and High Performance Vehicle Development Division

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Respecting Human Rights and Diversity

Classification	2015 Performance	Mid-to Long-term Direction
Human rights protection/Employee distress counseling	<ul style="list-style-type: none"> • Provided an education on the prevention of sexual harassment in a play format to raise awareness • Developed the Employee Assistance Program in consideration of individual characteristics of employees and types of distress 	<ul style="list-style-type: none"> • Build a corporate culture where is no sexual harassment and all employees can develop their potential, regardless of gender
Labor-management relations	<ul style="list-style-type: none"> • Implemented the two-shift system with eight and eight hours during the week through enhanced productivity • Agreed on exchanging goods between plants for flexible response to market • Ran the Labor-Management Council to ensure competitive wage • Enhance the corporate image through joint labor-management CSR activities 	<ul style="list-style-type: none"> • Enhance the corporate image by establishing a sound organizational culture • Build a beachhead to enhance manufacturing competitiveness • Promote the establishment of virtuous cycle of HR performance • Respond to labor-related laws and policies

Employee Diversity

Recruitment at Overseas Worksites

As of the end of 2015, the total number of Hyundai employees is 112,072, grew by 2,324 over the previous year. We have 65,614 employees in Korea, which accounts for 58.6% of the total workforce of Hyundai. The remaining 46,458 work at overseas business sites, mostly locally recruited employees. The number of local employees has increased 3.7% from last year due to increases in overseas production, establishment of two new plants in China, and the acquisition of a mold company.

Upper Management at Overseas Worksites

The number of executives at our overseas subsidiaries consists of 90 overseas-stationed employees and 175 local employees, which brings locally hired executives to 66% of total — the number of locally hired executives grew 8% or 13 persons. By increasing the number of local employees in the upper management, we create an environment in which decisions are promptly made and gain a better understanding of local markets and cultures.

Recruiting More Women in the Workforce

As of the end of 2015, the number of female employees is 7,635, with 3,166 working in Korea, and 4,469 overseas. Numbers were up strongly in 2015, particularly in Korea and North America. More importantly than raw numbers, there was also a significant increase in the number of female executives — there were 10 female executives at the end of 2014, but this figure more than doubled to 23 by the end of 2015. This is the result of

our commitment to greater equality, and acknowledging the importance of embracing diversity to improve competitiveness.

Human Rights Protection/ Employee Distress Counseling

Preventing Sexual Harassment

In 2015, we ran tailored sexual harassment prevention education programs, to raise awareness of sexual harassment and to prevent it from ever happening. Following interviews with female staff in 2014, the company offered collective training to share countermeasures against sexual harassment, and there was another collective training for executives and team managers on the vital role that leaders have in rooting out sexual harassment. In addition, all staff were required to attend sexual harassment prevention education in a play format to raise their awareness, and to show the company's zero tolerance on this issue.



Employee Distress Counseling

We operate a counseling center at each business site to help employees suffering from distress. They include 'Talk-Talk Center' at the headquarters, 'Mind+' at the Namyang Technology Research Center, and 'Happy Rest Area' at the Ulsan/Asan/Jeonju plants, all staffed by professionals experienced in handling diverse cases of employee distress, including work stress and family problems. In consideration of the individual's characteristics and types of distress, a variety of counseling programs, such as one-on-one counseling for employees and their family, group counseling, lectures, psychiatric tests and analyses, are offered. In 2015, in particular, the Employee Assistance Program has become more systematic. We also operate 'One Click HR', an on-line counselling service, for employees who can't visit the centers in person. All counseling details are kept strictly confidential.

Labor-Management Relations

Labor-Management Communications

Hyundai guarantees employee rights to organize labor union activities, to take collective actions and to exercise collective bargaining. In November 2015, there was the 6th election to form a new executive branch for the 'Hyundai Chapter of the Korean Metal Workers' Union'. As of 2015, 46,844 or 71.4% of Hyundai employees were members of the labor union. The labor and management work together to build sound corporate culture based on labor-management relations, and improve manufacturing competitiveness through which we can achieve the continued growth of the company and employment stability at the same time.

The Labor-Management Council addressed 14 issues in 2015, including increasing cultural events for staff. Labor and management also agreed on improving work conditions and other mid-to long-term policy improvements, including the two-shift system and the "special agreement on future development strategy". There were also regular briefing sessions to build a consensus between labor and management on how to tackle the difficult business environment, and to discuss response measures.

Overseas Labor-Management Relations

Hyundai complies with all overseas labor-related laws and regulations, and guarantees and respects the legal right to take collective actions and to exercise freedom of association and collective bargaining. BHMC and CHMC in China have public assembly organizations, and HMI in India and HMMC in the Czech Republic each have their own labor unions to represent the voices of employees. Workers at HMB, our Brazilian subsidiary, joined the local labor union in the early stage of its existence, and the company maintains strong labor-management relationships. Although HMMA in the U.S., HMMR in Russia, and HAOS in Turkey have no labor unions, they address staff requests through round-table meetings, union sub-committee activities and other regular activities.

In 2015, we created labor management guidebooks, to build better labor-management relationships at our overseas businesses, and have distributed 2,100 copies. Also in June, we invited local staff in charge of labor management at all our overseas subsidiaries to join the 2nd Employee Relations (ER) Seminar. The 5th Global ER Conference took place in September, helping to improve communications between headquarters and subsidiaries. In addition, a monthly video conference between headquarters, subsidiaries and the Group affiliates enables us to share major issues and the direction of our ER strategy.



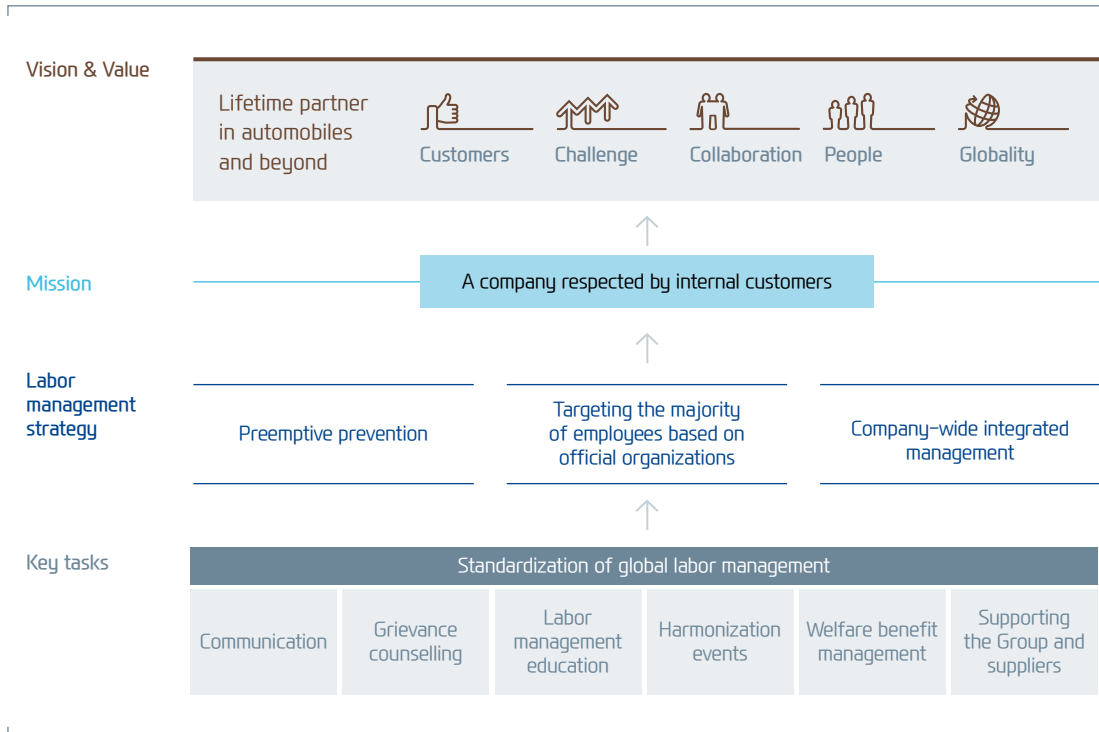
2015 signing ceremony for collective bargaining



Roundtable meeting of HMB

- Product Responsibility
- Eco-friendliness
- Suppliers
- Employees**
- Society

Strategic Framework for Global Labor Management



Best Practices of Labor Management

Overseas Subsidiary	Accolades	Organizer	Note
HMMC	Awarded the 'Employer of the Year' in the category for under 5,000 employees • Employment, education, retirement rate, reward, working environment, career development, productivity, CSR activities, etc.	Ministry of Labour and Social Affairs of the Czech Republic	For three years in a row
HMB	Certified as a 'Decent Work' • Selected based on trust management index of a company, corporate culture, and surveys from employees	The State of São Paulo	
HMI	Received the 'MPC in India of the Year Award' • Selected best companies in 9 categories	All India Management Association	
HAOS	Awarded the 'Şahabbettin Bilgisu Environmental Awards' • Recognized in the eco-friendly management, human resources and labor management	KOcaeli SANayi Odasi / Kocaeli Chamber of Industry	

Recruiting and Fostering Outstanding Talent

Classification	2015 Performance	Mid-to Long-term Direction
Recruiting outstanding talent	<ul style="list-style-type: none"> Operated a year-round interview system for the strategic applicants (outstanding interviewees being exempted from having to make formal job applications) Expanded internship and introduced an internship program for applicants on research scholarships 	<ul style="list-style-type: none"> Expand the early recruiting through internship programs and 'The H' Promote a year-round interview system (more divisions and positions)
Fostering outstanding talent	<ul style="list-style-type: none"> Established education system and developed programs for general staff at manufacturing division: leadership course for site managers (Production team leaders/Appointed managers) Developed and ran 7 job competency programs Developed and provided employee education programs to promote change (including a special training to put customers first) 	<ul style="list-style-type: none"> Foster leaders who lead changes at the workplace and create future values Foster business partners to support performance: providing human resources development (HRD) solutions for HR/labor management issues Improve HRD competitiveness for strategic support: building HRD governance and enhancing capability

Recruiting Outstanding Talent

Expanding Channels for Recruitment

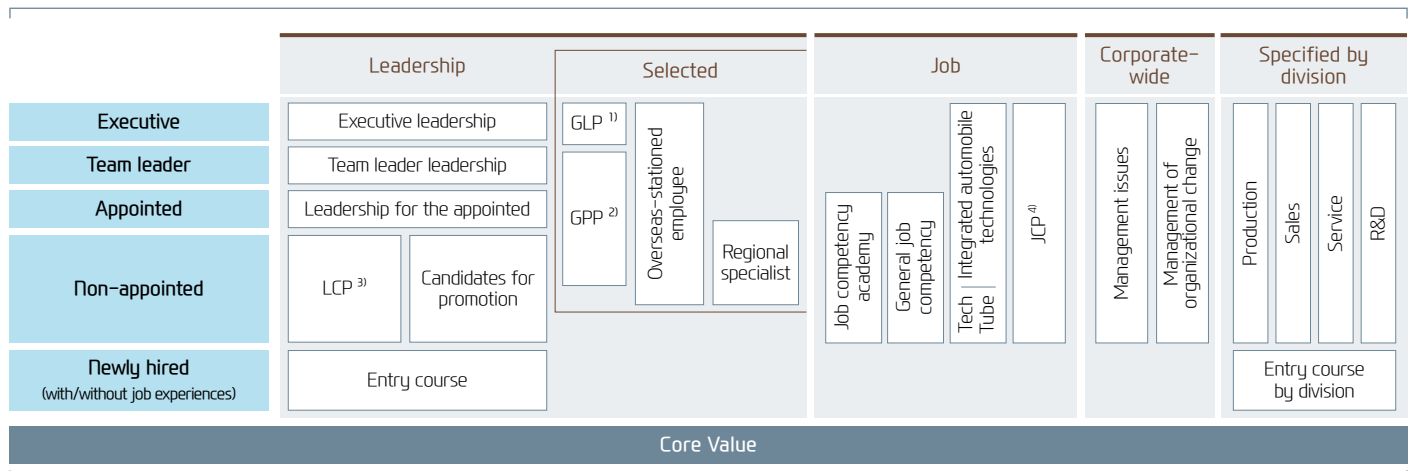
Hyundai focuses on recruiting outstanding talent with high potential through various channels, including early recruiting, an open recruitment system and 'The H' program. In 2015, we initiated a year-round interview system to improve two-way communications with job applicants, with outstanding interviewees being exempted from having to make formal job applications. In addition, we introduced an internship program for applicants on research scholarships, and expanded the duration of our general internship programs from five to seven weeks, which strengthened our early recruiting of outstanding talent. The company has also eliminated the dress code for first interviews, to help interviewees feel free to express themselves.

Fostering Outstanding Talent

Human Resources Development Program

Leadership Program Hyundai defines a leader as someone who shares the company's vision and goals with members, thus aligning staff, company and vision. Our leadership program is a continued, long-term process which equips the right people with the right skills, relationships and knowledge to successfully perform their current roles and to prepare for future roles as leaders. The company provides both leadership courses for each job position and also preemptive courses which help candidates be fully prepared ahead of their promotions.

