ECONOMY
ENVIRONMENT
SOCIETY

NEW
THINKING.
NEW
POSSIBILITIES.

THE ROAD TO SUSTAINABILITY

HYUNDAI MOTOR COMPANY 2011 SUSTAINABILITY REPORT

HYUNDAI

2010 Performance Summary

Economy	2007	2008	2009	2010
Sales (in billion KRW)	30,620	32,190	31,859	36,769
Net Income (in billion KRW)	1,682	1,448	2,962	5,267
Operating Profit (in billion KRW)	1,946	1,877	2,235	3,227
Operating Profit Margin (%)	6.36	5.83	7.02	8.8
EBITDA (in billion KRW)*	3,111	3,197	3,649	4,660

* Hyundai Motor Company operation results only, * EBITDA : Earnings Before Interest, Taxes, Depreciation and Amortization

Environment	2007	2008	2009	2010
Energy Consumption (in 1,000GJ)	34,278	37,219	37,183	42,384
Greenhouse Gas Emission (in 1,000 tons CO_2-e)	1,777	1,927	1,926	2,196
Water Consumption (in 1,000 tons)	14,793	16,800	16,987	19,662
Hazardous Chemicals used (in tons, domestic only)	2,635	2,250	2,520	2,241
Air Pollutants released (in tons, domestic only)	639	654	599	608
Water Pollutants released (in tons, domestic only)	187	181	195	234
Organic Solvent recovered (in 1,000 tons, domestic only)	3,225	3,124	2,276	2,506
Waste generated (in tons)	337,224	438,540	490,630	612,001

Society		2007	2008	2009	2010
Employees	**Domestic Workforce** (in No. of people)	55,939	56,204	56,027	56,461
	Overseas Workforce (in No. of people)	20,765	22,066	22,512	23,724
	Female Employee Share (in %, domestic only)	13.0	9.4	9.8	12.2
	Occupational Accident Rate (in %, domestic only)	1.69	1.61	1.45	1.60
Customers	**Initial Quality Survey Results*** (by JD Power)	125	114	95	102
Local Communities	**Employee Volunteer Corps Member** (in No. of people, domestic only)	18,443	20,021	25,851	27,160
	Social Contribution Expenses (in millions KRW, domestic only)	29,245	50,443	72,245	89,758

* The lower score means less problems and higher quality.

HYUNDAI MOTOR COMPANY
2011 SUSTAINABILITY REPORT

REPORT PROFILE

Hyundai Motor Company (hereafter HMC) has been publishing a corporate Sustainability Report subtitled 'The Road to Sustainability' on annual basis since 2003. Through publication of this Report, HMC reaffirms its commitment to sustainability management and shares the achievements with our stakeholders.

Reporting Guidelines

HMC's 2011 Sustainability Report was compiled using the G3 GRI (3rd generation of the Global Reporting Initiative) guidelines launched in October 2006. The full GRI Index is included on page 80 and 81 of this Report. Starting in 2008, we began conducting materiality analysis, stakeholder communications which include surveys to identify key sustainability issues that affect our stakeholders and the company, and have concentrated on providing more detailed information on identified issues in the Report.

Reporting Scope & Period

This Report covers quantitative results from the period covering calendar year 2010 and qualitative results from January 2010 to April 2011. The Report includes sustainability activities at the HMC headquarters, domestic sales offices, service centers, distribution centers, training centers, manufacturing plants, and R&D centers, as well as overseas manufacturing plants, sales offices, regional headquarters, overseas offices, overseas R&D centers and other related companies.

Data Collection Process

Data on economic, environmental and social performance that are displayed in the form of tables and graphs are managed by HMC staff members of the respective departments. The data is collected via company intranet at the beginning of each calendar year by the Environmental Strategy Team for review and analysis. The process for key environmental performance data collection and management is reviewed by outside experts via annual ISO 14001 certification procedures in order to assure reliability of the data. Key environmental performance data on greenhouse gas emissions, water use, and wastes are collected from both domestic and overseas sites. However, some environmental performance data and much of the social activity data is collected from domestic operation sites only. Work is under progress to improve the data collection system to include overseas operation sites.

Third-party Assurance

HMC hired third-party assurance experts to review the contents of our Sustainability Report between 2004 and 2006. Since 2006, we organized an external review committee that consists of sustainability experts for more detailed reviews and comments. In 2008, we held a dialogue with key representatives of stakeholder groups including investors, the government, NGOs, sustainability experts, and suppliers, while endeavoring to account for their opinions within the content and organization of the Report.
In 2009 and 2010, we organized the Sustainability Report Review Committee to assess materiality, completeness, and responsiveness to stakeholder demands of the Report. In 2011, HMC hired third-party assurance expert for increased assurance on quality of information contained in the Report. Data collection, report drafting and internal reviews were carried out in collaboration with the Environmental Strategy Team in charge of report publication and relevant HMC teams who are responsible for the content of various sections of the Report.

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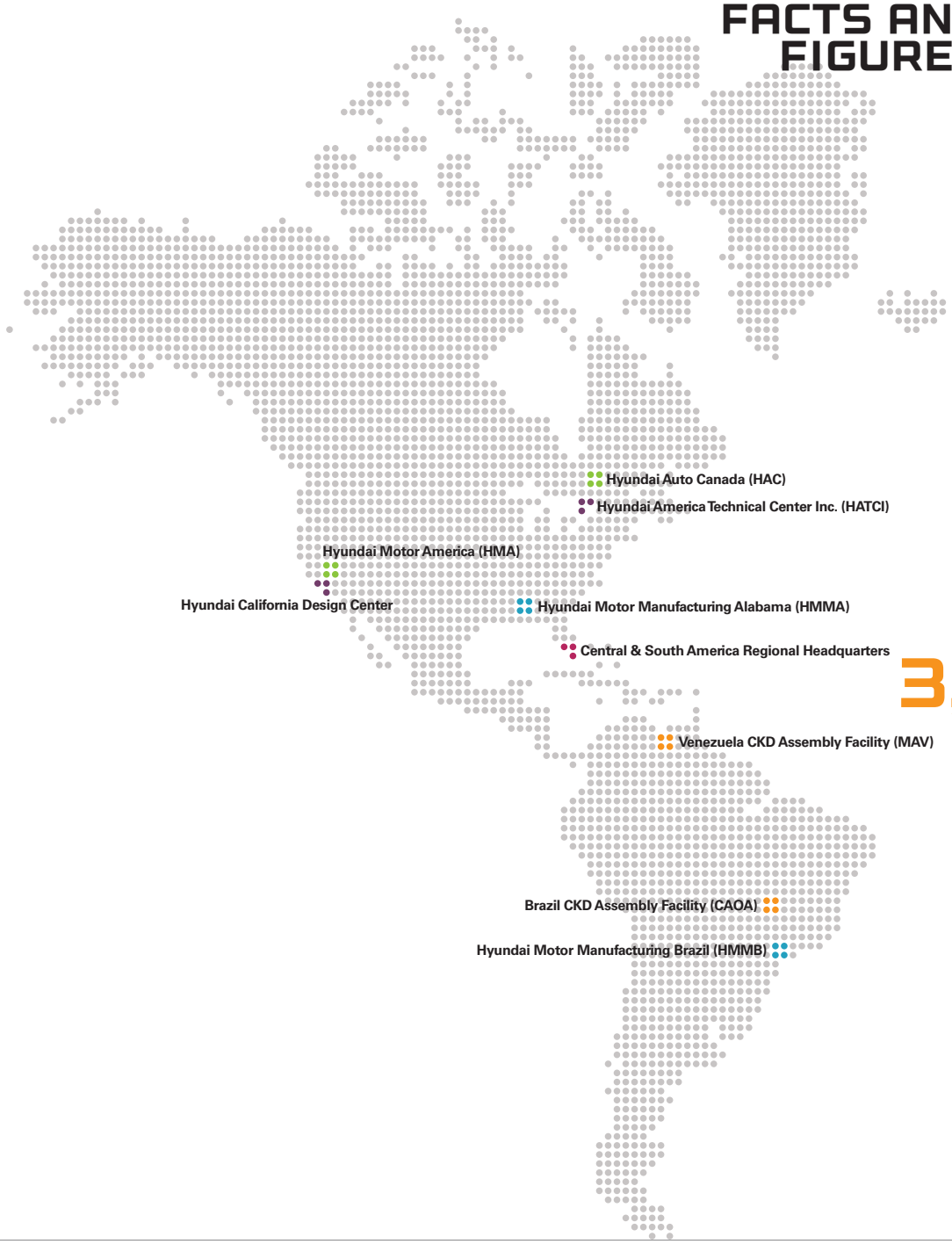
HYUNDAI MOTOR COMPANY IN THE WORLD

HYUNDAI

Name	Hyundai Motor Company
Chairman / CEO	Mong-koo Chung
Headquarters	231, Yangjae-Dong, Seocho-Gu, Seoul, Korea
Business Area	Manufacturing of vehicles (Passenger cars, RV, Commercial vehicles)
No. of Employees	80,185
Sales	36,769 billion KRW (HMC sales only)

2010 FACTS AND FIGURES



25.9%
Overseas sales increase

9
No. of Sustainability Reports published

50%
2020 Fuel efficiency improvement target (compared to the 2008 level)

27,160
No. of Korea-based employees participating in volunteer activities

3,612,487
No. of HMC vehicles sold globally

95%
Target vehicle recycling rate in 2015

80,185
No. of total HMC employees

CHINA
Beijing Hyundai Motor Company (BHMC)

INDIA
Hyderabad R&D Center

EUROPE
Hyundai Motor Europe (HME)

AMERICA
Hyundai Motor Manufacturing Alabama (HMMA)

HMC has taken on numerous activities to increase sustainable value from our business activities since we declared our global environmental management philosophy and policies in 2003. In 2011, we renewed our management philosophy, the vision and core values of the company in order to establish a new foundation on which to base our sustainable growth into the future. I firmly believe that the new management philosophy and vision will guide us to stronger sustainable management.

As an automobile manufacturer, HMC is pursuing the development of a wide range of green vehicles from hybrid electric vehicles to hydrogen fuel cell electric vehicles in order to realize safer and greener mobility solutions. We have already successfully launched the Avante LPi Hybrid in the Korean market and launched our second hybrid model, the Sonata Hybrid in both the Korean and North American markets. HMC is also actively pursuing EV technology. In 2010, we completed development of the BlueOn EV, which is operated in a demonstration program in Korea. Our fuel cell electric vehicles are also being tested in demonstration programs in both Korean and overseas locations strengthening the foundation for commercialization in the future.

In today's society, a company can only grow sustainably with mutual support from its stakeholders. Likewise, the fruits of sustainable management can only be gathered when companies are trusted by its stakeholders. All members of HMC recognize the importance of stakeholders and, therefore, will continue to strengthen our activities for promoting stakeholder value. We will strive to provide vehicles and services of the highest quality to our customers. Moreover, we will create new value beyond customer expectations and deliver that value to the customers. We will also strive to be a more responsible business partner and go beyond our past goal of promoting mutual cooperation to realize shared growth in conjunction with our suppliers. Our efforts in core CSR areas will also increase to ensure implementation of programs in traffic safety, environmental protection, social welfare improvement, education support and more in all local communities in which we operate. Overall, our goal is to become a beloved member of the local community.

HMC will continue its growth by creating new sustainable value from our business activities and sharing them with our stakeholders. It's a pledge from all members of the HMC including myself. Lastly, I would like to ask for your continued support and interest as both are essential for guiding HMC to a sustainable future.

July, 2011

Mong-koo Chung
Chairman and CEO

We have been communicating our achievements in sustainability management by publishing an annual Sustainability Report since 2003. I would like to thank all our stakeholders for their continued interest and support for HMC's sustainability management efforts as we publish our 9th Sustainability Report this year.

HIGHLIGHTS

SUSTAINABILITY MANAGEMENT

NEW THINKING.
NEW POSSIBILITIES.

Creating a new decade full of new values developed through new thinking and new possibilities

10 years

ECONOMY

GLOCALIZATION

Record breaking numbers of vehicles sold, sales and net profits

3,612,487

ENVIRONMENT

SUSTAINABLE
MOBILITY

Tackling climate change and energy security issues by pursuing a wide array of technology and innovation options

SOCIETY

MOVING THE WORLD
TOGETHER

Transitioning to a new shared growth model with suppliers to thrive in an increasingly competitive market

Announcement of the new brand slogan 'New Thinking. New Possibilities.'

Announcement of the new vision: 'Lifetime partner in automobiles and beyond'.
HMC will strive to become not just another automobile manufacturer but a company that creates new value . Our goal is not to become the biggest car company but to become the most-beloved car company and a trusted lifetime partner to our customers.

2

2010 global sales of 3,612,487 vehicles

In 2010, HMC manufactured 1,730,682 vehicles in Korea, domestically selling 657,897 and exporting 1,072,785 to overseas markets. The 2010 sales was the highest ever at 36,769 billion KRW. Operating and net profits for 2010 were also record-breaking at 3,227 billion KRW and 5,267 billion KRW, respectively. A total of 1,881,805 vehicles were produced in overseas manufacturing plants, which was an increase of 25.9% from 2009.

0

Exploring sustainable mobility solutions from hybrid electric vehicles to hydrogen fuel cell electric vehicles

HMC launched the Sonata Hybrid both in North America and Korea in early 2011. It is the second hybrid-electric vehicle by HMC after the launch of the Avante LPi Hybrid in 2009. In 2010, HMC also introduced 'BlueOn' the first highway-capable electric vehicle developed in Korea, which is currently being tested in a demonstration program in Korea. The Tucson ix FCEV, a third-generation fuel cell electric vehicle with significantly improved fuel efficiency and performance was also completed in 2010. The Tucson ix FCEV is operated in a demonstration program in both Korea and overseas locations as a stepping stone to early commercialization of the technology.

1

Shared growth beyond mutually-beneficial cooperation

HMC has identified 'global competitiveness building', 'strengthening of a sustained growth foundation', and 'the establishment of a shared growth system' as three core strategies for realizing shared growth with suppliers and launched programs for technical assistance for quality improvement, as well as overseas business expansion support. Various programs were also launched to foster corporate culture that embrace the concept of shared growth.

0

PHILOSOPHY

The corporate philosophy of HMC was redefined in 2011. The new corporate philosophy embraces the core spirit that guided its past forty years of successful growth and set a foundation for new growth. HMC will continue to embrace its core values and strive toward its goals in order to become a company that contributes to the sustainability of mankind and creates a brighter future where our dreams are realized.

Management Philosophy

"Realize the dream of mankind by creating a new future through ingenious thinking and continuously challenging new frontiers."

A company's management philosophy is the answer to why it exists and is a tenet that should be deeply embedded in both the minds and actions of employees. Using Hyundai's traditional values and spirit as a basis, the essence of our management philosophy is summarized in three key ideas: 'unlimited sense of responsibility', 'realization of possibilities', and 'respect for mankind'. The three keywords were used as the basis for the new management philosophy, 'realize the dream of mankind by creating a new future through ingenious thinking and continuously challenging new frontiers'.

The 'unlimited sense of responsibility' signifies pursuit of sustainable growth through an unyielding sense of responsibility for our stakeholders. The 'realization of possibilities' signifies our pioneer spirit that has driven HMC to new business frontiers. The 'respect for mankind' represents our will to contribute to improvement to the living conditions of humanity. Using the new management philosophy as guideline, HMC will continue its growth as a respected company that is making a positive contribution to humanity.

CORE CONCEPTS EMBEDDED IN MANAGEMENT PHILOSOPHY

Unlimited sense of responsibility	• Pursue sustained growth in order to provide for not just HMC employees and their family members but those of our suppliers • Pursue best quality in products to ensure safety and satisfaction of customers that lasts a lifetime
Realization of possibilities	• Foster DNA that strives for never-ending growth and advancement • Nurture an entrepreneurial spirit which enables us to break out of our comfort zone and takes risks in light of greater success • Create authentic values by turning small possibilities into real achievements
Respect for mankind	• Contribute to improving general conditions of living by providing products and services of the highest quality for the greatest number of people • Proactively tackle environmental issues and make contributions to local communities worldwide

Vision

Lifetime partner in automobiles and beyond
"To become a trusted lifetime partner of our customers, we will bring a new perspective to automobiles through innovative mobility solutions based on human-centric, eco-friendly technologies and services."

The new 'Vision 2020' presents clear sustainable growth goals for all members of the Hyundai Motor Group, as well as for what we must strive to achieve for the future. Automobiles are no longer only a means of transportation that connect people but another space for living. Vision 2020 is designed to embrace the changing values and philosophy of what automobiles means to society. By pursuing this vision, HMC is set out to become not just a car maker but a company that creates new values, a company that is beloved by customers, and ultimately, a lifetime partner to our customers.

Core Values

We have selected five core values of 'customer, challenge, collaboration, people and globality' to help us implement a new management philosophy and realize vision 2020. The core values were created using the following process. First, we identified unique characteristics embedded in HMC's employees that have contributed to our success so far. Then we mixed in new factors of sustainable values, creating final principles useful for guiding our actions. The core values will serve as a guideline for not just HMC's business management activities but also strengthen its members as a community, providing a basis for sustainable growth and development.

CHALLENGE

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

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.

CUSTOMER

We promote a customer-driven corporate culture by providing the best quality and impeccable service with all values centerd on our customers.

GLOBALITY

We respect 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.

PEOPLE

We believe 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.

CORE IDEAS EMBEDDED IN THE VISION

Partner through life

We will provide brands, products and services that are tailored to the needs of customers from childhood to post-retirement life. We envision our future customers choosing HMC products at all stages of their life.

Partner in auto - experience

We will provide a complete range of services associated with automobiles from vehicle selection, purchase, operation and purchase of new vehicle and make the process a most satisfying experience for our customers. We will create innovative services in order to provide greater value and benefits for our customers.

Partner in happiness

We will create a new kind of automobile to make it not just a means of transportation but a space of exceptional comfort and joy. We intend to transform our automobiles to make them faster, safer and a more convenient transportation tool through new service that allow its user to accomplish a wide range of activities. We shall develop environmental and information technologies for mass application to realize our goal.

RESPONSIBILITY

As a responsible corporate citizen, HMC strives to take action to make a tangible difference in business performance, as well as environmental management and social responsibilities associated with its operation. Recognizing importance of CSR management, HMC created a CSR committee to strengthen implementation of its CSR activities.

CSR Management

With shared understanding of the need for strengthened CSR (Corporate Social Responsibility) management, we established a CSR Committee in 2008 for more effective promotion of CSR activities. The CSR committee is responsible for activities in three core areas including environmental management, trust-based management and social contribution. With guidance of CSR committee, HMC joined the UN Global Compact and declared its commitment to fulfill its social responsibilities its business practices. The UN Global Compact is a voluntary initiative launched by the UN that seeks to align business operations and strategies everywhere using ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption. We renewed our CSR charter in collaboration with the UN Global Compact in April 2009. A Hyundai Motor Group-wide CSR taskforce was established for establishment of long-term CSR strategy for a period extending to 2020.

Environmental Management

HMC publicly declared its environmental management philosophy and its global environmental management policy in 2003, and has since continued to strengthen its environmental management. Rather than focusing on regulation compliance, we are focusing our efforts on more proactive environmental management such as creating new market opportunities by improving energy efficiency and reducing costs of operation. With such a goal in mind, we have established and implemented a comprehensive environmental strategy throughout the entire lifecycle of our products, in addition to across the entire value chain of the automotive industry. Reducing environmental impact during the automobile use stage is a top priority goal. HMC has established 'Blue Drive', a strategy that focuses on fuel efficiency

• **Environmental Management Philosophy** : For the harmony of humankind, the environment and society, HMC respects human value and fulfills corporate social responsibility through environmental preservation.

• **Global Environmental Management Policy** : As a responsible corporate citizen that aims to create a prosperous and sustainable society while respecting human values, we established the following global environmental management policies to help preserve the environment.

1. Recognize the environment as a core element of business success and create corporate values through proactively pursuing environmental management.
2. Uphold our social responsibilities by developing and supplying environmentally friendly vehicles.
3. Dedicate to reducing pollutants and to preserving resources and energy for sustainable use at all stages of our products' lifecycle, from development to production, sales, use and disposal.
4. Endeavor to provide all employees with environmental training programs and support suppliers in their environmental management activities and contribute to public welfare.
5. Comply with all domestic and international environmental regulations and relevant agreements. Strive to improve environmental management and communicate the results to internal and external stakeholders.

improvement of vehicles powered by internal combustion engines as a near-term solution, and seeks to supply zero emission vehicles in the future. Aiming to strengthen its capacity to respond to global environmental issues and regulations, HMC identified climate change, recycling, air quality and hazardous materials as core issues and established an environmental management structure accordingly. Currently, climate change has been identified as the top priority issue among the four, and therefore, we are concentrating our effort on reducing CO_2 emissions of both automobiles and our operation sites.