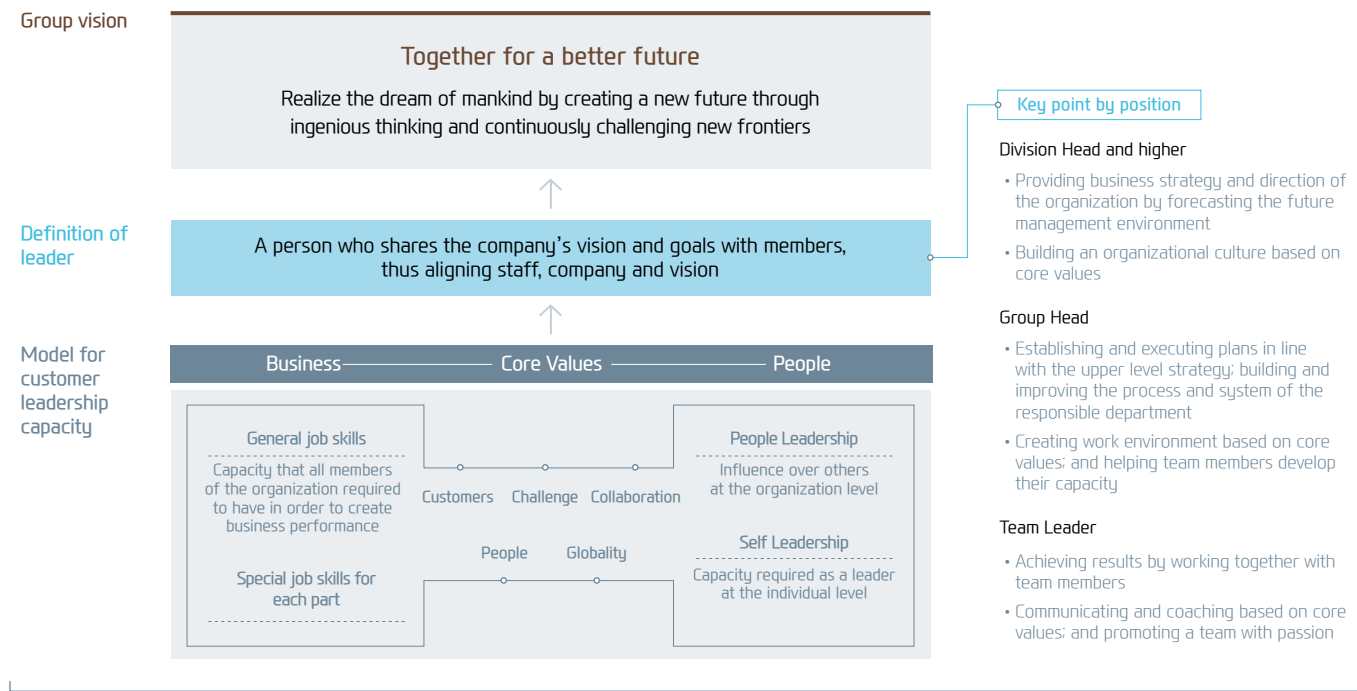
Hyundai HRD System



¹⁾ GLP: Global Leader Program ²⁾ GPP: Global Professional Program ³⁾ LCP: Leadership Competency Program ⁴⁾ JCP: Job Competency Program

- Product Responsibility
- Eco-friendliness
- Suppliers
- Employees**
- Society

Leaders of Hyundai Motor Group



HRD at Overseas Business Sites Hyundai is well aware of that localization is essential for successful global management, and the successful localization is based on recruiting and fostering next-generation leaders at its overseas business sites. With this belief, we have been focusing on fostering locally-hired leaders who can respond quickly to the changing business environment, considering characteristics of each market, and replace the role of overseas-stationed employees from Korea.

• **Global Executive Induction Course** We hold education courses for locally-hired new executives to enable them to experience the work, organization and culture of Hyundai. The executives visit our headquarters in Korea to explore opportunities and the driving forces for continued growth, and to discuss how to apply them at their offices. There are also special lectures by the management and non-Korean executives who have been scouted overseas. All of these help local executives understand the company's direction, and also boost communications between headquarters and overseas businesses, as well as building networks among participants.

• **Global Professional Program** Hyundai runs a special program to foster outstanding talent at its overseas subsidiaries, to establish a pool of outstanding candidates for executives. The program consists of three phases over three years, and helps participants to develop a company-wide business perspective through education on business theory and practice. In 2016, some 20 candidates will go on this program, to learn to be the driving force of our future global business.

Phases of Fostering Candidates for Locally-hired Executives

- Phase 1** Understanding the strategic business direction and challenges of Hyundai Motor Group, and learning the entire business-wide perspective
- Phase 2** Developing both the leadership required to perform as an executive and the personalized leadership
- Phase 3** Internalizing the core value and business style of the Group and building the network with the headquarters, by working in Korea and carrying out projects assigned to overseas subsidiaries

• Job Competency Program for the Locally-hired Hyundai has been running the on-line job competency program to improve general job skills of the locally-hired since 2014. As of the end of 2015, there were 96 educational programs, and 1,053 people have participated in these programs in 2015.

Education Program Participants by Subsidiary

(Unit: Person)

Overseas Subsidiary	2014	2015
HATCI	392	392
HMMA	-	300
HMIE	220	220
HME	71	71
HMMC	1	43
HMB	26	26
HMP	1	1
Total	711	1,053

Professional Course Hyundai seeks to enhance diverse job competencies and to create organizational synergies by generating cooperation among different divisions through the professional course. This course comprises an academic track for developing specialists by sector (marketing, finance, planning, HR, etc.), a general job skill program to build basic competencies for all employees, and an integrated automobile technology training to promote collaboration between automobile technology and each business part.

On-site Competitiveness Improvement Program Hyundai runs improvement programs for managers and staff in manufacturing, sales and customer service, comprising on-site training in leadership, job skills and improving the on-site corporate culture. In addition, there are tailored programs for each unit, to promote a creative and innovative organizational culture and better internal communications.

Programs to Promote Change Hyundai runs programs that help staff respond rapidly and work in unison to business change, management strategy and key issues at work. In 2015, and particularly after the breakout of MERS in Korea, we implemented training aimed at putting customers first, to make sure that customers see our total commitment to public safety and customer service. In 2016, Hyundai is offering training on “ideal partnerships”, to encourage staff to implement and maintain fair and responsible business relationships with our suppliers.

Career Development System

Voluntary Job Rotation System The voluntary job rotation system, implemented at the headquarters, is designed to reinforce the cooperation among departments and foster cross-functional talent with greater job satisfaction. It also offers employees an opportunity to reach their career goals in a self-guided way. Since its launch in 2010, the number of applicants for the program has consistently increased; in 2015, about 500 employees transferred to different departments through this system, expanding their areas of expertise and improving job competency. This system also serves as a pivotal role in facilitating communication among departments and fostering talent with a wide range of expertise, which in turn contributes to improving the overall performance of the company.

Job Rotation Program for Outstanding Talent Hyundai established a job rotation program for outstanding talent in 2010 and has since expanded the scope of the program to include overseas subsidiaries. In the past six years, 199 outstanding employees have participated in the program, and the participants were assigned to various posts at home and abroad for five to eight weeks and given opportunities to improve their job competencies as well as to cooperate with their fellow workers in other business sites. The company has been establishing a global management system by continuously expanding the program, thus contributes to improving its expertise and performance.

- Product Responsibility
- Eco-friendliness
- Suppliers
- Employees**
- Society

Creating Great Workplaces

Classification	2015 Performance	Mid-to Long-term Direction
WorkSMART	<ul style="list-style-type: none"> Designated every Wednesday as ‘SMART day’, to improve productivity and ensure work-life balance by bringing changes to the way work is done Ran WorkSMART programs customized for certain divisions: implemented specific tasks to bring changes at each division, considering job characteristics 	<ul style="list-style-type: none"> Promote consistent change of leaders (education programs for newly appointed team leaders, creating a leaders column, etc.) Build work environment to improve work productivity (standing report, SMART meeting system, etc.) Encourage voluntary work engagement through work-life balance (SMART day 2.0, SMART Vacation, etc.)
Performance evaluation and reward system	<ul style="list-style-type: none"> Participation in the multi-faceted evaluation increased as a result of better explanations of the purpose of the evaluation, and encouraging staff participation (participation rate in 2014: 77.7%; 2015: 79.5%) Delivered detailed feedback to the evaluation subjects, provided practical tips for improvement through the individual coaching offered by HR Division 	<ul style="list-style-type: none"> Improve leadership competencies by verifying and strengthening the coaching of appointed personnel Strengthen feedback/coaching programs to improve the abilities of leaders undergoing multi-faceted evaluations, and help with additional improvements where necessary, e.g. any leaders with lower evaluation results
Safe work environment	<ul style="list-style-type: none"> Korea: developed the Global Environment Safety and Hazard (g-ESH) system U.S.: Encouraged 29 tier 1 suppliers to acquire the accreditation of OHSAS 18001 China: acquired the accreditation of the national 1st degree Safe Production Standardization review Russia: achieved the “zero accident” target in 2015, for the first time among automakers in Russia 	<ul style="list-style-type: none"> Vision: Safe Together for Happier Tomorrow * Slogan: Safety first for the better future Goals: aiming for zero fatal accident and lowering the overall accident rate below 0.1% Core tasks to achieve the vision ① Establish safety roles ② Act in a systematic manner ③ Strengthen core competencies ④ Build a culture of safety
Employee benefits & welfare	<ul style="list-style-type: none"> Increase employee satisfaction by improving quality of benefits & welfare system Diversified means to support employee leisure time activities 	<ul style="list-style-type: none"> Expand employee welfare system for work-life balance Expand healthcare programs to improve employee health

WorkSMART

Hyundai launched WorkSMART in 2012 to encourage voluntary work engagement of its employees, and has since implemented WorkSMART activities, thus helps them do their jobs in a creative manner which will in turn lead us to achieve sustainable growth. The WorkSMART is aiming at creating an active and autonomous organizational culture where members can fully concentrate on their work through work-life balance. In 2015, we undertook various campaigns and activities through which staff experienced practical change.

WorkSMART Index and 2015 Results

Since 2013, Hyundai has developed and operated the WorkSMART Index (WSI). WSI is based on the WorkSMART system and comprises 70 indices to assess the awareness level of work methodology by organization. This evaluates an organization’s overall activity status and analyzes organizational strengths and weakness for further improvement. By monitoring its

WorkSMART activities through use of such a diagnostic tool, we will continue to respond to market changes in the optimal manner.

According to the 2015 survey, which had a participation rate of 61.5% (14,090 persons participated), the composite WorkSMART index was 64.3 points, an increase of 3.3 points over the previous year, with improvements coming in all areas. In particular, the efficiency and effectiveness of meetings were greatly enhanced — meeting efficiency was improved through such activities as sending meeting materials in advance so that people can be well informed and avoid unnecessary printing; and effectiveness of meetings was also improved by streamlining meeting processes.

SMART day

Starting at its headquarters in January 2015, Hyundai designated every Wednesday as ‘SMART day’, a day to bring changes to the way work is done, thus promotes practical change and improves work efficiency. Every SMART day, company cafeteria stops serving dinner,

the hours for company commuter buses are shortened, and office computers are turned off after 18:30. We also operate “work focus time” and eliminate any unnecessary meetings or tea times. In addition, to expedite the decision-making process, we induce shortening of the approval time and promote reports and feedbacks through emails. These activities help steer employees toward concentrating more on their work, finishing it earlier and putting saved hours to a more productive use, such as self-improvement, thereby bringing about positive change.

Division-specific WorkSMART

Since June 2015, in addition to the company-wide WorkSMART program, we have implemented customized programs for the Marketing Division, the Asan Plant and the Jeonju Plant. These programs each reflect the particular division’s characteristics, and are designed to improve on conventional ways of working and offer practical changes for the better. Therefore, at the Marketing Division, staff are encouraged to report using Microsoft Word, with context and stories, rather than Powerpoint. At the Asan Plant, daily work reports from each individual were replaced by group-level reports containing only key messages; and at the Jeonju Plant, the operation of “work focus time” has been extended.

Performance Evaluation and Reward System

Performance Reward System

Hyundai practices no gender bias in the payment of basic salaries and maintains transparency in its performance reward system. We also operate transparent evaluation and performance-based reward systems to ensure fair evaluations and rational compensations. We motivate employees to improve their individual competencies by applying performance evaluation results to the salaries of employees above the manager level. The ‘Promotion Point’ system is focused not on seniority but on discovering talent with exceptional performance.

Multifaceted Evaluation System

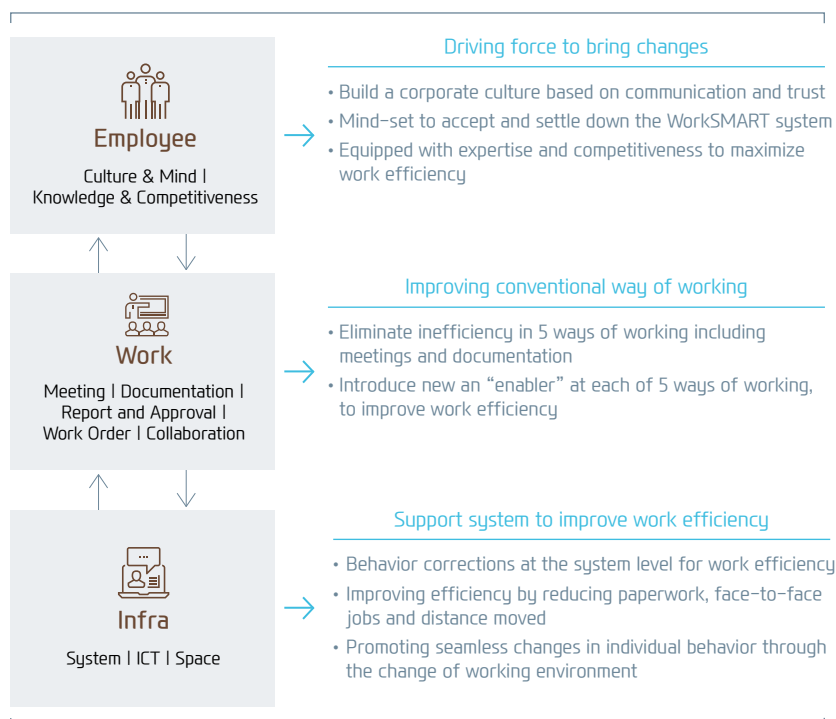
Through the “multifaceted evaluation system”, team members evaluate the leadership of employees above the team manager level, so that they are motivated to continue to improve and become better leaders. Detailed feedback has been given to everyone evaluated since 2013, and the HR Division has offered individual coaching to improve their leadership capabilities.

Safe Work Environment

Health and Safety Principles and Organization

Under the vision, ‘Safe Together for Happier Tomorrow’, Hyundai has adopted a safety-first management policy, “reaching the production of the highest possible quality by placing safety at the top”. In order to strengthen our competitiveness in safety at the company level, Safety Health & Environment Center oversees overall safety management, and each division has a team dedicated to the health and safety of its employees. Medical Care Center carries out employee health-involving tasks, and teams of hygiene experts conduct occupational diseases-preventive measures. In addition, Industrial Occupational Safety and Health Committee, comprising an equal number of members from labor and management, deliberates on and decides major policies and issues related to work safety and employee health. The committee continues to adopt measures that are practical and effective in preventing industrial accidents and to strengthen relevant policies.

WorkSMART Framework



- Product Responsibility
- Eco-friendliness
- Suppliers
- Employees
- Society

Managing Health and Safety

All of our business sites in Korea have established and operated the Health and Safety Management Systems (KOSHA 18001, OHSAS 18001). The Jeonju Plant achieved the joint-accreditation of KOSHA/OHSAS 18001 in December 2002, the Ulsan Plant received the certification in 2010, and the Asan Plant and R&D Division acquired the joint-accreditation of KOSHA/OHSAS 18001 in 2012.