Trust-based Management

Companies can grow only through the support of various stakeholders. HMC has been pursuing shared growth by establishing trust-based relationships with stakeholders including customers, employees, investors, suppliers, and local communities. Mutual respect, as well as transparent and ethical business operations are the key principles in earning trust of stakeholders. HMC is communicating the value of trust-based management to stakeholders including employees, suppliers and local communities while making continuous effort to further improve transparency and ethical standards in our business conduct.

Social Contribution

As a responsible corporate citizen, HMC is devoting significant resource to fulfill its social contribution. Our social contribution activity slogan of 'Moving the World Together' is a statement of our commitment to create a better society for all members of the global community in collaboration with our stakeholders.
'Moving the World Together' social contribution projects are our flagship social welfare programs tailored for people in need. We are also conducting various social contribution activities that fall into categories including 'Easy Move', 'Safe Move', 'Green Move' and 'Happy Move' depending on the nature of the project.
We are also conducting social contribution activities in areas including social welfare, education and academics, art and culture, and also sports. In 2003, we established a long term social contribution activity roadmap to ensure that our activities are carried out in an efficient and structured manner that lead to tangible changes. Our sustained effort in social contribution has led to the establishment of a global social contribution promotion structure with effective programs and a large number of volunteer corps. We will continue to improve our implementation structure to fulfill our rightful role as a respected corporate citizen of the global community.

ETHICS & GOVERNANCE

We are promoting ethical management practices as an important means of enhancing stakeholder value. HMC's improved ethical management practices will allow HMC employees to make more responsible management decisions and to take the appropriate actions that will contribute in building trust with stakeholders and enhancing the transparency in its business conduct.

In 2001, HMC established the HMC Ethics Charter, the Employee Code of Conduct, and the Guidelines for Ethical Business Conduct to promote ethical business practices. In 2008, we joined the UN Global Compact which provides principles for all our employees to comply with all relevant laws, regulations and also to respect accepted social norms in our business conduct. HMC is also conducting trainings on fair trade and anti-corruption to foster a corporate culture where employees can make ethically correct decisions when faced with difficult situations that may lead to ethical dilemmas.
In order to improve transparency in the management decision making process, the company also established an Ethics Committee in 2007, which is composed of external directors. We adopted International Financial Reporting Standards in 2011 in order to increase transparency in accounting practices. We have been making a considerable effort in supplier-relations. In 2002, we adopted a voluntary fair trade compliance program. HMC also signed a formal fair trade agreement with a record number of suppliers in 2010, as a part of our on-going effort to become a fair and transparent business partner.

Compliance Policy

Complying with all laws and regulations, as well as respecting internationally accepted norms in business conduct in all its business practices is a key business principle within HMC. With that principle as a basis, HMC also strives to promote the voluntary compliance of all regulations, and has created a fair trade compliance program for the prevention of unfair business conduct. We are also providing training on ethical business conduct for employees to promote good business practices and have established a Cyber Audit Office to monitor compliance status.

Fair Trade Agreement with Suppliers

We made continued to efforts to uphold the fair trade agreement made between HMC and our suppliers since we signed our first fair trade agreement with them in 2008. In 2009, we created the Mutually Beneficial Cooperation Fund for supporting first and second-tier suppliers and executed loans of 130 billion KRW to our suppliers. The Fair Trade Commission awarded HMC with the 'Best' rating, which is the highest rating a company can receive, in 'Implementation of Fair Trade Agreements with Suppliers' category in recognition of our good work in fair trade compliance. In 2010, HMC signed fair trade contract with over 2,700 suppliers. The contract sets out three key fair trade guidelines including full compliance with laws on subcontracting and the fair trade principles as well as promotion of mutual cooperation between large companies and SMEs. The contract also contains clauses on HMC's commitment to increased support scheme for second and third tier suppliers.

Board of Directors

HMC's Board of Directors (BOD) has two subcommittees including the Audit Committee and Recommendation Committee on Candidates for Outside Directors directed by relevant Korean law on board of director composition. Important business management decisions are discussed and approved by the Board of Directors and by shareholders at the general shareholder's meeting. Corporate accounting and business management practices are also subjected to an audit by third-party professionals.

The Board of Directors make decisions on matters defined by laws or our articles of incorporation, issues delegated by the general shareholders' meeting, and key matters related to the basic guidelines for company operations and work execution. The BOD retains the authority to supervise the duties of directors and management. The HMC BOD is comprised of four executive directors and five external directors who are leading experts in various areas relevant to the automotive industry.

At the 2010 Shareholders' Meeting, the committee approved directors' compensation ceiling of 15 billion KRW. Total compensation paid to executives and external directors was 8.52 billion KRW from January 1, to December 31, 2010. The average compensation paid to an internal director was 2,030 million KRW and 81 million KRW for an external director.

Ethics Committee

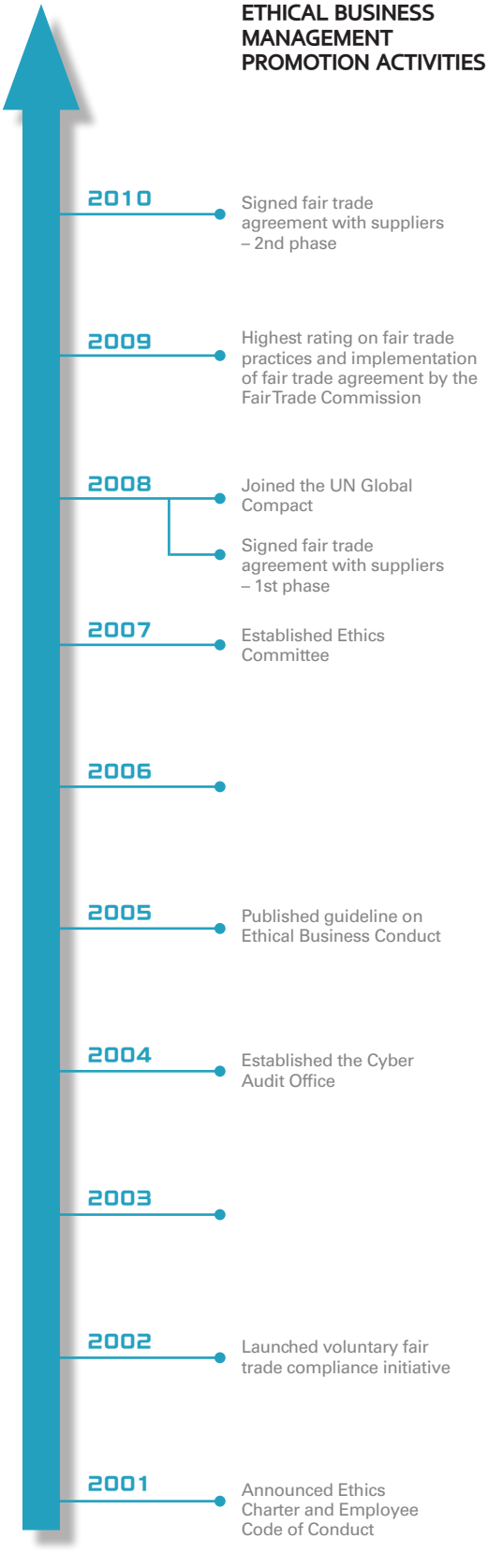
In 2007, an independent Ethics Committee was established to increase transparency of internal transactions and to promote ethical business management practices. The committee is comprised of five external directors, one executive and two independent advisors. The function of the Ethics Committee includes the assessment of and the establishment/revision of the company's ethical practice standards, in addition to their implementation; monitoring of compliance status on internal transaction regulations as defined by the Fair Trade Act and commercial laws, as well as observance of the compliance program; and review of key policies on social contribution activities.

BOARD OF DIRECTORS COMPOSITION

As of March 2011

Classification	Name	Job Position	Committee Participation
Executive Directors	Mong-koo Chung	Chairman / CEO	Recommendation Committee on Candidates for Outside Directors
	Seung-suk Yang	President / CEO	Recommendation Committee on Candidates for Outside Directors
	Eok-jo Kim	President / CEO	–
	Eui-sun Chung	Vice Chairman	–
Outside Directors	Se-bin Oh	Lawyer, Dongin Law Group	Recommendation Committee on Cadidates for Outside Directors , Audit Committee, Ethics Committee
	Sung-il Nam	Professor of Economics, Sogang University	Recommendation Committee on Candidates for Outside Directors, Audit Committee, Ethics Committee
	Il-hyung Kang	Of Counsel, Bae,Kim & Lee LLC	Audit Committee, Ethics Committee
	Young-chul Yim	Lawyer, Shin & Kim	Audit Committee, Ethics Committee
	You-jae Yi	Professor of Business Administration Seoul National University	Ethics Committee

ETHICAL BUSINESS MANAGEMENT PROMOTION ACTIVITIES



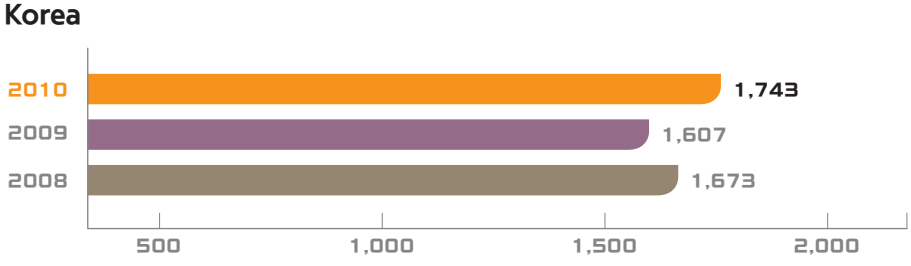
ECONOMY

Achieving excellent business outcomes is one of the foremost objectives that HMC must fulfill as a means of enhancing stakeholder value. It also serves as the basis of strengthening the competitiveness of HMC in the fast changing global market and allows HMC to pursue sustainable values in a balanced manner.

GLOBAL MANAGEMENT

HMC is responding to the fast-changing demands of global customers by fully utilizing strategically placed production and R&D facilities, and management offices. By offering products and services of the highest quality, we are also improving customer satisfaction level.

DOMESTIC PRODUCTION VOLUME
(unit: 1,000 vehicles)

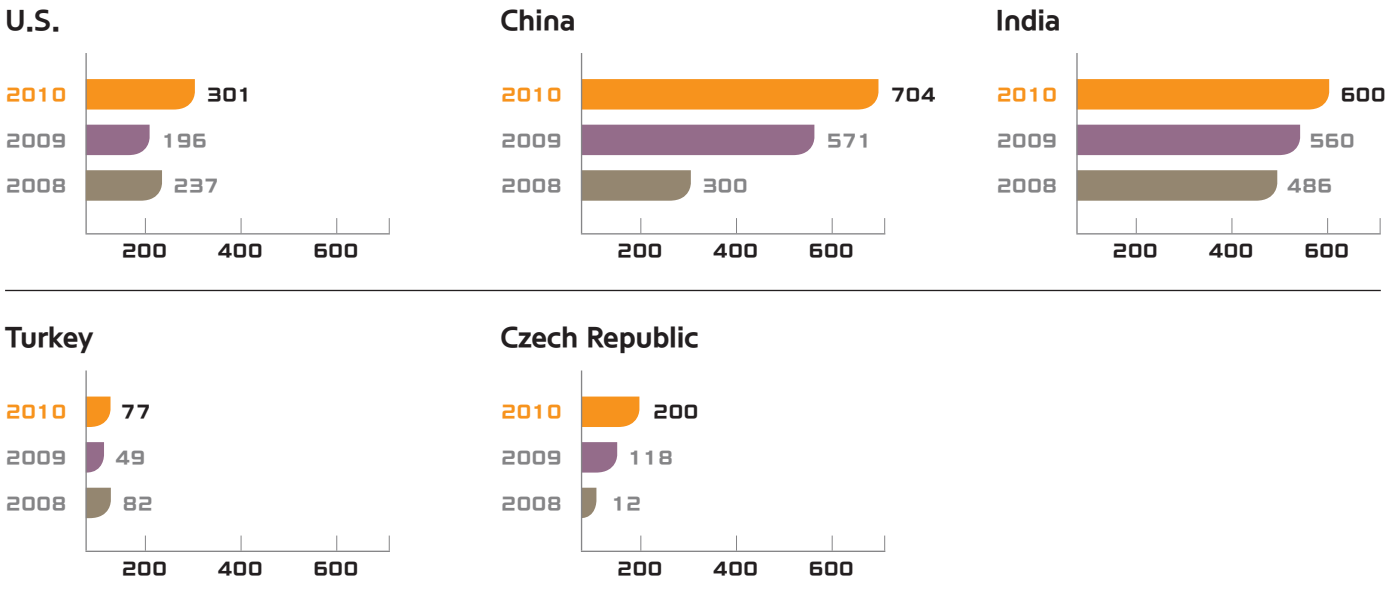


Global Production

The establishment of our first overseas manufacturing plant in Turkey in 1997, marked the beginning of our global production operations. In addition to production plants, HMC also established R&D centers and sales subsidiaries overseas including the U.S. and Europe, in order to develop and produce innovative products that better meets the needs of consumers in each market.
In 2010, overseas production accounted for more than 50% of total production.
In 2010, we have manufacturing capacity of 1.82 million vehicles in Ulsan, Asan and Jeonju plants. Overseas, we have plants in China (Beijing) and India (Chennai) which have an annual production capacity of 600,000 vehicles each. We also have smaller plants in U.S. (Alabama), Turkey (Izmit), and the Czech Republic with annual production capacity of 300,000 units, 100,000 units and 300,000 units. We also recently completed a new plant in St. Petersburg, Russia which began operation in 2011 for annual production of 150,000 units. Responding to increases in automobile demand in emerging markets such as China, HMC is increasing its overseas production capacity.
The construction of a third manufacturing plant in China began in November 2010. HMC's annual production capacity in China will reach one million units when the third plant becomes operational. We are also building a new manufacturing plant in Piracicaba, Brazil which will produce 150,000 units per year.

ANNUAL PRODUCTION IN OVERSEAS PLANTS

(unit: 1,000 vehicles)



The ground breaking ceremony at the third plant site in China (November 2010)

New Plant in Russia

Construction of a new plant in Russia, HMC's sixth overseas production plant, was completed in September 2010. HMC's strategic compact vehicle, 'Solaris', is produced in the new plant for sale in Russia. Solaris is the first strategic model for Russia, similar to 'Yuedong' developed for Chinese, 'i30' for European, 'i10' and 'i20' for the Indian market. Considering long-winters with much snow and typical local driver behavior, Solaris comes equipped with a windshield wiper anti-freeze device and warning device for hard-braking.

The Third Plant in China

In 2002 and 2007, HMC built its first and second plant in China. We began construction of the third plant with an annual production capacity of 400,000 units in November 2010. Production of a new strategic compact vehicle for the Chinese market will commence in the second half of 2012 at the third plant when it is completed.

Global Sales

The 2010 automobile market in advanced countries has not yet fully recovered from the recent economic crisis. However, global automobile sales increased to more than 70 million units for the first time, largely due to fast-growing sales in emerging markets. This is largely due to exceptionally quick popularization of automobiles in emerging markets. In fact, more than 80% of the increase in sales came from emerging markets including China. In 2010, the proportion of vehicles sold in emerging market accounts for more than 50% of the global sales.

The sales of domestically produced HMC vehicles have increased by 7.4% to 1,730,682 units in 2010 compared to the previous year. Sales in the Korean market were 657,897, down by 6.2% but 1,072,785 units were exported, which was a 17.8% increase from a year ago. The increase in overseas sales of domestically produced vehicles largely came from advanced countries, in the Middle East, as well as Central and South American markets. The 2010 sales of HMC vehicles in the Korean automobile market suffered despite strong sales of the new Sonata, the Tucson ix and the all-new Elantra. We believe the discontinuation of the tax break for over-aged vehicle owners and the release of new models by competitors were the two main factors that led to a decrease in sales.

Sales of vehicles produced in overseas plants increased to 1,881,805 units, a 25.9% increase over the previous year.

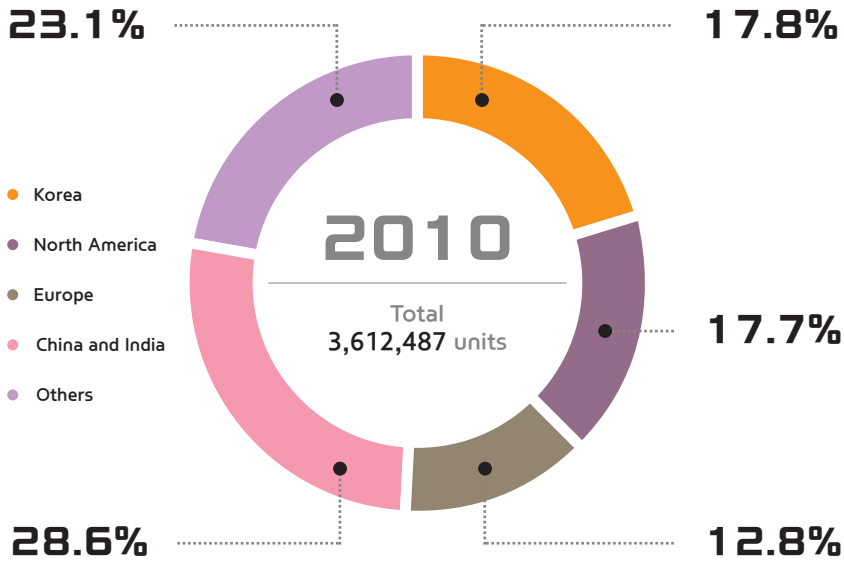
The proportion of vehicles produced overseas was 52.1%, making 2010 the first year in which overseas production volume surpassed domestic production volume.

Overall, we sold 3,612,487 vehicles in 2010. More than 700,000 vehicles were produced and sold in China, while 600,000 vehicles were produced in India and sold. Thanks to successful launch of the Equus and the all-new Elantra HMA (Hyundai Motor America) achieved record high sales of more than half million vehicles in the U.S. market.

We are expecting strong sales in 2011 as the economy of advanced nations continues to improve and sales growth in emerging economy is expected to continue to grow. The U.S. economy is still suffering from high unemployment rates and a slow housing market, however, we are expecting a recovery soon as the number of vehicles that require replacement is increasing. The European market began showing signs of recovery during the second half of 2010 starting with Germany and the UK. We are also expecting a significant increase in vehicle demand in Eastern European countries. The demand in BRIC countries is expected to increase strongly in 2011. The automobile demand in the so-called post-BRIC market such as the Middle East and Africa markets is expected to show strong growth as well.

The Chinese market is now the single largest automobile market in the world. Demand for automobile in China is expected to show steady growth as economic development of the interior provinces and cities such as Chongqing and Wuhan accelerate with economic development in coastal regions such as Beijing and Shanghai remaining strong. HMC's global sales target for 2011 is 3.9 million up by 8% from 2010, with 1.83 million produced domestically and 2.07 million produced in overseas plants.

2010 VEHICLE SALES BY REGION



2010 Sales by Market

Domestic Market

Due to the launch of many new models and sales promotions for existing models, overall automobile sales in the Korean market increased by 5.2%. Despite this fact, HMC sold 657,897 vehicles, which was a decrease of 6.2%. HMC's market share also

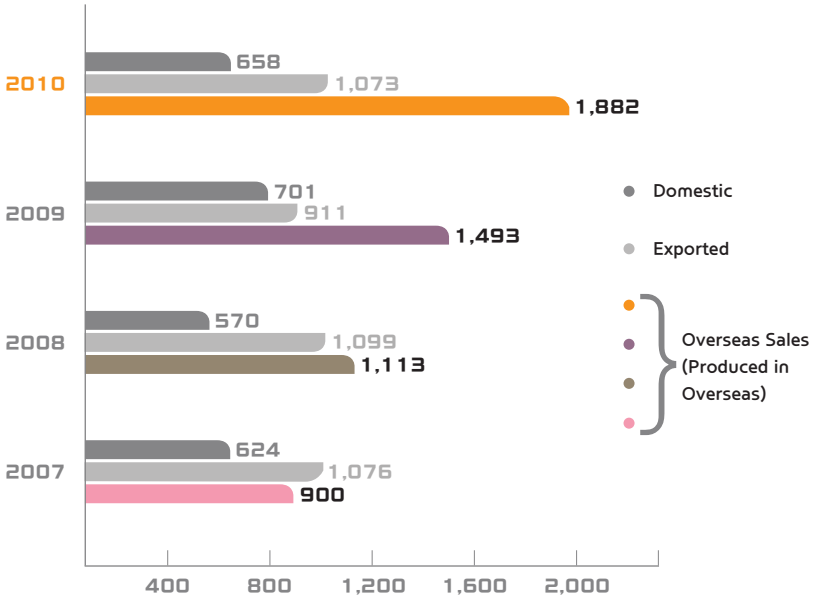
fell by 5.5% to 45%. Competitors released a significant number of new models, which increased market competition, and our Grandeur (Azera) and SUVs were outdated by comparison, leading to weak sales. The Sonata and Elantra led the market as the most and second most sold vehicles respectively. The sale of commercial vehicles was increased in 2010 through high demand for replacement of old vehicles. Specifically, sales of the Porter and Starex increased by 19.3%. Sales of large trucks and buses also increased by 11.4% versus a year ago.