Each business site undertakes a health and safety evaluation every year, and is obliged to be re-certified every three years, which helps the company to improve its health and safety management. In addition, we have expanded the scope of our construction monitoring and integrated control standards, in order to improve the i_SEH system, the facility construction management system and the safety monitoring management system. We have also developed a Global Environment Safety and Hazard (g-ESH) system, linked to the company's purchasing systems, to manage construction safety.



Global Environment Safety and Hazard (g-ESH) system

Safety Management at Overseas Business Sites

In 2015, the company headquarters undertook safety assessments at eight business sites in seven countries as a way to strengthen the safety management and prevent fatal accidents. We checked the safety level of construction work on holidays and new construction sites, and shared 75 best practices with all our business sites worldwide, in order to improve the overall level of safety management. 196 safety improvements were also made, thus contributing to reduce the risk of safety-related accidents.

To increase safety awareness, the company offers safety education, undertakes safety campaigns and special safety checks, holds regular fire drills, and makes OHSAS 18001 part of our cooperate culture. Thanks to these continuous efforts, our accident rate has decreased by 78% over the past five years, and HMMR, our Russian subsidiary, achieved the "zero accident"

Major Safety Management Activities in 2015

Overseas Subsidiary	Key Activities
All	<ul style="list-style-type: none"> • Reacquired OHSAS 18001 and undertook post-evaluation • Built and ran the response process to MERS • Undertook comprehensive safety check and made improvements in areas of safety, firefighting, health and environment
HMMA	<ul style="list-style-type: none"> • Encouraged 29 tier 1 suppliers to acquire the accreditation of OHSAS 18001 • Strengthened health improvement programs for employees • Provided employees with a training on how to use fire extinguishers
BHMC	<ul style="list-style-type: none"> • Acquired the accreditation of the national 1st degree Safe Production Standardization review • Pursued safe design, construction and manufacturing at new plant construction sites in Cangzhou and Chongqing
HMI	<ul style="list-style-type: none"> • Held safety competitions to commemorate the National Safety Day and the National Fire Service Week • Undertook fire drills at all regional headquarters and suppliers • 18 fire drills and monthly safety campaigns
HMMC	<ul style="list-style-type: none"> • Operated a 24/7 safety patrol team • Offered maintenance personnel with quarterly special intensive trainings • Conducted the preventive maintenance inspection on firefighting facility and equipment • Improved the ventilation system in preparation for heatwaves in summer
HMMR	<ul style="list-style-type: none"> • Had daily safety meetings during the shutdown construction period • Revised emergency response manual on dangerous machines • Installed a safety board at each department
HAOS	<ul style="list-style-type: none"> • Conducted 3 earthquake drills and reviewed the earthquake resistance level of buildings • Conducted fire drills and safety check at areas vulnerable to fire and other accidents
HMB	<ul style="list-style-type: none"> • Newly acquired OHSAS 18001 • Conducted safety check and fire drills (Quarterly) • Conducted fire drills in collaboration with fire station (Quarterly)



Achieve "zero accident" at HMMR



Safety training at the new plant construction site in China

target in 2015, the first time this has been achieved by an automaker in Russia. We will make safety our main priority in order to make Hyundai a safe workplace for all of our staff and suppliers, and to become a global leader in workplace safety.

Culture of Health and Safety

To increase awareness of health and safety, Hyundai conducts risk evaluations of our work processes, based on which we respond proactively to complex changes in work methodology and the development of new technology. We have implemented safety training for all employees and reinforced relevant systems. In particular, an integrated disaster prevention system that generates alarms in case of actual fires and suppresses fires immediately. We also established the 'Health and Safety Shelter' at each business site to provide emergency response training and to conduct basic health check-ups. In addition, we operate the 'Happy Rest Area' to support the stability of employees' mental and emotional states and conduct safety protection activities for keeping children of employees safe from auto accidents.

Employee Benefits & Welfare

Caring for Family Members

Hyundai operates culture or sports centers at all business sites to promote healthy lifestyles among employees and their families. Furthermore, the company provides financial supports to its employees and their families for medical expenses, provides collective accident insurance, and subsidizes cancer screening expenses.

In addition, Hyundai has launched the 'HEW Portal', an integrated site detailing employee benefits, so that employees properly understand and access all their welfare benefits. Through this portal, staff can access to such welfare services as self-development, children's education and on-line lectures. Also, welfare points are provided to employees to help them enjoy more prosperous holidays. Furthermore, the company offers scholarship programs for children of its employees to reduce their financial burden.

Support for Stable Life

To support employees and their families without houses of their own, we operate company housing and dormitory systems at our business sites. We provide long-term, low-interest loans to employees who do not own a house. We also operate company bus services serving many areas surrounding the business sites of Hyundai; and legal counseling support centers to help employees lead stable lives.

Support for Leisure Activities

Hyundai runs a "refresh vacation" program, to help employees recharge their bodies and minds, and has partnered with nationwide top-rated condos and hotels to help employees enjoy their vacations and leisure activities at more affordable prices. The company also operates the "leisure point" which can be redeemed at various activities including traveling, watching performance and self-development. We also support employee families' leisure activities through such programs as lectures for married couples and English camps for children of employees. Overseas travel opportunities are made available to long-term employees and their spouses. In addition, we assist diverse club activities and provide gym clothes to employees, to help those with common interests lead invigorating organizational lifestyle.

Retirement Pension

To help staff fund and plan for their lives after retirement, Hyundai has put into place a retirement pension system. Pension contributions are invested outside the company as a way of protecting retirement pensions, and the company also provides education for pension subscribers about retirement planning, including all necessary information on personal pension products.



Hyundai Motor Brazil sets new standards for a “decent work”

Hyundai considers workforce as one of our key competitive advantages. Firmly believing employee satisfaction has a direct bearing on business growth, Hyundai has long been working hard to build all of our global business sites into a safe and pleasant workplace; and such commitment has led to many encouraging results, including the nomination of our Brazil subsidiary as a ‘Decent Work’.



‘Decent Work’ certificate celebration by the Labor Minister of the State of São Paulo

New Benchmark for Labor-Management Relations in Brazil

In January 2016, the state of São Paulo, Brazil, awarded Hyundai Motor Brazil (HMB) the ‘Decent Work’ certificate in recognition of the company’s efforts of building sound labor-management relations based on mutual trust. The coveted recognition is all the more meaningful in light of the fact that HMB was established as recently as in 2012.

In 2003, the government of Brazil signed a memorandum of understanding (MOU) with the International Labour Organization (ILO) on protection of workers’ rights, and in 2006 launched its ‘Decent Work’ policy. To implement the federal policy, the state of São Paulo visited 645 cities, holding policy explanation sessions and conducting preliminary examinations. The Decent Work certificate is awarded to companies with “free, fair, safe and humane” work conditions by ILO definitions. In 2015, São Paulo became the first of the 27 states of Brazil to certify Decent Work companies totaling six, adding three more, including HMB in recognition of its advanced and sound labor-management relations, in 2016. HMB, in particular, is the only automobile company to be certified as a Decent Work in Brazil, thereby establishing itself as an exemplary workplace.

Innovate Labor-Management Relations

A solid and exemplary labor-management relationship starts with mutual understanding. Hyundai began its study of local communities two years before entering the Brazilian market, learning of Brazil’s unique labor environment and characteristics of human resources management. To devise viable labor management strategies, we twice conducted research on Brazilian labor-management relations, with the assistance of external industry experts. We thus have

BRAZIL

established strategies that center on vitalizing employee communications, improving employee satisfaction, building a sound partnership with a labor union, contributing to the development of local communities through CSR activity, and adopting thorough localization and management by law. Based on these strategies, we have been able to build a stable labor-management relationship.

In 2015, a particularly challenging year owing to the nation’s shrinking economy, HMB maintained its operations on a three-shift basis. Which was a sharp contrast to the overall condition of the nation’s auto industry which suffered a 25.6% decrease in sales compared with 2014 as well as large-scale job losses in the forms of layoff and early retirement among most of its car makers. HMB was able to improve upon the labor-management trust it had built over the year by making sincere efforts at stabilizing the local job environment and thereby winning over the hearts and minds of its employees.

Joint CSR activity by labor and management is an important component of HMB’s corporate culture which has contributed greatly to stabilizing its labor-management relations. Since 2014 HMB has been actively engaged in various CSR activities together with its labor union. One leading program involves a mobile dental clinic — over the past two years, HMB has treated 16,077 students from 61 schools and seven organizations in Piracicaba, in the state of São Paulo. Such activity not only instills a positive image of HMB in the hearts of local community members, but also boosts its employees’ self-esteem and love of their workplace

We will continue to spare no efforts toward enhancing employee satisfaction so that labor and management work together in unison toward making HMB competitive and achieving common goals.

2015 PERFORMANCE



Opened the 'Cha-Car-Cha-Car Playground', a new concept of kids race track even for sight-impaired children, equipped with future technologies

About 7,000 children participated in the Traffic Safety Class with Robocar Poli; traffic safety animation series was broadcasted through 18 channels in 8 languages, and its YouTube view counts exceeded 300 million



M O V E

Moving the world together

MANAGEMENT APPROACH

“Moving the world together” is Hyundai’s slogan for its social contributions to show how the company pursues social responsibilities and creates positive changes in society, in partnership with its community neighbors. In 2016, Hyundai has set its mid-to long-term CSR vision as a ‘Trustworthy Partner for Today & Tomorrow’, and reorganized its social contributions from existing ‘4 Moves’ to ‘6 Moves’. The ‘6 Moves’ are convenience in mobility, traffic safety, environmental conservation, social contributions, self-reliance, and contributing to society through our business. A ‘Move’ refers to how we can support “movement” towards change and innovation, and create a better society. Hyundai’s CSR will take the lead in creating a sustainable future, in partnership with our stakeholders and in pursuit of fulfilling our social responsibilities.

F O R B E T T E R

As a trustworthy partner

Plan for 2016

- Reorganize mid-to long-term strategy system for socially responsible management (vision announcement, expansion of core CSR activities)
- Run the 'Health Care Project for Taxi Drivers': Energizing Station, Energizing Bus
- Initiate the 'Traffic Accident Zero for Children' campaign
- Expand the 'H-Social Creator', a program to solve social issues in partnership with college students
- Host a conference on global social contributions
- Maintain the mid-to long-term partnership with the three major art museums

Mid-to Long-term Direction

- Achieve the mid-to long-term vision for socially responsible management*
- Go beyond mere donations or volunteer activities; instead pursue social contribution activities which can create shared values
- Advance the activities for the '6 Moves'
- Develop deep-rooted partnerships with the art community through mutual respect and understanding

* Trustworthy Partner for Today & Tomorrow



Opened the third 'Hyundai-KOICA Dream Center' in Cambodia to contribute to solving educational imbalance and creating jobs in developing nations

Signed a 10-year partnership with the Los Angeles County Museum of Art for 'The Hyundai Project at LACMA' and sponsored the National Museum of Modern and Contemporary Art of Korea and the Tate Modern in the UK



OUR VALUE SOCIETY

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Key Sustainability Data*

Indicators	Unit	2013	2014	2015
Expenditures in social contributions	KRW million	75,000	65,200	70,449
Voluntary performance of employees	Person	33,262	23,480	24,499
	Hour	216,434	132,887	166,912
Support for 'H-together' projects	Number of vehicles donated	2	11	13
	Number of organizations supported	44	37	27

* Based on performance in Korea

Stakeholder Interview

Please explain the Hyundai ix1 World Premiere.

Hyundai Motor Slovakia (MHSK) contacted our hospital and explained the purpose of the 'Hyundai ix1 World Premiere' in detail. The Hyundai ix1 is a hospital-grade trolley, to help hospitals carry babies and child patients safely and comfortably.

What makes the Hyundai ix1 different, and are nurses and parents happy with it?

The Hyundai ix1 is ergonomically designed to provide a safe seat for infants and to offer convenience for nurses. Its design is similar to a normal trolley, but the height and angle of incline are easy to adjust, and cleaning and sterilizing are also simple. Anyone who sees the Hyundai ix1 will understand the purpose of this project. Hospitals, nurses, infants and parents are all very satisfied.

What makes the Hyundai ix1 World Premiere different from other social contributions?

The Hyundai ix1 World Premiere stands out from other social contribution activities in Slovakia because it understands the practical needs of the local community, and uses the specific expertise of the company. It has also been supported by excellent PR activities.

Please let us know what you expect from Hyundai as a member of local community in Slovakia.

I am not familiar with all HMSK's social contribution activities, but I hope they will continue with the Hyundai ix1 World Premiere. There are many maternity hospitals in Slovakia which need this kind of support, and our region in particular, because of its high birthrate, would really benefit from ongoing support through the Hyundai ix1.

Interviewee

Ing. Martin Peštický, MBA
Fakultná nemocnica Trnava Hospital, Slovakia

Beneficiary organization of
the 'Hyundai ix1 World Premiere'

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- Product Responsibility
- Eco-friendliness
- Suppliers
- Employees
- Society

Key CSR Activities

Classification	2015 Performance	Mid-to Long-term Direction
Easy Move	<ul style="list-style-type: none"> • Supported ‘H-together’ projects (completed in 2015) • Opened the ‘Cha-Car-Cha-Car Playground’ 	<ul style="list-style-type: none"> • Improve convenience in mobility of those in need
Safe Move	<ul style="list-style-type: none"> • Traffic safety campaigns with Robocar Poli • Kids Hyundai (Children Safety the Best, Best Safety Exhibition, Wing of Angels) 	<ul style="list-style-type: none"> • Enhance traffic safety and safety in society
Green Move	<ul style="list-style-type: none"> • Continued the second phase of the Hyundai Green Zone China in Zhenglan Qi district • Supported road-kill prevention 	<ul style="list-style-type: none"> • Conserve the environment and respond to climate change
Happy Move	<ul style="list-style-type: none"> • Operated the ‘H-self Sharing Planner’ • Accumulated number of participants in the Happy Move Global Youth Volunteer Corps exceeded 7,510 	<ul style="list-style-type: none"> • Promote voluntary participation of employees and customers
Dream Move	<ul style="list-style-type: none"> • Looking for Three-Leafed Clovers (supporting children who lose parents in car accidents) • Initiated the ‘H-Social Creator’ 	<ul style="list-style-type: none"> • Create jobs for self-reliance and develop human resources
Next Move	<ul style="list-style-type: none"> • Opened the third ‘Hyundai-KOICA Dream Center’ • Supported the production of a bobsleigh 	<ul style="list-style-type: none"> • Contribute to society through our business expertise

Easy Move

H-together Mobility Welfare Project

The ‘Moving the World Together’ project, launched in 2005, is one of the most representative outreach campaigns of Hyundai that provides cars for the handicapped, the elderly, children, the youth, and other people in need to help live happier and healthier lives. We support organizations that are facing difficulties with budgets or shortage of personnel, and assist them in developing new programs that meet the needs of people in the community.