China Market

In 2010, BHMC (Beijing Hyundai Motor Company)'s sales in the Chinese market were 703,008, up by 23% from a year ago, making 2010 the first year BHMC sold more than 700,000 in a single overseas market. We were ranked as the fourth most sold brand. Our market share decreased

GLOBAL SALES STATUS

(unit: 1,000 vehicles)



slightly, however, to 6.3%, down by 0.6%. The successful launch of the new Tucson, launched in China as the 'ix35' in April 2010, and the new Verna launched in August 2010, contributed to an increase in sales. Our analysis indicates that sales of both old and new models contributed to strong sales as a wide range of customers exist in the Chinese market.

Analysis also indicated that the Chinese government subsidy of 3,000 yuan for fuel-efficient vehicles with engine capacity of less than 1,600CC, also contributed to strong sales as all of our compact models were eligible for the subsidy.

U.S. Market

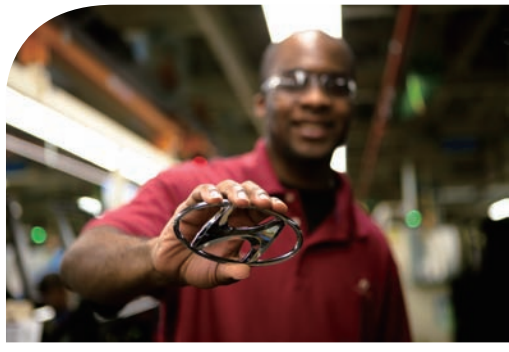
HMA (Hyundai Motor America)'s full year sales totaled 538,228 in 2010, surpassing the half million mark for the first time since it launched the Excel in 1986. Sales were up 23.7% from a year ago, which is the highest among major automakers. Consequently the market increased to 4.6% up by 0.4% point. Strong sales of our all new Sonata, all of which are produced at the Alabama plant, contributed significantly to our strong 2010 sales in the U.S. market. We sold 196,623 Sonatas in 2010, which is an increase of 64% from a year ago. As a result, it ranked in the top ten most-sold models in the U.S., making it the first Korean model to make the list in history. The sales of the Genesis increased by 33% to 29,122, strengthening HMA's image as a premium brand. We also sold 196 Equus despite its very late 2010 launch. Sales of the Equus will further strengthen HMA's image as a premium brand.

European Market

The European automotive market was slower than year ago with the termination of incentive policies for replacement of older vehicles and due to the financial instability of many nations. Despite this, HME (Hyundai Motor Europe) sold 362,110 vehicles, up 7.3%. The popularity of the i-series (i10, i20, i30) seems to have contributed considerably to HME's successful sales in the market. The success of the i-series also contributed to improving HME's brand image. The i-series are highly fuel efficient and have low CO_2 emissions, appealing to customers with their practicality and environment merits.

India Market

HMI (Hyundai Motor India)'s 2010 sales were the highest ever, totalling 356,501, up by 23.0% from 2009. Our strategic models, i10 and i20 models are customized for the Indian market, continue to enjoy strong popularity, and our launch of more premium models, such as the Santa Fe, are contributing to improving HMI's brand image and leading to continued increases in sales. Sales of the i10 totaled 159,158, making it the most-sold car in the market for two consecutive years.



SALES VOLUME AND MARKET SHARE BY REGION

(unit: 1,000 vehicles)

KOREA

2010	45.0%	658
2009	50.5%	703

CHINA

2010	6.3%	703
2009	6.9%	570

U.S.

2010	4.6%	538
2009	4.2%	435

INDIA

2010	19.7%	357
2009	20.3%	290

EUROPE

2010	2.6%	362
2009	2.4%	337

2010 Business Performance

Healthy financial status and profitable growth are important factors in promoting sustainability management in any company. Despite challenging business environments, HMC continued its growth by strengthening internal capacity and customer-focused business management.

Thanks to strong exports and increased earned profits, calculated using the equity method, HMC did exceptionally on all performance indicators including sales, operating profit, net profit and other indicators. Total sales revenue was 36,769 billion KRW, up by 15.4% from the year before despite the devaluation of Korean won by 8% against the U.S. dollar and 14% against the Euro. Sales profit were 8,919 billion KRW, up by 27.9% from a year ago. Increased sales of mid- and large-sized vehicles made a significant contribution to the increase in total sales. Sales to production cost were reduced to 75.7%, a decrease by 2.4% point thanks to sustained cost reduction efforts and use of shared platforms over a greater number of vehicles. Reduced marketing spending, thanks to increased product competitiveness and stronger brand image, contributed to a 44.4% increased operating profit of 3,227 billion KRW. The rate of operating profit was 8.8%, an 1.8% point increase from 7.0% in 2009. Thanks to increased profit earned from operation of overseas plants including the U.S. and China, calculated using the equity method, ordinary and net profit increased to 6,308 billion KRW, up by 66.8% and 5,267 billion KRW respectively, up by 77.8% in 2010 from a year ago.

2010 DOMESTIC BUSINESS PERFORMANCE

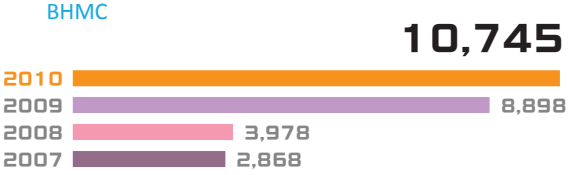
(HMC sales and operation only, unit: billion KRW)

Sales	36,769
Net profit	5,267
Operating profit	3,227
Rate of operating profit(%)	8.8
EBITDA	4,660
Total capital	27,347

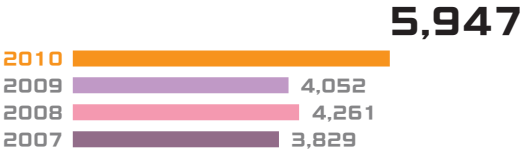
2010 SALES BY OVERSEAS PRODUCTION PLANTS

(unit: billion KRW)

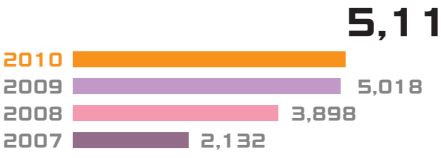
CHINA
BHMC



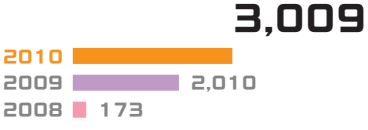
U.S.
HMMA



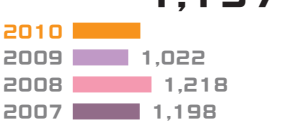
INDIA
HMI



CZECH REPUBLIC
HMMC



TURKEY
HAOS



NEW BRAND STATEMENT

People's expectation toward individual mobility is more than just a means of transportation. The old understanding of cars has become outdated. A car has come to speak for different lifestyles, being a living space. At this opportunity to move ahead, we have developed a new brand slogan that encapsulates our willingness to take the next big step up. Developed in 2010, HMC's new brand slogan was announced at the 2011 North American International Auto Show.

Modern Premium

While traditional premium is usually linked with high prices for the privileged few, HMC's 'Modern Premium' concept is based on the idea that high quality does not necessarily require a high price for a limited class. Using 'Modern Premium' as its new brand concept, HMC will offer high-end, high-quality values at a surprisingly attainable price and values that customers never experienced or expected.

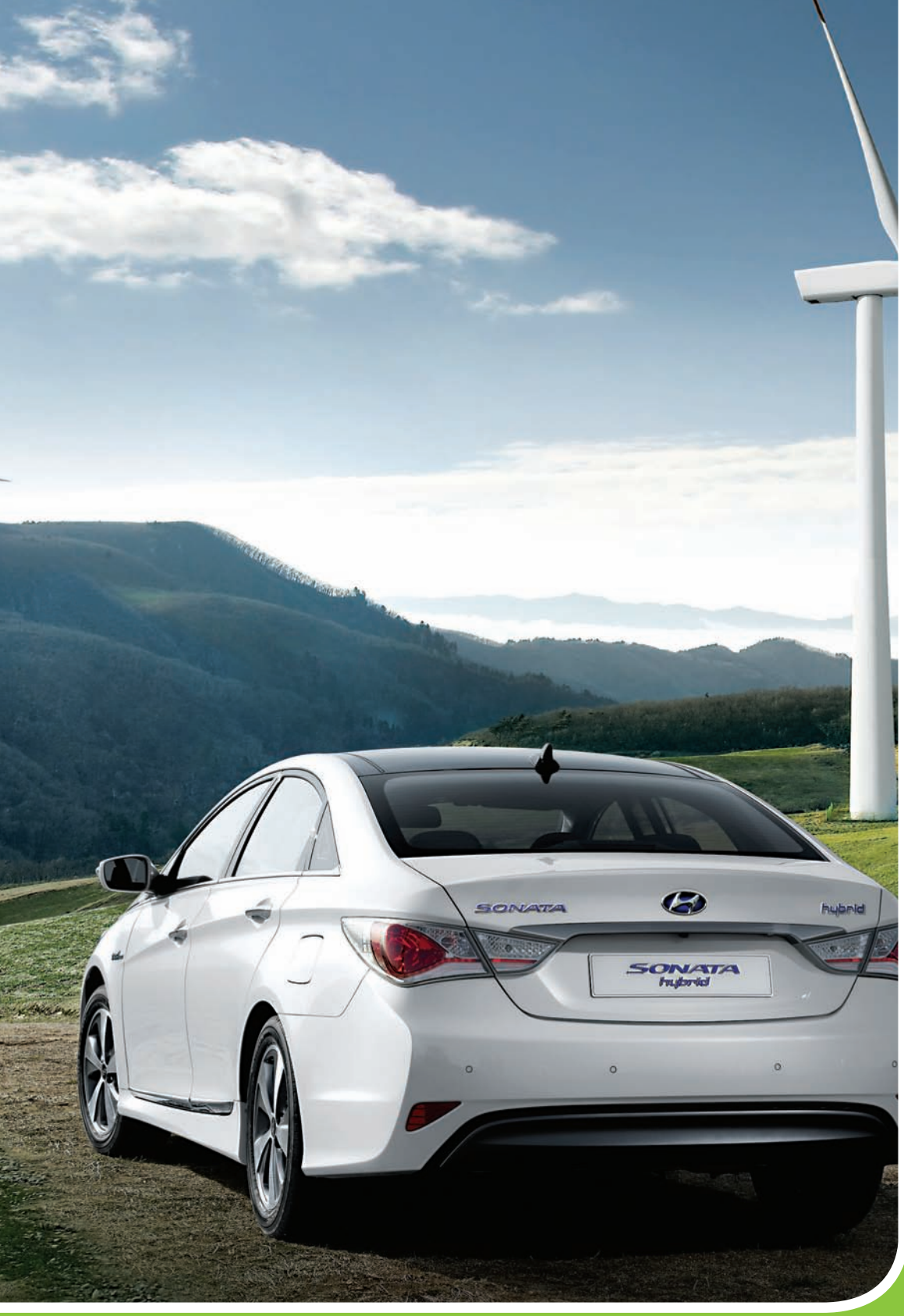
NEW THINKING. NEW POSSIBILITIES.

New thinking leads to creation of new values.

In this fast changing world, a company must go beyond customer expectations in order to create emotional value that brings true customer satisfaction. HMC is aiming to deliver new value to customers, values that may already exist in the market, but value that customers may have no firm grasp upon. We attempted to capture this unique value inherent in HMC's product and culture, defined it as 'Modern Premium', and developed the new brand slogan of 'New Thinking. New Possibilities.' It is our bold attempt to identify authentic values that customers desire and encapsulate them in our products and services. The new brand slogan is designed to help us create and deliver new possibilities and values using our understanding of what the automobile means to today's customers as a basis. HMC will strive to become not just another company that makes cars but a company that creates new possibilities. Our goal is not to become the biggest car company but to become the most-beloved car company and a trusted lifetime partner to our customers.
Using our new brand slogan as our guide, HMC will present a new mobility culture, which offer experience of new space and time to our customers, as well as helping customers enjoy a new set of values that they have not experienced yet. Starting in 2011, all HMC employees will engage in new thinking and explore innovative ideas to create new values in the spirit of the new brand statement.

ENVIRONMENT

The global community faces the twin challenges of climate change and energy security, which are now recognized as potentially the most serious threats to our civilization. HMC will lead green technology development to increase its competitiveness in the emerging green vehicles market and sustain our effort to present solutions for sustainable development.


SONATA
hybrid
SONATA
hybrid

HISTORY

2011

Launched Sonata Hybrid

2010

Developed BlueOn electric vehicle

Operated EV demonstration program using BlueOn with the Ministry of Environment

Developed third-generation Tucson ix FCEV

2009

Announced low carbon green technology strategy 'Blue Drive'

Launched LPi Avante (Elantra) Hybrid

Launched fuel cell electric vehicle demonstration program (2009~2011)

2007

Won the grand award at the National Environmental Management Awards

Set voluntary greenhouse gas emission reduction target for domestic plants

2006

Declared ban on use of four heavy metals

2005

Opened Environmental Technolgy Institute and Vehicle Recycling Center

Developed Verna (Accent) Hybrid

Established an end-of-life vehicle collection network in Europe

2004

Developed Click Hybrid

Operated hybrid vehicle demonstration program with the Ministry of Environment (2004~2008)

Developed 2nd generation Tucson FCEV

Participated in 'North America FCEV Demonstration Program' organized by the U.S. Department of Energy

2003

Announced global environmental management initiative

Published environmental management philosophy and policies

2001

Demonstration operation of Santa Fe EV in partnership with state government of Hawaii (2001 ~ 2003)

2000

Developed Santa Fe electric vehicle

Developed 1st generation Santa Fe fuel cell electric vehicle

1995

Developed first hybrid electric concept car 'FGV (Future Green Vehicle)-1'

1991

Developed Sonata EV

CLIMATE CHANGE

HMC is making a focused effort to develop green vehicles that emit less greenhouse gases, which are the main cause of climate change. We have also established low carbon business management policies to achieve greenhouse gases reduction in all areas of operation.

Climate change is now a widely recognized problem and we must take real action. New technologies and cleaner energies must be developed in order to tackle climate change as the transition to a low carbon consumption pattern has become an imperative.

Manufacture of automobiles inevitably results in greenhouse gas emission (GHG). Moreover, a significant amount of GHG is emitted while the vehicles are driven, making the automotive industry vulnerable to evolving climate change policies. In fact, the GHG emissions from the transport sector which includes road transport, railroad, and air flights accounts for 20% of global GHG emissions. The pressure to reduce GHG emissions associated with transport is increasing, especially in China and India.

HMC is endeavoring to reduce GHG emissions via development and commercialization of fuel efficient vehicles, maximum energy efficiency improvement in all operation sites, and the expansion of renewable energy use.

HMC's effort in reducing GHG emissions has accelerated since February 2005 with the ratification of the Kyoto protocol. First, we organized an internal 'Climate Change Task Force' and analyzed the impact of climate change and relevant policies on HMC's operation. Detailed regulation compliance strategies and reduction plans were established, which were then adopted with the approval of the Environmental Committee.

In 2008, the Environmental Research Institutes was expanded into the Environmental Technology Center for accelerated development of green vehicles. We also established the Energy Technology Center for improving energy efficiency at production plants. We plan to continue to strengthen R&D capacity for GHG emissions reduction. We are also making progress in establishing a 'Low Carbon Value Chains' in all areas of businesses including R&D, purchasing, production, sales, marketing and more.

BLUE DRIVE

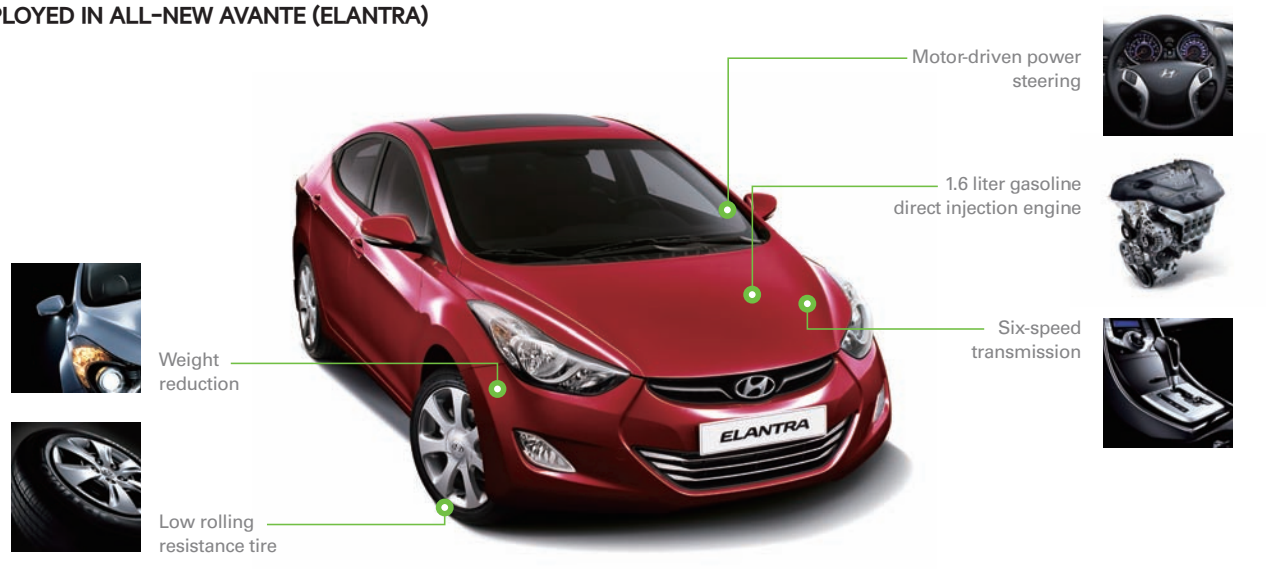
Blue Drive is the name for HMC's low carbon green technology strategy designed to reduce CO_2 emissions by boosting fuel efficiency. It is also a brand name for vehicles equipped with fuel-saving technologies.
The strategy focuses on improving fuel efficiency of internal combustion engine-based cars as a near-term strategy. It is also pursuing the development of alternative fuel vehicles including bio-fuel vehicles, hybrid-electric vehicles, electric vehicles and fuel-cell electric vehicles. Development of a zero CO_2-emission vehicle is the ultimate goal of the Blue Drive strategy.

Improving Fuel Efficiency

Fuel efficiency is a top development priority for all HMC vehicles in development.