In 2015, the 10th year of the project, it was renamed the ‘H-together’ mobility welfare project, to reflect our determination to provide dream and hope to a greater number of those in need. In 2015, we provided 13 Hyundai vehicles — eight Accents, four Porters, and one Tucson ix — to social welfare organizations around Korea, including the Yongin Center for Independent Living and Suncheon SOS Children’s Village. We also provided funds for mobility welfare programs at 14 social welfare organizations. Our vehicles are used in a wide array of social welfare programs, such as repair services for equipment to look after the disabled, visits to the elderly, meals on wheels, and visiting beauty-care services.

Cha-Car-Cha-Car Playground

To commemorate the 30th anniversary of the Sonata in 2015, Hyundai created the ‘Cha-Car-Cha-Car Playground’. This new playground has been built on a 2,000 square meters terrain within the Seoul Grand Park, and consists of the Mini Sonata Track, the Giant Sonata, and the Animal Story Trail. Equipped with our autonomous driving technology, this playground is a special place where children, including sight-impaired children, can enjoy the pleasure of driving.



**Mid-to Long-term
CSR Strategy**

MID-TO LONG-TERM
CSR VISION

Trustworthy Partner for Today & Tomorrow

CSR SLOGAN

Moving the World Together

KEY AREAS

Improve convenience in
mobility of those in need



Traffic safety
& Safe society



Environmental
conservation & Responses
to climate change



Social contributions
of employees or
with customers



Job creation for
self-reliance



Contributing to society
through our business
expertise



Mini Sonata The Mini Sonata has been developed to allow children to drive by sound and touch. Our advanced autonomous driving technologies share the joy of driving with children — sensors in the vehicle autonomously send voice and tactile signals to the child driving the vehicle, and safety technologies, such as intelligent collision-avoidance assist and Autonomous Emergency Braking (AEB) systems, enable children to drive safely.

Giant Sonata The Giant Sonata, a play structure shaped like the Sonata model, is designed to provide special and fun experiences to children. It is a new concept of playground, consisting of a slide, a miniature engine, and tire ladders.

Supporting the Easy Move Inc.

Hyundai launched the Easy Move Inc., a social enterprise in August 2010, and has been supporting its operation. The Easy Move Inc. is the first social enterprise in Korea to produce and sell vehicles for disabled persons and walking assistance equipment for the disabled and the elderly. The enterprise aims at greater product satisfaction by developing advanced technology, producing auto-parts, and by providing excellent after-service. Easy Move Inc. fulfills its social responsibility by contributing more than two-thirds of its operating profits for social purposes, and focusing on the hiring of underprivileged workers.

Product Responsibility

Eco-friendliness

Suppliers

Employees

Society

Enhancing Mobility for People with Disabilities

Since 2006, Hyundai has helped the disabled become more self-reliant by upgrading facilities at institutes dedicated to their support. We support the installation of facilities such as automatic doors, handrails, ramps, anti-slip rolls, height adjustable countertops and braille blocks, the construction of interior rubber block, and the repair of external walls and disabled bathrooms at welfare institutes. In 2015, the 10th anniversary of the project, we received a citation from the Korea Federation of Organizations of the Disabled for our efforts to improve the mobility of the disabled as well as to eliminate inconvenience and danger that they may experience in everyday lives.

Supporting the Hanbit Performing Arts Company

Hyundai sponsored the Hanbit Performing Arts Company, Korea's only performing arts company consisting of visually-impaired artists, in its participation at the International Orchestra Festival for the Disabled, held in Saint Petersburg, Russia in July 2015, the first festival of its kind. In addition to providing the funds needed to attend the festival, Hyundai provided vehicles to ensure safe travels for the players.



Safe Move

Traffic Safety Stories with Robocar Poli



Grade 1 and 2 students account for 50.2% of traffic fatalities involving elementary school students walking on roads. Hyundai realized the need to educate

lower grade elementary school students and preschoolers about traffic safety, and so we created 'Traffic Safety Stories with Robocar Poli', an animation for road safety education, in partnership with Roi Visual, a company specializing in creative animation. As of the end of 2015, the animation has been dubbed into eight languages, and has been aired on public broadcasting stations in Korea, China, Russia, Israel and Taiwan, recording the highest viewer ratings for programs in its time slot. It is also offered for free through YouTube and other on-line channels. In addition, we have been providing the 'Traffic Safety Class with Robocar Poli' since 2013 together with Roi Visual and Citizen's Coalition for Safety to keep children safe on roads. Hyundai also offers education programs on traffic safety to 20,000 children per year at the 'Robocar Poli Traffic Park', so that children can learn about safety in a more fun way.

Safety Quiz Campaign for Children in Korea

Since 2009, Hyundai has run the annual 'Safety Quiz Campaign for Children in Korea', to address the importance of safety education and to enable children to learn about safety in an easy and fun way. The safety quiz consists of safety content under nine categories that children should be aware of, such as traffic safety, daily life safety and fire safety. Children answer 20 to 30 multiple choice questions, after which those with the highest scores are chosen. As an additional prize, winners in lower grades are provided with a scholarship, while those in higher grades are presented with an opportunity to receive overseas safety culture training. From the first one through the recently held seventh quiz, a cumulative number of around 138 thousand children participated, and some 3.12 million people visited the quiz contest website. As such, Hyundai is taking the lead in spreading a safety culture for children and preventing safety-related accidents.

Green Move

Hyundai Green Zone China



In 2014, Hyundai launched the second phase of 'Hyundai Green Zone China', which is an ecological restoration project carried out in China.

Our plan is to create 40 million square meters of grassland populated by local native flora in Zhenglan Qi for five years until 2018, thus preventing serious environmental problems caused by yellow sand, which affects northern China and Korea. Local residents are hired which contributes to the economic self-reliance of the local community. Also, the Happy Move Global Youth Volunteer Corps, volunteer groups of college students in China, and employees of Hyundai and Beijing Hyundai Motor Company as well as their family members visit the Hyundai Green Zone to participate in volunteer activities for desertification prevention.

Support for Korea Road-kill Prevention Association



To prevent road-kills, and the fast-rising numbers of accidents that are caused by road-kills, Hyundai supports the Korea Roadkill

Prevention Association (KRPA), an environmental group that addresses issues around wild animal deaths on the roads. Hyundai staff and Korean citizens serve as KRPA members. Its major activities include investigating road-kills, working with the Korea Road Traffic Authority to educate drivers on the seriousness of road-kills and driving techniques to prevent them, rescuing wild animals, feeding winter migrants, putting up bird-houses, and other animal protection activities. In particular, the KRPA focuses on improving road conditions, setting up signs, and developing road-kill prevention policies so that ecological paths are created in the right areas. It also undertakes PR activities to raise awareness of the importance of the protection of wild animals and the prevention of road-kills.

Happy Move

Happy Move Global Youth Volunteer Corps

Hyundai's 'Happy Move Global Youth Volunteer Corps' to train young leaders and to contribute to the international community was established in July 2008, and is now one of the largest public service groups in Korea. Every year, approximately 1,000 college students are selected and sent during school vacations to various locations around the world to provide services, such as cultural projects, environmental help or traffic safety advice, as requested by the host country. Hyundai has now sent 7,510 young people out to about 20 countries. Due to the aftermath of Middle East Respiratory Syndrome (MERS), the operation of the volunteer corps was temporarily suspended in summer of 2015. From January through February in 2016, however, the 16th volunteer corps was sent to China for road safety education for children and junior engineering classes; India to help preserve the World Heritage site in Delhi; and Vietnam to build educational facilities.



Employee Volunteering

Employee Volunteer Groups There are a total 134 employee volunteer groups across Hyundai's business sites. They have established ties with 168 social welfare facilities across the nation, and conduct volunteer work on a regular basis. Around 9,000 employees participated in volunteer activities in 2015. Volunteer activities on the Group level were also carried out on national holidays and at the end of the year to share moments of happiness with the marginalized at our sisterhood organizations. In addition, as part of our efforts to contribute to urban-rural coexistence and to resolve the labor shortage issue in rural communities, Hyundai has established ties with 70 rural villages located near our business sites, and help them by lending a hand during the busy farming seasons in spring and autumn.

H-self Sharing Planner Hyundai introduced the 'H-Self Sharing Planner' in 2016 to enable staff to plan their volunteer activities. The planner builds on the previous 'H-Volunteer Designer', which mostly focused on sharing skills, and was revised to satisfy demands for volunteer activities that go beyond visiting specific partner organizations over a defined period, and enabled staff to engage more in volunteer activities. 177 creative volunteering activities were planned by

Product Responsibility

Eco-friendliness

Suppliers

Employees

Society

staff in 2015, including making pottery with children at community child centers, educating children about music, providing framed pictures for the elderly in rural communities, and sharing cultural experiences at a prison. The company provided consulting and funding for these activities.

H-Family Volunteer Hyundai offers family volunteering opportunities, so that our staff can share the joys of volunteering with their family. Activities have included setting up a flower wall on a roadside to ensure the safety of visitors to Jaram Library, which is the only cultural space for children and teenagers in remote Neungnae-ri, Ganghwa Island. We also set up a library there, as well as reading benches and bench swings, so that children can read in a better environment. We held a musical performance for children in a performance hall that we decorated ourselves. In addition, we painted a mural at the Yangjae Welfare Center, provided food to people in need in Seoul, cleaned up the environment near the Yangjae Stream, gave eco-friendly soaps to those in need, and helped senior citizens living alone in Seoul stay warm through the bitter Korean winter. We also hold the H-Family Camp program during school holidays in May and November, with participation from staff, children, and global college student volunteers.

Dream Move

Gift Car Campaign



The Gift Car campaign is a program through which we provide automobiles to the unemployed to help them overcome economic hardship — this

supports people who have an entrepreneurial spirit and acumen, but lack basic support. In addition to providing compact cars, 1-ton trucks, vans and other vehicles as required, we give financial support for car registration, self-reliance funding, entrepreneurship and management consulting, to help to stabilize the finances of low income families

Car-sharing is becoming more and more popular worldwide, which has inspired Hyundai to apply car-sharing to its Gift Car campaign. As well as simply donating cars to help those who need automobiles to start their own businesses, the company will also implement Gift Car sharing, so that more people can enjoy the benefits, memories and joys of sharing with us.

H-Jump School

Hyundai launched the ‘H-Jump School’ together with Seoul Scholarship Foundation and a social enterprise Jump to address the educational gap issue. Teachers are chosen among college students who want to bring about positive change to society, and they help teenagers in marginalized areas with tutoring and mentoring for eight hours a week for a year. College students who participate in this volunteer program are provided with a scholarship as well as an opportunity to receive mentoring from mentors in varied areas of society for a year. We also help them develop into warm-hearted talent with knowledge in humanities by providing them with such talent-fostering programs as talk concerts, lectures and art performances.

H-Social Creator

Hyundai introduced a new program called the ‘H-Social Creator’ in 2015, to try to solve various social issues. This program involves college students coming up with CSV ideas. The first H-Social Creator group consisted of 20 college students who shared ideas on resolving issues such as aging society, the environment, urbanization, low growth and traffic safety. There were discussions on potential approaches, such as developing smartphone content to address pollution from cars, creating more affordable and pleasant venues for college students working for low pay, and developing support programs for lonely elderly people.



“

I have long been interested in CSV, and this was a great opportunity to find the answers I was looking for. I am proud to have been a member of the first group, and I will do my best to be engaged more in society as an ‘H-Social Creator’.

Participant in the H-Social Creator, after the Workshop

”

Looking for Three-Leafed Clovers

‘Looking for Three-Leafed Clovers’ is a program for children who have lost their parents in car accidents. We listen to what they want to have or to do, and then we make it happen, to help them find happiness again. It is different from other programs that provide temporary support; instead, we aim to help the children emotionally by satisfying their wishes. Since 2005, when the project was launched, to 2015, some 1,400 children have

enjoyed small but precious experiences of happiness through the Looking for Three-Leafed Clovers. In 2013, we also began to offer one-on-one mentoring to support the children's future dreams, and 160 mentors and mentees benefited from this program in 2015.

Next Move

Hyundai-KOICA Dream Center



The 'Hyundai-KOICA Dream Center' is a global social contribution project based on private-government cooperation to contribute to solving

social issues, such as educational imbalance and job creation in developing nations. Hyundai has been cooperating with Korea International Cooperation Agency (KOICA), Plan Korea, and other related organizations to establish Hyundai-KOICA Dream Centers, starting with Ghana in January 2013, then Indonesia in January 2014, and Cambodia in February 2015.

Construction of the fourth Hyundai-KOICA Dream Center in Vietnam was completed in February 2016. The center is located inside Hanoi Industrial Vocational College, and consists of a technical school for automotive maintenance and a construction safety school that together cover an area totaling 9,900 square meters. The fourth Hyundai-KOICA Dream Center is the first overseas CSV activity that Hyundai Motor Company has undertaken in cooperation with Hyundai Engineering & Construction. It is intended to foster experts in automobile maintenance and construction as well, and to help them find jobs. The industrial accident rate in Vietnam is more than ten times the rate in Korea, and so the construction safety training course that is included in the construction education curriculum will truly protect lives in Vietnam, in addition to creating jobs.

The first Hyundai-KOICA Dream Center, in Ghana, has produced 36 graduates from its founding to the end of the 2014-2015 academic calendar. As of January 2016, six students have successfully found a job. Students achieved a 79.5% success rate in passing exams to receive certificates in eight subjects, including engine technology, vehicle technology, and integrated science. Of particular note, all students successfully won certification in a technical subject that is directly related to automotive maintenance. The number of new students for the 2015-2016 academic calendar is 84, a substantial

increase over the 13 students in the previous academic year. This is the result of successful PR in support of the program, including broadcasts on a local radio station and the airing of a documentary. Construction of the second Hyundai-KOICA Dream Center in Cambodia, was completed in February 2015. The first course was a relatively short, three month course, 19 people out of 30 applicants completed it. The course was improved to one year, and there are 29 enrolled students, as of February 2016. There is also a two year course, which currently has 27 enrolled students.

Developing a Bobsleigh for the Korean National Team

Hyundai developed the first bobsleigh in Korea to be used by the Korean national team. The national bobsleigh team had never had a decent bobsleigh, and used to have to borrow a bobsleigh from other countries or buy a used one. Nevertheless, the team had achieved great results at many international competitions, and Hyundai has been producing a bobsleigh, in order to support the national team and to contribute to the development of winter sports in Korea.

Hyundai has used its expertise in vehicle development to produce a customized bobsleigh for the Korean national team. The development process is not one-way, however — bobsleigh is often compared to F1 on ice, and so the company plans to use engineering design techniques learned in producing the bobsleigh for future vehicle development. With support from Hyundai, the national team is optimistic of a strong showing at the Winter Olympics.

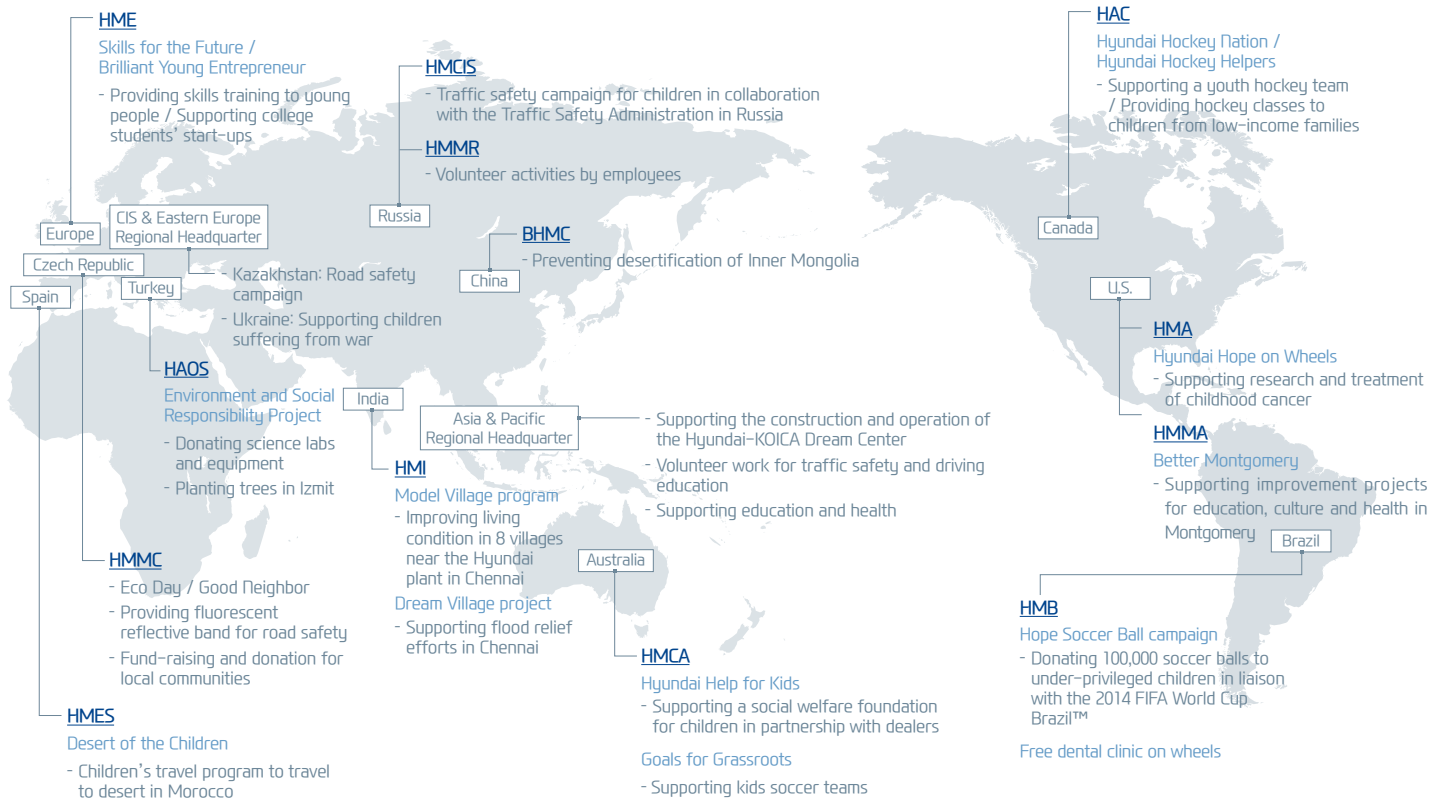
Hyundai's production of a bobsleigh demonstrates the company's high levels of technological capability and automotive manufacturing competencies. In addition, it is an initiative that enhances the prestige of Hyundai, one of the top global carmakers. The company's developments in this field will not end with the production of a bobsleigh, but will be connected to the development of technology that can produce future-oriented, high-performance cars. Hyundai will continue to pursue CSV activities which open boundless possibilities for technological advancement.



- Product Responsibility
- Eco-friendliness
- Suppliers
- Employees
- Society

Overseas CSR Activities

Social Contributions by Overseas Subsidiaries of Hyundai



Hyundai Motor Manufacturing Czech

In order to respond to increased interest in the environment and safety across Europe, Hyundai Motor Manufacturing Czech (HMMC) has increased its focus on social contributions. In particular, HMMC is using its business expertise to develop CSR activities which address local issues, rather than just offering financial donations or charity events. This will enable the company to lead in improving the everyday lives of the local community.

Eco Day

The Czech government is committed to environmental protection policies which preserve many forests and wild animals. However, there are still many road-kills, which not only cause suffering to wild animals, but also cause real problems for traffic safety. HMMC has therefore planted some 2,000 trees in partnership with a civic group in the Czech Republic, not just offering financial support, but actually going out and planting the trees. This has both reduced road-kill, and has also shown Hyundai's commitment to working together with local residents to resolve local environmental issues.

Good Neighbor

To help with local community issues, HMMC offers financial support for projects chosen after discussions with residents. This support has been provided in local government areas near our Czech plant, including Pošovice, Dobratice and Nižní Lhoty. The financial support provided amounts to an annual CZK 650,000 (around KRW 32.5 million), and in 2015 alone, 37 local projects were supported.

Fluorescent Reflective Band for Road Safety

As part of its efforts to contribute to road safety, HMMC focuses on the safety of pedestrians — especially children. A pedestrian walking at night under low light conditions might become a victim of traffic accidents. To prevent such accidents, HMMC has been providing fluorescent reflective bands to pedestrians, especially children. In 2015, it purchased around 3,000 bands and donated them to local schools.

Vehicle Donation for Education

Since its establishment, HMMC has been interested in promoting education in the Czech Republic, and as an automobile company, it has continued to donate vehicles to be used for educational purposes. It is donating vehicles for practical training to technical high schools in nearby areas, including Ostrava, thus supports effective educational activities. From 2008 through 2014, 87 vehicles and 14 transmissions were donated for the educational purpose, and in 2015 eight vehicles and one transmission were offered. Donations were made also to fire stations to increase firefighters' understanding of car structures, which in turn allows effective rescue activities in the event of a car accident.

Environmental Fund

HMMC is also committed to protecting the environment. It established the Hyundai Foundation in 2007, and since then, it has made donations worth around CZK 26 million (around KRW 1.3 billion), and in 2015 it donated around CZK 1 million (around KRW 50 million). In addition to making donations, HMMC works with civic groups to review projects that request funding, to make best use of the funds. HMMC has supported about 100 projects since the establishment of the Foundation, including 11 in 2015.

Hyundai Motor Company Australia



Hyundai Help for Kids

In 2014, Hyundai Motor Company Australia (HMCA) joined hands with Hyundai's Australian dealer network to launch the 'Hyundai Help for Kids' program, providing sponsorship and vehicles to children in need. HMCA and the 168 dealers donate funds for every car sold, with HMCA and the dealers each contributing half. In the two years since the program was launched, funds totaling AUD 3 million have been raised, with sponsorships provided to 23 child welfare foundations. HMCA also provided a new Tucson for an eBay charity auction to support HeartKids Australia, which helps improve the health and quality of life of children suffering from heart disease. All proceeds went to HeartKids Australia to support its Sweetheart Day campaign, which raised AUD 270 thousand raised for the campaign.

Support for Medical Research

The Engineering & Prototyping Implants for Children (EPIC) lab at The Children's Hospital at Westmead is conducting research on designing 3D implant models by using 3D printers. As a major sponsor of the lab, HMCA has been providing R&D funds.

Goals for Grassroots

HMCA has been sponsoring around 250 kids soccer teams with more than AUD 580 thousand since 2007, in order to contribute to the development of the sports in the Australia, and also to support the dream of kids, youth, and their local community.

Hyundai Motor Slovakia



Many hospitals in Slovakia are suffering the impact of decreasing government funding and shortage of equipment, so they use

modified shopping carts to carry newborns. As a solution to this matter, Hyundai Motor Slovakia (HMSK) has developed the 'Hyundai ix1', a hospital-grade trolley for newborns, and is providing them free of charge to local hospitals. A certified medical equipment company is in charge of the production and supply of the Hyundai ix1, to ensure that it is in compliance with medical and

- Product Responsibility
- Eco-friendliness
- Suppliers
- Employees
- Society

legal regulations. Hypoallergenic materials are used, and its ergonomic design enables newborns to lie down in great comfort. It has a brake system and easy height and incline adjustment for the increased convenience and safety of the nurses using it. HMSK donated five trolleys to the largest maternity ward in Slovakia in May 2014, and the company has donated 29 Hyundai ix1 trolleys to seven hospitals by the end of 2015. HMSK plans to continue to implement this project.

Hyundai Assan Otomotiv Sanayi



Donating Science Labs



Hyundai Assan Otomotiv Sanayi (HAOS) focuses on establishing an environment that promotes children's healthy growth and pleasant learning

experiences. Launched in 2014, the 'Environment and Social Responsibility Project' is its leading social contribution activity for the local community. Three elementary schools with outdated scientific education facilities are chosen, after which an up-to-date science lab and equipment needed for diverse experiments are donated.

Planting Trees

In collaboration with Turkey's Ministry of Environment and Urbanization, HAOS has been contributing to the development of grassland in Izmit, where its business site is located, thus fulfilling its role as an eco-friendly company. First launched in 2008, this tree planting project is conducted every two years. In 2015, HAOS donated 2,000 trees and its employees participated in planting trees.

Hyundai Motor India



Hyundai Motor India (HMI) visits local communities affected by natural disasters, and supports them as a responsible corporate citizen. In 2015, HMI provided damage relief and flood victim support in Chennai, which was hit by torrential downpours and flooding. The company undertook a full range of local community support activities, both in the immediate aftermath and for long-term support. This also served to further strengthen ties with the community.

Dream Village Project

In addition to helping Chennai recover from flooding, HMI has been helping a village in the area to achieve greater independence, thus becoming a "dream village" through its CSR activities. HMI provides technical training, supports small start-ups, and improves living conditions in the village by purifying drinking water and building public restrooms. These activities have been triggering positive changes in the village, which in turn contribute significantly to building a foundation for the self-reliance economy.

CSR Activities to Support Flood Relief Efforts in Chennai

Item	Details
Emergency relief items	Provided emergency food to residents impacted by floodwaters <ul style="list-style-type: none"> • Supported the disaster camp in Tanbaram (1,000 sets, 2 times) • Items: Milk, bread, biscuits, bananas, etc.
Daily necessities	Provided daily necessities to residents near our plant in Chennai affected by floodwaters <ul style="list-style-type: none"> • Offered daily necessities to 5 villages (2,000 sets) • Items: Kitchen utensils, clothes, towels, drinking water, etc.
Disaster relief and healthcare	Cleared roads in the affected areas and ran a medical camp <ul style="list-style-type: none"> • Cleaned roads in 10 villages and helped with cleanup operation • Supported temporary medical centers (3 days)
Communicable disease control and prevention	Helped with communicable disease control and prevention in affected areas <ul style="list-style-type: none"> • Disease control at all facilities (including cafeteria and restrooms) inside and outside the factory • Provided diarrhea medicines to residents in affected areas, and undertook mosquito control activities • All staff (including trainees) were vaccinated against typhoid
Bedding supplies	Provided additional emergency items such as blankets to all staff (including contractors) <ul style="list-style-type: none"> • Supported living outside their residence due to flood damage
Disaster relief donations	<ul style="list-style-type: none"> • Donated KRW 380 million to Tamil Nadu state government for disaster relief

Current Status of Dream Village

408 persons	372 restrooms	2 ponds	4,800 trees
Providing technical trainings to create jobs	Constructing public restrooms to enhance health and sanitation	Improving drinking water quality through water purification project	Planting trees through the Green Village project

* As of December 31, 2015

CIS & Eastern Europe Regional Headquarter

Kazakhstan: Road Safety Campaign

Hyundai is conducting the ‘Abay bol-Drive·Think·Care’ campaign to establish a culture of traffic safety in Kazakhstan, where the road traffic death rate is an average three times higher than that of other OECD countries. This campaign features distinctive traffic safety trainings, customized for each target group — it offers basic car maintenance training and countermeasures to emergency situation for adults while providing theatrical play about traffic safety and experience-based traffic safety training to children.

Ukraine: Supporting Children Suffering from War

CIS & Eastern Europe Regional Headquarter promotes the ‘Hyundai for Children’ a CSR campaign for the children victimized by Ukraine crisis. In 2015, there were four events related to this campaign — two ‘Summer Healing Camps’ for children of bereaved families from the war in eastern Ukraine; and two talent-developing activities and cultural performances for orphans. Especially for the children who have lost their family due to Eastern Ukraine crisis, the campaign offers individual counseling, healing programs, outdoor activities, games in groups, foreign language trainings, and other hobby activities to restore emotional and psychological stability.

Hyundai Motor Espana, S.L.

Desert of the Children

Hyundai Motor Espana, S.L. (HMES) conducted the ‘Desert of the Children’ project from March to April in 2015, through which participants traveled across the desert in Morocco to identify the needs of local communities. During the trip, around 20 volunteers, including three medical personnel, provided eyesight tests to around 700 residents in Morocco and offered glasses if needed, and school supplies and other donated items were delivered to children in the region. HMES provided 17 Hyundai SUVs, including the Santa Fe, Grand Santa Fe, and ix35, for safe and enjoyable trip.

Hyundai Motor Brazil

Free Dental Clinic on Wheels

Hyundai Motor Brazil (HMB) operates a mobile dental clinic as part of its social contribution activities in partnership with affiliates, suppliers, and Piracicaba City’s metal labor union. The clinic visits public schools and other organizations in Piracicaba, in the state of São Paulo, to provide people in need with basic dental care, including scaling, cavity treatment, and orthodontics. Also, toothbrushes and toothpastes are provided. Children who require surgery can be provided with financial support to cover expenses. 20 to 25 people can be treated per day, and more than 16,000 people have been benefited from this program since its launch in 2014.