Improvement in fuel efficiency of new models creates both the environmental benefits of CO_2 emissions reduction and the economic benefit of reduced operating costs for the customers. Reduction in fuel consumption also contributes to improved energy security.
We are focusing on three technology areas including improving the energy efficiency of the powertrain, minimizing energy loss, and use of renewable energies. For powertrain energy efficiency improvement, common rail technology and gasoline direct injection (GDi) technology is used for diesel and gasoline engines. Engine downsizing and higher-speed transmissions are also employed for increased powertrain efficiency. The GDi engines and six-speed transmissions were first employed in 2009 Sonata. We plan to introduce vehicles equipped with turbo-charged GDi engines, six-speed dual clutch transmissions, and eight-speed transmission starting in 2011. Improvement in aerodynamics, low rolling resistance tires, and weight-reduction technologies are employed in increasing numbers of HMC vehicles. A number of new energy recovery technologies, such as regenerative brakes that recover energy during deceleration of vehicles; technologies that allow use of exhaust heat; and solar cells that harness energy from sun for use in vehicles; are now being developed for use in HMC vehicles.
Employment of fuel-efficiency technologies led to fuel efficiency improvement of 8.6% in the new Avante (Elantra) and a 10.6% improvement in the Accent released in 2010. Likewise, fuel efficiency of the all-new Grandeur (Azera) released in January 2011 was improved by 13.3%.
Thanks to sales of more fuel efficient vehicles, the average CO_2 emissions per kilometer have been reduced to 135g/km, a 27% decrease when compared to the 1995 level. In addition to improving the energy efficiency of the vehicles, we are also developing an eco-driving system that leads to a reduction of fuel use on the road, as well as an eco-telematics service that guides drivers to travel using the most energy efficient route.
In 2010, we launched the eco-telematics 'Eco-Route' service as part of Mozen,

FUEL EFFICIENCY IMPROVEMENT TECHNOLOGIES EMPLOYED IN ALL-NEW AVANTE (ELANTRA)



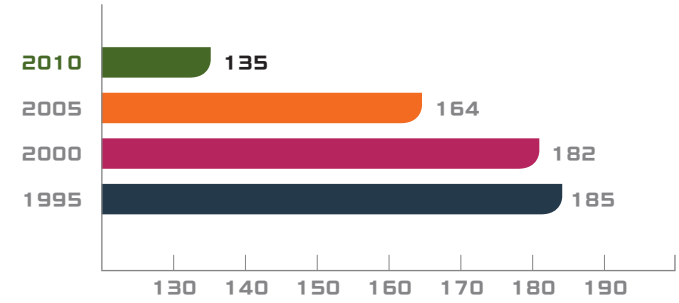
FLUIDIC SCULPTURE

A new kind of aerodynamic design

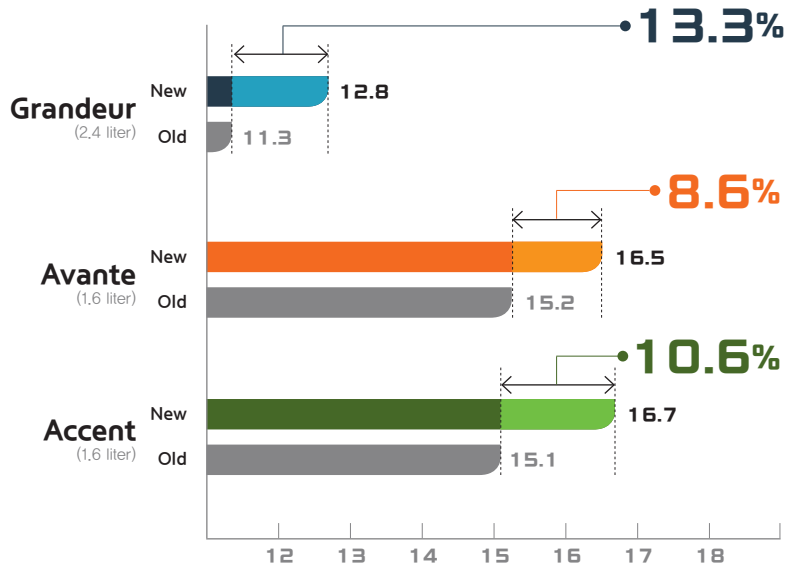
HMC is creating a new family look with its new design philosophy of fluidic sculpture in all of its vehicles, starting with the new Sonata released in 2009. As the word 'fluidic' suggests a voluminous and bendable quality found in flowing water which provides the basis of the design concept, leading to a highly aerodynamic design for improved fuel efficiency. New styling is the most notable change in the new Elantra. Based on HMC's signature theme of 'Fluidic Sculpture', the new Elantra captures an unseen shape found in the dynamic air movement of the wind and the spirit of artistic craftsmanship, which are expressed in its exterior body design. As a result, the new Elantra boasts a low coefficient of drag, significantly reducing energy loss due to air resistance to a lowest level possible.

Fuel efficient GDi engine

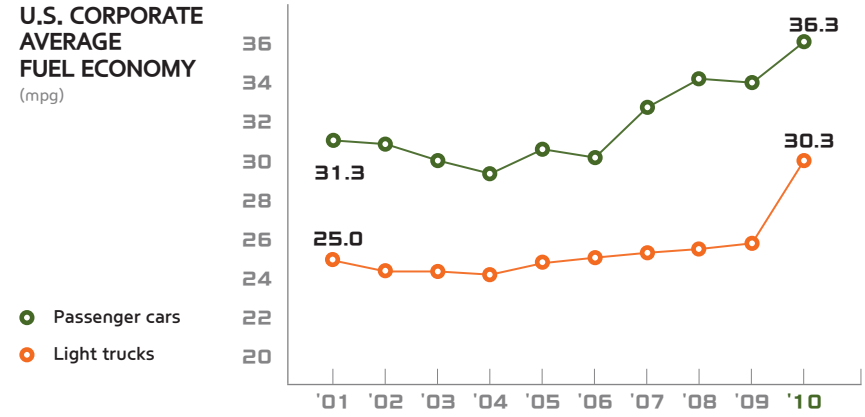
AVERAGE CO_2 EMISSION OF NEW CARS SOLD IN EUROPE
(g/km)



FUEL EFFICIENCY IMPROVEMENT OF NEW MODELS RELASED IN DOMESTIC MARKET, IN 2010
(km/L)



U.S. CORPORATE AVERAGE FUEL ECONOMY
(mpg)



HMC's in-house telematics service. The 'Mozen fuel saving route service' is an advanced telematics service that goes beyond identifying the shortest route or the least time consuming route using traffic data, and it identifies routes that require the least amount of fuel by analyzing road characteristics, traffic information and more.

BlueOn EV – The first EV produced in Korea

Bio Fuels and Other Alternative Fuels

A wide range of fuels have been developed and used with vehicle fuels in different regions of the world. HMC is developing engines that run on the alternative fuels employed in those different regions. HMC has already developed models capable of running on bio fuels. We are especially focusing on flexible fuel vehicles (FFV) capable of running on E85 (85% ethanol + 15% gasoline), as a response to increasing use of ethanol in North America and Brazil. In 2011, we plan to launch Tucson FFV in Brazil.

The European market requires a different response because of the high penetration of diesel vehicles, as well as bio diesel, which is made from rapeseed, palm or soybean and are much more commonly used in the region. We are working toward standardization of BD5 fuel (95% diesel, 5% bio diesel) and production of diesel vehicles capable of running on BD5 fuel. All HMC vehicles released since 2010 are capable of running on BD5 as well as bio fuel with up to 30% bio diesel content.

Vehicles running on compressed natural gas (CNG) are classified as green vehicles because they emit 20 to 30% less CO_2 emissions compared to gasoline models. HMC's first CNG vehicles were 11.5 ton-class waste transport trucks and buses launched in 2000. HMC developed a CNG city bus and a CNG highway bus in 2006 and 2008 respectively. In 2010, we developed a CNG hybrid electric bus 'Blue City' to further reduce CO_2 emissions. We have released a natural gas version of our popular Santro in India where CNG is more widely used. We plan to release the i10 Bi-fuel, which runs on both LPG and gasoline by the end of 2011.

Hybrid Electric Vehicle

A hybrid electric vehicle (HEV) is powered by both an internal combustion engine and an electric motor, a combination which leads to reduction in fuel consumption and improved performance when compared to conventional vehicles. HMC has developed several HEVs starting with its first HEV concept car, the FGV-1 Hybrid in 1995. In 2004, we developed the Click Hybrid and produced the Verna Hybrid in 2005. In total, 1,400 Click Hybrids and Verna Hybrids were produced and supplied to the public sector for the HEV demonstration program.

HMC mass produced the world's first LPi HEV, the Avante LPi Hybrid, for sales in the Korean market. We released the Sonata Hybrid with outstanding fuel efficiency and performance characteristics in spring 2011 in the U.S. and Korea, expanding our hybrid line-up to the midsize vehicle segment.

Sonata Hybrid

The Sonata Hybrid is the first mass-produced gasoline hybrid model by HMC. It is also the first hybrid model for overseas sales. Equipped with a customized engine and six-speed transmission optimized for a hybrid system, it is the greenest midsize sedan in our line-up targeted at mass market. We developed a custom hard-type hybrid system, the Direct Drive Hybrid (DDH) system, which is a propriety parallel hybrid drive system different from the power split system employed in our competitor's hybrid models.

By employing the DDH system that employs smaller electric motors and simpler in structure than the competitor system, the Sonata Hybrid boasts excellent fuel efficiency at a lower price point. It also has a more dynamic conventional-car-like performance because the engine transmits power directly to the wheels. Thanks to its unique configuration, the Sonata Hybrid has an excellent highway fuel efficiency rating of 40 miles per gallon. It also has an outstanding city fuel efficiency rating of 35 miles per gallon comparable to the most

fuel efficient vehicles in its class.
The Sonata Hybrid is also the world's first hard-type HEV equipped with lithium-ion polymer (Li-ion) batteries. Compared to nickel metal hydride batteries used in other hybrid models, lithium-ion batteries are 25% lighter and significantly smaller because of their higher output and energy density. The Li-ion battery pack is equipped with four layers of safety features for maximum safety.

Plug-in Hybrid

HMC is aiming to release a plug-in hybrid model in 2014. Plug-in Hybrids are HEVs with larger batteries which can be charged using an external power source, which allows it to be driven as an electric vehicle using the electricity stored in the battery. Once the battery is drained, it can be driven as a HEV using both an internal combustion engine and electric motor system. HMC introduced its first plug-in hybrid concept car 'Blue-Will' at the 2009 at the Seoul International Motor Show.

Blue-Will is powered by a 1.6 liter Gamma engine with a maximum power output of 154 horsepower and electric motor with 100kW power output. Equipped with a high capacity lithium-ion polymer battery, it can travel up to 64 kilometers on single charge. In hybrid mode, it has a high fuel-efficiency rating in the range of 21.3km/L to 23.4km/L. The solar panel embedded in the panoramic glass roof that produces electricity for the air conditioning system, minimizing power loss due to the climate control system. Carbon-fiber reinforced plastic is employed in the vehicle body to reduce vehicle weight for maximum fuel efficiency.

Electric Vehicles

Electric vehicles (EV) are powered by an electric motor system which is connected to a high capacity battery. Therefore, it does not consume any fossil fuels directly. However, production of clean electricity must be realized in order to make electric vehicles a real solution. Regardless, interest in EV is rising as it is currently seen as one of the more promising sustainable mobility solutions for greenhouse gas reduction and an increase in energy security.
HMC completed development of the BlueOn EV in 2010 and supplied a small number of the vehicles to government agencies and regional government bodies for demonstration. The demonstration program will provide us with useful data on customer requirements on performance as well as technological improvements needed prior to mass production. In addition to EV development, we are also strengthening partnership with relevant stakeholders for commercialization of EVs. For instance, we signed an MOU with the Korea Electric Power Corporation for collaboration on the development and standardization of EV chargers.