Key CSR Activities of CIS & Eastern Europe Regional Headquarter

	Abay bol-Drive·Think·Care Campaign in Kazakhstan	Hyundai for Children Campaign in Ukraine
Participants	1,500 persons	100 persons
Period	August–October (3 months)	July–October (4 times)
Features	<p>Trainings on traffic safety, customized for each target group</p> <ul style="list-style-type: none"> • Adults: How to respond to emergency situations and basic car maintenance • Children: Theatrical play about traffic safety and experience-based traffic safety trainings 	<p>Summer Healing Camp for children who are victimized by Eastern Ukraine Crisis</p> <ul style="list-style-type: none"> • Games, foreign language trainings, and hobby developments • Talent-developing activities and cultural performances for orphans

Hyundai Motor France

Hyundai Motor France (HMF) sponsors gymnasts every year, and also supports second-generation Koreans who seek to learn the Korean language for the development of the Korean community in France. It plans to implement a program in 2016 that involves selecting employees and providing transportation expenses for volunteer activities in slum areas during their vacation. HMF also plans to provide funds for cancer patients. It will engage in various activities to establish a positive brand image in Europe based on the spirit of respecting humanity.

- Product Responsibility
- Eco-friendliness
- Suppliers
- Employees
- Society

Supporting the Arts and Culture

	2015 Performance	2016 Plan
National Museum of Modern and Contemporary Art	<ul style="list-style-type: none"> • MMCA Hyundai Motor Series 2015: Ahn Kyuchul — Invisible Land of Love 	<ul style="list-style-type: none"> • MMCA Hyundai Motor Series 2016: KimSooja — Archive of Mind
Tate Modern	<ul style="list-style-type: none"> • Hyundai Commission 2015: Abraham Cruzvillegas 	<ul style="list-style-type: none"> • Hyundai Commission 2016: Philippe Parreno
Los Angeles County Museum of Art	<ul style="list-style-type: none"> • The Hyundai Project at LACMA: art + technology <ul style="list-style-type: none"> - 'Rain Room' by Random International - 'The Sympathetic Imagination' Diana Thater - Supporting the art + technology Lab 	<ul style="list-style-type: none"> • The Hyundai Project at LACMA: art + technology (ongoing) <ul style="list-style-type: none"> - Supporting the art + technology Lab (ongoing) - Acquisition of James Turrell's <Perceptual Cell> - Supporting 'LACMA Collator'

An automobile is based on an understanding of technology, design and human beings, and then having them collaborate to bring various genres together. That is why the production of an outstanding automobile could be compared to the creation of a work of art. Hyundai goes beyond just sponsoring the arts, and develops deep-rooted partnerships with the art community through mutual respect and understanding.

Hyundai has therefore developed mid-to long-term partnerships with three major art galleries: the National Museum of Modern and Contemporary Art (MMCA) of Korea in 2013, the Tate Modern of the U.K. in 2014, and the Los Angeles County Museum of Art (LACMA) of the U.S. in 2015. In addition, we have been producing the "brilliant 30", video clips that show the production processes of prominent artists and their interviews since 2014 to promote them. Furthermore, since May 2015 we have partnered with a global media group, Bloomberg, to produce a TV program called the 'Brilliant Ideas', to expand the market for global artists' unique ideas.

National Museum of Modern and Contemporary Art

The 'MMCA Hyundai Motor Series' is a special mid-to long-term project planned by the MMCA and Hyundai, with a goal to broaden the horizon of the Korean arts. Hyundai saw that Korean artists had difficulty in acquiring platforms for global exhibitions, despite their great abilities; we therefore aim to support the expansion of Korean art by sponsoring Korean contemporary artists, so that they can share their vision and art.

Following the first exhibition from this project, 'LEE BUL', that successfully came to an end in March 2015, the second exhibition, 'MMCA Hyundai Motor Series 2015: Ahn Kyuchul — Invisible Land of Love', was held at the MMCA Seoul Gallery from September 15th, 2015 to May 22nd, 2016. Kyuchul Ahn is a conceptual artist whose works reflect on life and art, and he has been closing the gap between sculpture and installation since the mid-1980s. He is known for his large installation works that make best use of architectural space. This exhibition showcased eight works that reflect "the beauty of ordinary objects concealed behind the senses, and the beauty of invisible thoughts".

MMCA Hyundai Motor Series adheres to Hyundai's philosophy of placing great emphasis on Korean history and culture. Reinterpreting traditional values to achieve creative innovation is something that Hyundai always strives to do, which is why we will support the potential of Korean contemporary art for the next decade.



MMCA Hyundai Motor Series 2015:
Ahn Kyuchul — Invisible Land of Love
Photo: EUIROCK LEE
Source: National Museum of Modern and Contemporary Art

Tate Modern

Tate Modern is a world renowned art gallery, built on the site of the old power station in London, attracting more than five million visitors every year. In January 2014, Tate Modern and Hyundai have established an 11-year partnership, based on which Hyundai will present exhibitions with Tate Modern until April 2025 through the 'Hyundai Commission', a unique series of exhibitions to be displayed at the Turbine Hall located at the center of the ground floor of Tate Modern. Through the exhibitions, we will share new experiences presented by 10 world famous artists for 10 years from 2015.

2015 saw the first exhibition of the Hyundai Commission, featuring the works of Abraham Cruzvillegas, a leading conceptual artist who uses objects in the surroundings to create new meaning. His work for this exhibition, 'Empty Lot', made use of soil collected from parks across London, as well as objects found near Tate Modern. 'Empty Lot' raises questions about city, nature, possibility, change, and hope. By collaborating with Tate Modern, Hyundai aims to go beyond mere sponsorship, to develop projects that convey the values of our time and then share them with more people, in more ways.

Los Angeles County Museum of Art

In 2015, Hyundai signed an agreement with LACMA, one of three long-term partnerships the company has formed with major art galleries. The agreement envisions a decade-long partnership, from 2015 through 2024, 'The Hyundai Project at LACMA'. LACMA is a leader in embracing the diverse cultures of the Pacific Rim, and stresses the importance of integrated perspectives on history and the future while pursuing horizontal communication. Hyundai respects LACMA's philosophy of innovation based on cultural diversity, and its challenging spirit in converging art and technology.

Through this partnership, Hyundai sponsors 'art + technology' projects, and will also hold innovative exhibitions of artists who make use of scientific technology. In November 1st, 2015, the world-renowned artist group Random International installed 'Rain Room', an experimental spatial artwork that features rain falls inside an exhibition hall. This was followed by a retrospective exhibition on the 25-year art career of Diana Thater, a media artist from LA, which made the mid-to long-term partnership official. Hyundai will discover new possibilities through 'art + technology', based on the theme of "innovation of technology and art". We will also use the partnership to promote research on Korean art history.



Hyundai Commission 2015 Abraham Cruzvillegas: Empty Lot ©Abraham Cruzvillegas
Photo: Andrew Dunkley ©TATE 2015



Installation Photograph, Diana Thater: The Sympathetic Imagination, Los Angeles County Museum of Art, November 22, 2015–February 21, 2016. ©Diana Thater, photo ©Fredrik Nilsen



Skills for the Future helping young Europeans unlock their full potential

As a global corporate citizen, Hyundai thinks thoroughly and acts properly in partnership with local communities, where our business sites are located, in order to address their social issues. With growing youth unemployment across Europe, Hyundai focuses on providing practical technology training to young Europeans, in our efforts to resolve this problem and help them realize their full potential.



Europe Hyundai Awards — bringing young European entrepreneurs together

Europe 2020 — a Growth Strategy for the Future of Europe

Many European countries have been struggling with prolonged recession and severe youth unemployment. In order to overcome economic and financial uncertainties and achieve continued growth, the European Union has established 'Europe 2020', the Union's strategy for putting Europe's economy back on the path to growth. Europe 2020 has three mutually reinforcing priorities — smart growth based on innovation and education; sustainable growth that is eco-friendly and efficient in using resources; and inclusive growth, to increase employment by creating more and better jobs.

As a company with extensive business operations in Europe, and also as a member of the local community, Hyundai Motor Europe (HME) is committed to the aspirations of Europe 2020, especially employment and education among the headline targets. HME therefore operates a pan-European CSR project, 'Skills for the Future'. Launched in 2012, Skills for the Future is now being implemented in many European countries.

Fostering Young Talent to Lead Future Growth of Europe

Hyundai is running this program in collaboration with a European NGO, Junior Achievement Young Enterprise (JA-YE), Europe's largest provider of education programmes, to offer customized technology training and start-up education to students at vocational schools, helping them to find long-term employment. HME is in charge of overall planning, financing, and the provision of technology and expert personnel, while JA-YE plans the education courses in detail, runs the courses, produces the educational materials, and trains teachers and volunteers.



Hyundai provides a systematic curriculum that consists of on-line education, visiting teaching, and course on technical skills and entrepreneurship. The on-line education is preceded by an on-line quiz as a prerequisite for checking each student's basic knowledge about the auto industry. This is followed by visiting teaching by volunteers from Hyundai who visit schools, offer special classes on automobiles, and provide academic and career counseling. Lastly, the course on technical skills and entrepreneurship is a virtual management practice — students establish virtual mini-companies which offer products and services related to automobiles, and in managing their companies, the students learn leadership, practical job skills and other abilities required in the real working environment.

Hyundai also hosts the annual 'Europe Hyundai Awards', where mini-companies compete on performance, product, innovation and sustainability. Companies can enter these awards after winning their national contests, and then jurors, consisting of executives and staff from Hyundai, review the products and interview the members of companies to select winners. There have been three competitions, and the winner of the 3rd Europe Hyundai Awards also participated in the 2016 Asian-Pacific JA Company of the Year Competition.

Since its launch in 2012, 10,811 students from 286 schools in 15 European countries have participated in Skills for the Future, enabling everyone involved — Hyundai, the students, JA-YE Europe and local communities — to grow together. The program will be extended in 2016, with the goal of attracting 6,050 participants from 117 schools in 15 European countries. In this way, we can continue to bring about positive changes in local communities.

Facts & Figures

Classification	Index	Unit	2013	2014	2015	Note	
Compliance management education	Number of training sessions in Korea	Case	37	41	45	Number of participants increased due to the launch of new on-line educational programs on ethical management in 2015	
	Number of participants in Korea	Person	3,200	2,900	57,100		
	Number of training sessions overseas	Case	10	14	2		
	Number of participants overseas	Person	637	765	1,940		
Security practices	Total number of security staff (Internal)	Person	359	359	359	Scope: Personnel responsible for patrol and building security	
	Total number of security staff (Outsourced)	Person	614	614	614		
	No. of security personnel trained in the organization's human rights policies	Person	926	926	926		
Market share	Korea	%	41.6	41.2	38.9		
	Overseas	%	5.1	5.1	4.9		
	Global	%	5.7	5.8	5.6		
Global production	Korea	Vehicle	1,850,727	1,876,428	1,858,395		
	U.S.	Vehicle	399,500	398,851	384,519		
	China	Vehicle	1,040,018	1,120,000	1,052,000		
	India	Vehicle	633,006	610,650	645,012		
	Czech Republic	Vehicle	303,460	307,450	342,200		
	Turkey	Vehicle	102,020	203,157	226,500		
	Russia	Vehicle	229,400	237,000	229,500		
	Brazil	Vehicle	167,346	179,480	175,002		
	China (Commercial)	Vehicle	44,800	22,520	30,552		
	Consignment (Commercial)	Vehicle	-	-	4,635		
Our System	Total	Vehicle	4,770,277	4,955,536	4,948,315		
	Korea	Vehicle	640,865	685,191	714,121		
	Overseas	Vehicle	4,091,668	4,278,344	4,250,710		
Statements of income	Total	Vehicle	4,732,533	4,963,535	4,964,831		
	Sales (Consolidated)	KRW billion	87,308	89,256	91,959		
	Operating profit (Consolidated)	KRW billion	8,315	7,550	6,358		
	Net profit (Consolidated)	KRW billion	8,993	7,649	6,509		Includes minority interest
	EBITDA (Consolidated)	KRW billion	10,867	10,100	9,152		Operating profit + depreciation of tangible assets + depreciation of real estate held for investment + depreciation of intangible assets
	Sales (Separate)	KRW billion	41,691	43,046	44,440		
	Operating profit (Separate)	KRW billion	3,721	3,735	4,267		
	Net profit (Separate)	KRW billion	5,182	4,914	5,435		
	EBITDA (Separate)	KRW billion	5,341	5,349	6,047		Operating profit + depreciation of tangible assets + depreciation of real estate held for investment + depreciation of intangible assets
	Statements of financial position	Total assets (Consolidated)	KRW billion	133,421	147,225		165,368
Total liabilities (Consolidated)		KRW billion	76,838	84,604	98,487		
Shareholders' equity (Consolidated)		KRW billion	56,583	62,621	66,881		
Total assets (Separate)		KRW billion	57,714	61,343	66,978		
Total liabilities (Separate)		KRW billion	15,762	15,681	17,281		
Shareholders' equity (Separate)		KRW billion	41,952	45,662	49,697		
Profitability ratio	Operating profit margin (Consolidated)	%	9.5	8.5	6.9		
	Net profit margin (Consolidated)	%	10.3	8.6	7.1		
	Operating profit margin (Separate)	%	8.9	8.7	9.6		
	Net profit margin (Separate)	%	12.4	11.4	12.2		

Classification		Index	Unit	2013	2014	2015	Note
Sales by overseas subsidiary	HMMA		KRW billion	7,385	7,437	7,510	Based on sales performance before adjustment for consolidation
	BHMC		KRW billion	19,433	19,756	19,203	
	HMI		KRW billion	4,737	4,637	5,404	
	HAOS		KRW billion	1,816	2,744	3,186	
	HMMC		KRW billion	5,450	5,398	5,794	
	HMMR		KRW billion	2,751	2,384	1,930	
	HMB		KRW billion	2,384	2,263	1,710	
Our System	Dividends (Shareholders and investors)		KRW billion	534	817	1,080	
	Interest expenses (Shareholders and investors)		KRW billion	341	300	259	
	Salaries (Employees)		KRW billion	8,308	8,538	8,846	
	Raw materials costs (Suppliers)		KRW billion	47,354	49,677	52,095	
	Income tax (Government)		KRW billion	2,703	2,302	1,950	
	Donation (Local community)		KRW billion	75	71	66	
	Total		KRW billion	59,315	61,705	64,297	
Distribution of economic value by stakeholder (Consolidated)	Dividends (Shareholders and investors)		KRW billion	534	817	1,080	
	Interest expenses (Shareholders and investors)		KRW billion	121	123	111	
	Salaries (Employees)		KRW billion	5,994	6,211	6,259	
	Raw materials costs (Suppliers)		KRW billion	25,844	26,311	26,740	
	Income tax (Government)		KRW billion	1,142	1,194	1,245	
	Donation (Local community)		KRW billion	57	50	51	
	Total		KRW billion	33,692	34,706	35,484	
Distribution of economic value by stakeholder (Separate)	Product durability index [Ranking]	Point		141 [14th]	169 [16th]	188 [15th]	Score a vehicle 3 years after its purchase based on the durability quality (points per 100 vehicles)
	New vehicle quality index [Ranking]	Point		106 [5th]	94 [1st]	95 [2nd]	Score a vehicle 90 days after its purchase based on the number of complaints (points per 100 vehicles)
	Marketing communications-related (Korea)	Case		0	0	0	Incidents of non-compliance with laws and regulations and voluntary codes concerning marketing communications such as advertising, sales promotion, and sponsorship
	Marketing communications-related (Overseas)	Case		0	0	0	
	Customer information-related	Case		0	0	0	
	Product information-related	Case		0	0	0	
	Product Responsibility	Customer satisfaction index (Composite index)	%		81.1	80.3	78.3
No. of customers participated in the survey		Person		2,800	3,100	4,000	
External evaluation — National Customer Satisfaction Index		Ranking		1st place at 5 segments; 2nd place at 1 segment	1st place at 5 segments; 2nd place at 1 segment	1st place at all segments	Conducted by Korea Productivity Center (compact, semi-medium, medium, semi-large, large, RV)
External evaluation — Korean Standard-Quality Excellence Index		Ranking		1st place at all segments	1st place at all segments	1st place at all segments	Conducted by Korean Standards Association (semi-medium, medium, SUV, after service)
External evaluation — Korean Customer Satisfaction Index		Ranking		1st place at all segments	1st place at all segments	1st place at all segments	Conducted by Korea Management Association Consulting (passenger car, RV)
External evaluation — Korean Service Quality Index		Ranking		1st place at all segments	1st place at all segments	1st place at all segments	Conducted by Korea Management Association Consulting (sales, maintenance)
External evaluation — Korean Net Promoter Score		Ranking		1st place at all segments	1st place at all segments	1st place at all segments	Conducted by Korea Management Association Consulting (sales, maintenance)

Classification		Index	Unit	2013	2014	2015	Note
Product Responsibility	Satisfaction level of customer service	Hyundai Customer Satisfaction Index — Korea	Score	80.4 (2nd)	82.0 (1st)	81.8 (1st)	Service centers and bluehands
		Hyundai Global Satisfaction Index — Overseas	Score	835 (22 countries)	841 (25 countries)	882 (26 countries)	Scoring system has been changed due to changes in survey structure and questions in 2015
	Before Service	No. of customers experienced the Before Service	10 thousand persons	430	434	475	
Energy consumption		LNG	Mwh	1,704,754	1,683,424	1,569,306	
		Electricity	Mwh	3,428,001	3,595,979	3,619,249	
		Diesel, Kerosene, Gasoline	Mwh	98,784	111,087	82,307	
		Liquefied fuel	Mwh	3,835	1,796	105	
		Gaseous fuel	Mwh	2,172	2,914	457	
		Total	Mwh	5,237,546	5,395,200	5,271,424	
Energy intensity	Energy consumed in producing one vehicle	Mwh/Vehicle	1.10	1.09	1.07		
Greenhouse gas emissions	Scope 1	tCO ₂ e	842,635	835,240	816,952		
	Scope 2	tCO ₂ e	1,598,715	1,745,981	1,753,243		
	Total	tCO ₂ e	2,441,350	2,581,221	2,570,195		
Greenhouse gas emission intensity	Greenhouse gas emissions per vehicle production	tCO ₂ e/Vehicle	0.512	0.521	0.519		
Year-on-year increase/decrease of GHG emissions	Scope 1	tCO ₂ e	-29,904	-7,395	-18,288		
	Scope 2	tCO ₂ e	64,725	147,266	7,262		
	Total	tCO ₂ e	34,821	139,871	-11,026		
Cumulative number of models certified as eco-friendly vehicles	International certification on eco-friendliness	Vehicle	9	11	12		
	GHG emission certifications	Vehicle	12	14	15	Carbon labeling certification	
	Low-carbon product certifications	Vehicle	1	2	4	Carbon labeling certification	
Eco-friendliness	Raw materials	Steel (amounts used)	Ton	746,627	801,851	1,234,078	2015 figures include data collected from the business sites in Korea whereas the scope of data aggregation for the year 2013 and 2014 was limited to overseas business sites; 2013 and 2014 figures have been recalculated due to the corrections and additions made by overseas subsidiaries
		Steel (scrap)	Ton	271,593	270,178	499,860	
		Aluminum (amounts used)	Ton	4,781	30,170	120,785	
		Aluminum (scrap)	Ton	6,444	7,094	34,314	
Weight of waste	Total	Total	Ton	646,698	709,602	767,512	Figures for the year 2013 and 2014 have been recalculated due to the corrections and additions made by overseas subsidiaries
		Regular waste (by type)	Ton	597,451	662,977	721,794	
		Specified waste (by type)	Ton	49,247	46,625	45,718	
		Korea (by region)	Ton	410,546	388,310	434,812	
		Overseas (by region)	Ton	236,152	321,292	332,700	
Weight of waste by disposal method	Total	Total	Ton	646,047	739,417	664,834	Figures for the year 2014 have been recalculated due to the additions made by overseas subsidiaries
		Landfill	Ton	32,673	119,437	26,189	
		Incineration	Ton	51,113	48,636	34,439	
		Recycling	Ton	558,747	564,571	597,769	
Consumption of water	Water consumed	Total	Ton	21,473,275	20,845,135	20,748,116	Figures for the year 2013 and 2014 have been recalculated due to the corrections and additions made by business sites in Korea and overseas subsidiaries
		Korea	Ton	13,995,443	13,277,468	13,068,067	
		Overseas	Ton	7,477,832	7,567,667	7,680,049	
	Water recycled	Total	Ton	1,822,450	2,146,680	1,853,482	
		Korea	Ton	581,001	601,128	605,716	
	Recycling ratio	Total	%	8.5	10.3	8.9	
		Korea	%	4.2	4.5	4.6	
		Overseas	%	16.6	20.4	16.2	

Classification		Index	Unit	2013	2014	2015	Note	
Air pollutants	Total		Ton	1,269	1,221	1,117	Figures for the year 2013 and 2014 have been recalculated due to the corrections made by business sites in Korea	
	CO (by type)		Ton	272	345	334		
	SOx (by type)		Ton	77	40	37		
	NOx (by type)		Ton	413	399	411		
	PM (by type)		Ton	507	437	335		
	Korea (by region)		Ton	372	330	292		
	Overseas (by region)		Ton	897	891	825		
	Consumption of refrigerant (HFC, R135a, etc.)	Total		Ton	1,762	1,121		930
Eco-friendliness	Water pollutants	Total		kg	628,390	707,579	611,474	
		COD (by type)		kg	196,423	225,977	183,653	
		BOD (by type)		kg	52,082	58,330	23,919	
		SS (by type)		kg	28,801	44,732	28,722	
		n-H (by type)		kg	341	417	507	
		Others (by type)		kg	350,743	378,123	374,673	
		Korea (by region)		kg	37,461	47,835	34,932	
		Overseas (by region)		kg	590,929	659,744	576,542	
VOC emissions	Total (by region)		Ton	10,211	10,631	11,772		
	Korea		Ton	8,199	8,429	8,130		
	Overseas		Ton	2,012	2,202	3,642		
Consumption of hazardous chemical substances	Total (by region)		Ton	12,971	13,610	13,479	Figures for the year 2013 and 2014 have been recalculated due to the corrections and additions made by overseas subsidiaries	
	Korea		Ton	1,611	1,679	1,237		
	Overseas		Ton	11,360	11,931	12,242		
Non-compliance with regulations and voluntary codes	Penalty and fine for non-compliance with environmental regulations		KRW	480,000	61,388,000	480,000	Based on the data collected from the business sites in Korea	
Costs and investments for environmental protection	Total		KRW billion	123.6	133.5	115.6	Figures for the year 2013 and 2014 have been recalculated due to the corrections made by business sites in Korea	
Support for Foundation of Korea Automotive Parts Industry Promotion	Quality and Technology Volunteer Group		Company	103	97	97		
	Supplier Support Group		Company	43	43	46		
Joint recruitment with suppliers	Recruitment		Person	17,215	17,510	18,600	Some 200 persons through job fairs, Some 4,000 persons through a website dedicated to employment of suppliers	
Suppliers in joint growth and fair trade agreements	Number of suppliers in the agreements		Company	301	293	298		
Cumulative number of suppliers in joint expansion partnership	Including tier 1, 2, 3 suppliers		Company	About 600	About 600	About 600		
Non-compliance with regulations and voluntary codes	Legal sanction against the violation of fair trade		Case	0	0	0	Unfair competition such as collusion; and monopoly-related violations	
Energy-Saving Technology Exchange Meeting	Companies participated		Company	26	26	32		
	Participants (total number of people involved in the Meeting)		Person	66	75	90		
Supply chain management	Number of supplies in Korea		Company			8,800	Data has been disclosed since 2015 (Some 300 tier 1 suppliers; some 5,000 tier 2 and 3 suppliers; and some 3,000 raw material suppliers and others)	

Classification		Index	Unit	2013	2014	2015	Note
Employees	Number of employees	Korea	Person	63,099	64,956	65,614	
		Overseas	Person	41,838	44,792	46,458	
		Portion of employees working overseas	%	39.9	40.8	41.5	
		Total	Person	104,937	109,748	112,072	
	Workforce by region	Korea	Person	63,099	64,956	65,614	
		North America	Person	6,873	6,558	7,881	
		Europe	Person	6,031	6,693	6,277	
		China	Person	15,631	17,173	17,951	
		India	Person	8,893	8,984	9,343	
		Others	Person	4,410	5,384	5,006	
		Total	Person	104,937	109,748	112,072	
	Workforce by duty in Korea	Management	Person	176	183	265	
		Research committee	Person	12	12	16	
		Research	Person	8,742	9,161	9,701	
		Office work	Person	11,453	11,668	12,078	
		Technology, Production, Maintenance	Person	32,990	33,337	34,529	
		Sales	Person	6,237	6,199	6,166	
		Others	Person	3,489	4,396	2,859	Includes such special-duty employees as flight attendants, nurses, and helicopter pilots
	Total	Person	63,099	64,956	65,614		
	Labor union membership	No. of people with labor union membership	Person	45,576	46,217	46,844	
Labor union membership percentage		%	72.2	71.2	71.4	Based on the data collected from the business sites in Korea	
New recruitment	Global	Person	11,831	6,453	6,681	All figures as of Dec. 31 of their respective year; number of the newly recruited in their respective year; 2013 figure includes the newly recruited by BHMC and HMB	
Employee turnover	Number of employee turnover		Person	73	85	69	Figures in this report are different from those in previous reports as per change in calculation parameters to include only persons who switched to other companies in Korea
	Employee turnover rate		%	0.12	0.13	0.11	
Parental leave	Number of employees on parental leave (Male)		Person	18	19	34	
	Number of employees on parental leave (Female)		Person	96	150	176	
	Retention rate after parental leave (Male)		%	94	95	94	
	Retention rate after parental leave (Female)		%	97	97	97	
Female employees	Number of female employees (Korea)		Person	2,692	3,046	3,166	
	Number of female executives (Korea)		Person	1	3	3	
	Female employment rate (Korea)		%	4.3	4.7	4.8	
	Number of female employees (North America)		Person	927	960	1,291	
	Number of female executives (North America)		Person	4	4	9	
	Female employment rate (North America)		%	13.5	14.6	16.4	
	Number of female employees (Europe)		Person	1,082	1,058	965	
	Number of female executives (Europe)		Person	3	3	2	
	Female employment rate (Europe)		%	17.9	15.8	15.4	
	Number of female employees (China)		Person	1,918	2,044	1,777	
Number of female executives (China)		Person	0	0	9		
Female employment rate (China)		%	12.3	11.9	9.9		

Classification	Index	Unit	2013	2014	2015	Note
Female employees	Number of female employees (India)	Person	84	140	144	
	Number of female executives (India)	Person	0	0	0	
	Female employment rate (India)	%	0.9	1.6	1.5	
	Number of female employees (Others)	Person	402	470	292	
	Number of female executives (Others)	Person	-	-	-	
	Female employment rate (Others)	%	9.1	8.7	5.8	
	Total number of female employees	Person	7,105	7,718	7,635	
	Total number of female executives	Person	8	10	23	
	Total female employment rate	%	6.8	7.0	6.8	
Employees with disabilities	Number of employees with disabilities	Person	1,650	1,766	1,864	Based on the data collected from the business sites in Korea
	Percentage of employees with disabilities	%	2.61	2.72	2.84	
Outstanding talent work rotation program participants	Korea	Person	19	19	7	
	Overseas	Person	30	16	10	
Employees	Training expenses per employee	KWR 10,000	74	67	68	
	Employee training	Training hours per employee	55	62	63	Based on the data collected from the business sites in Korea
	Total training expenses	KRW billion	46.9	43.6	45.0	
Employee satisfaction	Score out of 5	Score	3.4	3.5	-	Survey was not conducted in 2015
Occupational accidents (Korea)	No. of employees involved in occupational accidents	Person	367	345	339	
	Accident rate	%	0.58	0.53	0.52	
Occupational accidents (Overseas)	No. of employees involved in occupational accidents	Person	137	82	55	
	Accident rate	%	0.33	0.18	0.12	
Occupational accidents (Total)	No. of employees involved in occupational accidents	Person	504	427	394	
	Accident rate	%	0.48	0.39	0.35	Accident rate = (Number of employees involved in occupational accidents/Total number of employees) x 100
Society	Social welfare	KRW million	33,602	24,058	26,109	
	Medical and healthcare	KRW million	14	102	806	
	Education	KRW million	13,953	15,236	15,431	
	Culture & Sports	KRW million	14,970	9,722	21,341	
	Environmental protection	KRW million	1,531	1,285	921	
	Emergency relief	KRW million	883	4,662	368	
	International exchange	KRW million	3,780	2,713	2,633	
	Othres	KRW million	6,267	7,422	2,840	
	Total	KRW million	75,000	65,200	70,449	
Voluntary performance of employees	Number of volunteer activities	Case	2,982	2,691	2,546	
	Number of participants	Person	33,262	23,480	24,499	
	Number of hours participated	Hour	216,434	132,887	166,912	
Support for 'H-together' projects by sector	Disabled	Number of organizations supported	17	9	4	
	Seniors		15	8	4	
	Children & Youth		12	9	6	
Support for 'H-together' projects by support type	Number of vehicles donated	Vehicle	2	11	13	
	Number of organizations supported	Organization	44	37	27	

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APPENDICES



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G4 Core

General Standard Disclosures

GRI G4	No.1	Description	Page Reference	Assurance	
Strategy and analysis	G4-1	Statement from the most senior decisionmaker of the organization	4-5	●	
	G4-2	Description of key impacts, risks, and opportunities	5, 22-27, 43, 84	●	
Organizational profile	G4-3	Name of the organization	6	●	
	G4-4	Primary brands, products, and/or services	6	●	
	G4-5	Location of organization's headquarters	3	●	
	G4-6	Countries with significant operations	7	●	
	G4-7	Nature of ownership and legal form	52-54	●	
	G4-8	Markets served	7	●	
	G4-9	Scale of the reporting organization	6, 7, 59	●	
	G4-10	The total workforce by employment type, gender, employment contract and region	132	●	
	G4-11	The percentage of total employees covered by collective bargaining agreements	132	●	
	G4-12	Description of the organization's supply chain	131	●	
	G4-13	Significant changes during the reporting period relating to size, structure, or ownership or its supply chain	7	●	
	G4-14	Implementation of the precautionary approach or principle	22-27, 43	●	
	G4-15	External initiatives that the organization endorses	142	●	
	G4-16	Memberships of associations such as industry associations	142	●	
	Identified material aspects and boundaries	G4-17	Entities included in the organization's consolidated financial statements or equivalent documents	128	●
		G4-18	Process for defining report content	58	●
G4-19		Material Aspects identified in the process for defining report content	59	●	
G4-20		Aspect Boundary within the organization	58	●	
G4-21		Aspect Boundary outside the organization	58	●	
G4-22		Effect of any restatements of information provided in previous reports, and the reasons for such restatements	56, 130-131	●	
G4-23		Significant changes from previous reporting periods in the Scope and Aspect Boundaries	7	●	
Stakeholder engagement	G4-24	Stakeholder groups engaged by the organization	51	●	
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	G4-26	Approaches to stakeholder engagement by type and by stakeholder group	51	●	
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Report profile	G4-28	Reporting period	3	●	
	G4-29	Date of most recent previous report	3	●	
	G4-30	Reporting cycle	3	●	
	G4-31	Contact point for questions regarding the report or its contents	3	●	
	G4-32	Table identifying the location of the Standard Disclosures in the report	135-137	●	
	G4-33	Policy and current practice with regard to seeking external assurance for the report	138-140	●	
Governance	G4-34	Governance structure of the organization, including committees of the highest governance body	52-54	●	
	G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	52-53, 71-72	●	
	G4-38	The composition of the highest governance body and its committees	54	●	
	G4-39	Report whether the Chair of the highest governance body is also an executive officer	54	●	
	G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	54	●	
	G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed	54	●	
	G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	54	●	
	G4-45	Procedures of the highest governance body for overseeing the organization's identification and management of performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles	52-53, 71-72	●	
	G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	52, 58	●	
	G4-50	The nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	52-53, 71-72	●	

GRI G4	No.1	Description	Page Reference	Assurance
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	G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	48	●
	G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	48	●

Specific Standard Disclosure

GRI G4	No.1	Description	Page Reference	Assurance
Disclosure on Management Approach	G4-DMA	a. The mechanisms for evaluating the effectiveness of the management approach b. The results of the evaluation of the management approach c. Any related adjustments to the management approach	60-61, 74-75, 88-89, 98-99, 112-113	●

Economic				
Economic	G4-EC1	Direct economic value generated and distributed	55-57	●
	G4-EC3	Coverage of the organization's defined benefit plan obligations	110	●
Market presence	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	101	●
Indirect economic impacts	G4-EC7	Development and impact of infrastructure investments and services supported	120	●
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	112-127	●
Environmental				
Materials	G4-EN1	Materials used by weight or volume	130	●
	G4-EN2	Percentage of materials used that are recycled input materials	130	●
	G4-EN3	Energy consumption within the organization	130	●
Energy	G4-EN5	Energy intensity	130	●
	G4-EN6	Reduction of energy consumption	130	●
	G4-EN7	Reductions in energy requirements of products and services	22-27, 74, 78	●
	G4-EN8	Total water withdrawal by source	130	●
Water	G4-EN10	Percentage and total volume of water recycled and reused	130	●
	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	●
Biodiversity	G4-EN12	Significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	87	●
	G4-EN13	Habitats protected or restored	118	●
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	130	●
Emissions	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	130	●
	G4-EN18	Greenhouse gas (GHG) emissions intensity	130	●
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	82-84	●
	G4-EN20	Emissions of ozone-depleting substances (ODS)	131	●
	G4-EN21	NOx, SOx, and other significant air emissions	131	●
	G4-EN22	Total water discharge by quality and destination	131	●
Effluents and waste	G4-EN23	Total weight of waste by type and disposal method	130	●
	G4-EN24	Total number and volume of significant spills	131	●
Products and services	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	22-27, 77-81	●
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	131	●
Transport	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	84	●
Overall	G4-EN31	Total environmental protection expenditures and investments by type	131	●

GRI G4	No.1	Description	Page Reference	Assurance
Social				
Labor Practices and Decent Work				
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	132	●
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	107-110	●
	G4-LA3	Return to work and retention rates after parental leave, by gender	132	●
Occupational health and safety	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	132	●
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of workrelated fatalities, by region and by gender	133	●
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	107-110	●
Training and education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	100	●
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	104-108	●
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	108	●
Diversity and equal opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	132-133	●
Labor practices grievance mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	102	●
Human Rights				
Investment	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	101-102, 128	●
Freedom of association and collective bargaining	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	102-103	●
Child labor	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	95-96	●
Forced or compulsory labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	95-96	●
Security practices	G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	128	●
Human rights grievance mechanisms	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	102	●
Society				
Local communities	G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	112-127	●
Anti-corruption	G4-S04	Communication and training on anti-corruption policies and procedures	49-50	●
Anti-competitive behavior	G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	131	●
Compliance	G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	131	●
Product Responsibility				
Customer health and safety	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	67	●
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	129	●
	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	72	●
Product and service labeling	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	72, 129	●
	G4-PR5	Results of surveys measuring customer satisfaction	71-72, 129	●
Marketing communications	G4-PR6	Sale of banned or disputed products	129	●
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	129	●
Customer privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	129	●
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	129	●

Independent Assurance Statement



The Business Institute for Sustainable Development (BISD), led by Korea Chamber of Commerce & Industry, was requested by Hyundai Motor Company (HMC) to serve as an independent 'third-party assurance institute' for the '2016 Hyundai Motor Company Sustainability Report' (hereinafter 'Report'), and submits the assurance statement as follows.

Purpose

The purpose of this assurance report is to identify any major errors or biases in the Report, to conduct independent assurance procedures to determine whether the sustainable management issues of Hyundai Motor Company were appropriately reported, and to present an assurance opinion.

Responsibilities and Independence

This report contains matters on Hyundai Motor Company's sustainable management efforts, achievements and future plans in 2016. All responsibility regarding the drafting of the Report lies with Hyundai Motor Company.

In conducting assurance procedures on the Report and providing assurance opinions to the board of directors, BISD has no management-related interests in profits with Hyundai Motor Company, aside from carrying out third-party assurance, in order to maintain independence and autonomy.

Assurance Standards and Restrictions

BISD performed the assurance evaluation in consideration of the three accountability principles (inclusivity, materiality and responsiveness) of AA1000AS (2008) and the principles for defining report content and report quality of the Global Reporting Initiative G4 guidelines.

Physical inspections were conducted at the HMC Headquarters located in Seoul, Ulsan Plant, Namyang Technology Research Center, and Korea Central Advanced Research and Engineering Institute located in Uiwang. The scope of the assurance evaluation was limited to only those performances stated in the Report and excludes data from previous years and data reported online. Furthermore, Green-house gas data that has already been verified from another third-party organization was not subjected to the assurance evaluation.

Major Assurance Procedures

For the assurance process, Hyundai Motor Company's employees were engaged in interviews. Results from the interviews and other relevant documents provided by Hyundai Motor Company were examined. Major assurance procedures undertaken are as follows:

- Review of application of company's internal sustainability report standards
- Review of the Report contents and the information collection process
- Review of the materiality test process, core issues and company policies
- Performance of physical inspections and interviews with employees.

Opinions

BISD performed the assurance evaluation in accordance with the procedures identified above, and the Report was modified by Hyundai Motor Company if and when deemed necessary. Based on the assurance evaluation, BISD is not aware of any significant errors in the Report and confirmed that the Report was written in accordance with GRI G4 guidelines (core option).

The opinions of BISD produced as a result of its assurance evaluation and in consideration of the AA1000APS accountability standards are explained below.

- **Inclusivity:** Does Hyundai Motor Company adhere to the principle of stakeholder engagement in order to ensure a responsible and strategic response in advancing sustainability management?
 - Hyundai Motor Company gathered major concerns and opinions from core stakeholders, including its customers/dealers, employees, suppliers, shareholders/investors, local communities and government through stakeholder communication channels.
 - BISD is not aware of any significant stakeholder groups that were omitted from the process of gathering sustainability management issues through Hyundai Motor Company's stakeholder communication channels.

- **Materiality:** Does Hyundai Motor Company include material issues that affect stakeholders in the entire spectrum of sustainability management in the Report?
 - Hyundai Motor Company identified major issues through the materiality test and compiled opinions through a survey from each stakeholder group in the process of the materiality test process.
 - BISD is not aware of any significant issues that were omitted from the process.

- **Responsiveness:** Does Hyundai Motor Company respond appropriately to stakeholder issues?
 - Hyundai Motor Company has acknowledged the impact of its business decisions on stakeholders and responded properly with coherent actions. The Report presents related performances during the reporting period.
 - BISD is not aware of any violations of the principle of responsiveness in Hyundai Motor Company's response to major sustainability management issues or performances that are described in the Report from the perspective of materiality.

Recommendations

BISD makes the following recommendations within a scope that does not affect the assurance results:

- Hyundai Motor Company has been communicating with stakeholders truthfully regarding social and environmental sustainability since it published its first sustainability report in Korea in 2003. Especially in 2015, Hyundai Motor Company has put effort into improving corporate transparency, reflecting stakeholders' opinions by establishing the Corporate Governance and Communication Committee. Henceforth, BISD suggests that the Committee operate effectively and continue strengthening stakeholder communication.
- The efforts of Hyundai Motor Company in creating economic value while solving social problems have stood out. As awareness of social values becomes more prevalent in corporate culture, Hyundai Motor Company has demonstrated concern about shared value in the planning of products and services and R&D phase. BISD hopes that CSV performances, which can provide new inspiration to society, become widely known not only through sustainability reports but also various tools such as websites or SNS.
- Hyundai Motor Company conducts various activities regarding sustainability and reports outcomes and further plans. BISD recommends reporting the major issues drawn from the materiality analysis and improved results or newly started activities during the reporting period rather than every accomplishment.

May, 2016



President Chun, Subong



Terms of Engagement

This Assurance Statement has been prepared for Hyundai Motor.

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by Hyundai Motor to assure its GHG Inventory Report for the calendar year 2015 (hereafter referred to as "the Report") and the GHG data summarised in Table 1 below. The Report has been prepared in accordance with GHG Target Management Scheme for quantification and reporting of GHG emissions in Korea. The Report relates to direct GHG emissions and energy indirect GHG emissions.

Management Responsibility

The management of Hyundai Motor is responsible for preparing the Report and for maintaining effective internal controls over all the data and information disclosed. LRQA's responsibility was to carry out an assurance engagement on the Report in accordance with our contract with Hyundai Motor.

Ultimately, the Report has been approved by, and remains the responsibility of Hyundai Motor.

LRQA's Approach

Our verification has been conducted in accordance with GHG Target Management Scheme in Korea: *Specification with guidance for verification of greenhouse gas assertions* to reasonable level of assurance.

In order to form our conclusions we have:

- Visited sites and reviewed processes to control the data and records regarding GHG emissions and energy uses
- Interviewed the relevant persons responsible for managing and maintaining raw and consolidated data
- Verified the historical data and information back to source for the calendar year 2015.

Level of Assurance & Materiality

The opinion expressed in this Assurance Statement has been formed on the basis of a reasonable level of assurance and at a 2.5% level of materiality.

LRQA's Opinion

Based on LRQA's approach, except for the effect of the matter described in the following qualification, we believe that the GHG and energy data presented in the Report are materially correct:

- The GHG emissions from LNG and electricity consumed by the companies which are subject to GHG Target Management Scheme in Korea and are occupying Hyundai Motor's own buildings have not been excluded from Hyundai Motor's organizational boundary, but we are confident that they are below the materiality level.

Dated: 31st March 2016



SANG-KEUN YOO

On behalf of Lloyd's Register Quality Assurance Ltd.

17th Floor, Singsong Building, 67 Yeouinaru-ro, Yeongdeungpo-gu, Seoul, 07327, Korea

LRQA Reference: SEO 6012382

Table1. GHG emissions reported in the Report

Scope (as defined within GHG Target Management Scheme in Korea)	Year 2015
Direct GHG Emissions	489,237
Energy Indirect GHG Emissions	1,044,049
Total GHG Emissions	1,533,286

Data is presented in tonnes of CO₂ equivalent.

This document is subject to the provision below:

This Assurance Statement is only valid when published with the Report to which it refers.

Lloyd's Register Quality Assurance Limited, its affiliates and subsidiaries and their respective officers, employees or agents are, individually and collectively, referred to in this clause as the 'Lloyd's Register Group'. The Lloyd's Register Group assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant Lloyd's Register Group entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.

Because of the inherent limitations in any internal control it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the verification was not designed to detect all weakness or errors in internal controls so far as they relate to the requirements set out above as the verification has not been performed continuously throughout the period and the verification carried out on the relevant internal controls were on a test basis. Any projection of the evaluation of control to future periods is subject to the risk that the processes may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

The Korean version of this statement is the only valid version. The Lloyd's Register Group assumes no responsibility for versions translated into other languages.

Sustainability Report Publication History



UN Global Compact Index

Hyundai joined the UN Global Compact in 2008 and has since complied with the principles and publishes its compliances through sustainability reports.

	Principles	Page Reference
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	099
	Principle 2: make sure that they are not complicit in human rights abuses.	099
Labour Standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	102
	Principle 4: the elimination of all forms of forced and compulsory labour;	095
	Principle 5: the effective abolition of child labour; and	095
	Principle 6: the elimination of discrimination in respect of employment and occupation.	101
Environment	Businesses should support a precautionary approach to environmental challenges;	075
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	075
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	075
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	049

Thanks to

(In alphabetical order)

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