Sonata Hybrid –The first gasoline hybrid model for mass production

BlueOn EV

HMC has continued to strengthen its EV development capacity since the early 1990's. In 1991, HMC developed the Sonata EV, in addition to developing several other models including the Excel, Accent and Santa Fe EVs. The BlueOn EV was developed using such experience as a basis.
The BlueOn-the first EV capable of highway operation produced in Korea in September 2010. The BlueOn EV is equipped with a cutting-edge lithium-ion polymer battery and a range of new electric drive components to ensure top performance. It can be driven for 140km on a single charge. Top speed for BlueOn is 130km/h and acceleration performance of zero to 100km/h in 15.7 seconds. High voltage components were designed with comprehensive safety features and have been assessed for both high reliability and safety. Many of the components were developed domestically, strengthening the foundation for continued improvement in EV technologies. HMC has supplied thirty BlueOn vehicles to government agencies and regional government bodies for a demonstration program. Two hundred and fifty additional vehicles will be supplied for the demonstration program starting January 2011.

Fuel Cell Electric Vehicles

Hydrogen is regarded as a promising alternative fuel for the future because it can be produced using electricity generated using solar cells, wind mills, nuclear energy and other alternative energies. Hydrogen reacts with oxygen in the fuel cell to generate electricity and fuel cell electric vehicle (FCEV) are operated as an EV using the electricity from the fuel cell. As a result, it has zero direct emissions. Energy efficiency and performance is also generally a notch-above that of an EV. In general, an FCEV is also at least twice more energy efficient compared to a conventional vehicle, making FCEV the most energy efficient vehicle technology.
HMC's most recently developed fuel cell electric SUV model is up to 3.75 times more energy efficient than comparable gasoline-powered SUVs. HMC has invested significant resources in fuel cell development since 1998 in order to achieve the twin goal of improved performance and cost reduction. Recently, we successfully developed metallic separator (bipolar plates) technology, reducing the price of the fuel cell stack by one sixth, dramatically improving mass production potential.

Tucson ix FCEV

Third-generation Tucson ix FCEV

HMC completed development of the third-generation Tucson ix FCEV in 2010. The Tucson ix FCEV is 15% more energy efficient compared to the second generation Tucson FCEV, with fuel efficiency equivalent to 31km/L. The 3G model has also increased driving range to 650 kilometers, a 55% increase, without refueling and a has maximum speed of 160km/h. It has also improved low temperature start-up ability and can be started at minus 25℃(-13℉). Modularization of combining core FCEV components including the fuel cell stack, drive train components and inverter, led to a reduction in size of FCEV system by 20% as well as creating a significant weight reduction. Design changes have been developed to make assembly and repair easier, as well as to strengthen relevant production technologies which will be required in the mass production of FCEVs in the future.
HMC has been operating an FCEV demonstration program in collaboration with the Ministry of Knowledge Economy since 2006. Between 2004 and 2009, HMC also participated in the North America FCEV demonstration program led by the U.S. Department of Energy. We are currently conducting an FCEV demonstration program in Korea in the cities of Seoul and Ulsan, Korea using 48 Tucson ix FCEVs.

Blue Square,
Concept FCEV

INTERVIEW

Vice Chairman WOONG-CHUL YANG

Head of Environmental Technology Center

Please tell us about the progress made in green vehicle development since HMC's announcement of the Blue Drive strategy?

Following the Blue Drive strategy, we have been focusing on improving energy efficiency and performance of internal combustion engines as a near term solution. We are also making significant investments in development of a wide range of green vehicles to create sustainable mobility solutions. Successful launch of the Avante LPi hybrid was a result of our concentrated effort on the Blue Drive strategy. In 2011, we began mass production of our second hybrid model, the Sonata Hybrid for North American and Korean markets. Using precision clutch control and a number of new technologies, the Sonata Hybrid can be operated in EV mode and has excellent fuel efficiency and performance characteristics. We also developed our first EV capable of highway operational vehicle named BlueOn, which is currently operated by participants of the EV demonstration program in Korea. Significant progress was also made in development of fuel cell electric vehicles with completion of the Tucson ix FCEV, a third generation FCEV. It will be supplied for FCEV demonstration programs both domestically and in overseas locations, in order to strengthen the basis for commercialization of FCEVs.

Many governments including the Chinese, U.S. and Korean governments are supporting electric vehicles as a next-generation green vehicle. Please share you view on future of green vehicle market?

The transition from an internal combustion engine to an electric powertrain is inevitable faced with the unavoidable depletion of oil and the global environmental problem of climate change. However, expansion of green vehicle market is highly dependent on the change in oil price, improvement in battery technologies and the establishment of necessary infrastructure for green vehicles. Japanese auto makers have already secured the dominant position in the hybrid electric vehicle market, and U.S. and European companies are entering the market. Most of the hybrid electric vehicles are midsized to compact sized models now. But I expect to see increased competition of hybrid vehicles in larger vehicle segments over time. The mass production of electric vehicles is on the rise with the support of many governments notably the U.S. and Chinese governments. I think a niche EV market can be established for urban commuter use. Despite increasing interest in EV, I believe hybrid electric vehicles, which has been already mass produced for many years and do not require supporting infrastructure, will lead the green vehicle market for a significant period of time in the future. This is not to say there won't be other green cars in the market. In fact, I believe there will be many green vehicles in the market with different market share.

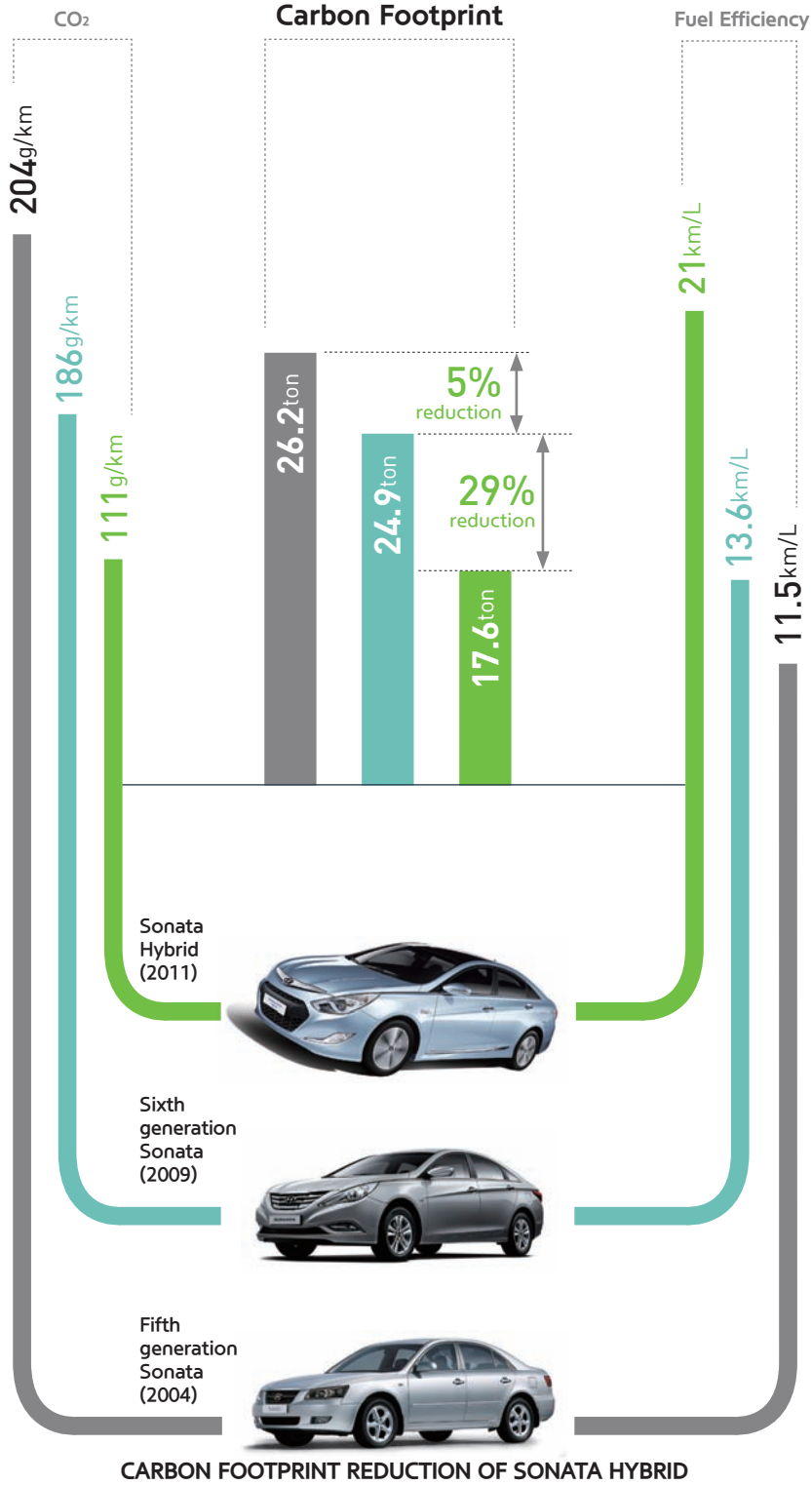
Please tell us about HMC's green vehicle development plan?

We see competitive fuel efficiency, performance and price as key priorities for the development of green vehicles. Development of green vehicles that meet the demand of the local market is also very important. Therefore, we see development of advanced motors, inverters and batteries to enable production at an affordable price as a key factor to success as they are the core components required in all future green vehicles. We plan to concentrate on improving fuel efficiency and performance of our hybrid drive system and also develop a plug-in hybrid system for future models. We will produce a small number of BlueOn EVs for a demonstration program in 2011. We will use the demonstration program results for commercialization of EVs in the nearest possible future. We will make a concentrated effort to develop the next-generation battery system since battery performance is directly related to EV performance and cruise range per charge. HMC's R&D on development of the FCEV will be increased as well to further improve our ability to produce core FCEV components including fuel cell stacks and other core components. We plan to produce a small number of FCEVs for demonstration in 2012 with target of full commercialization in 2015. Much investment will be made to expand the R&D team to accelerate the development and commercialization of green vehicles and relevant technologies.

Reducing Carbon Footprint

Since 2009, HMC has been calculating the carbon footprint of new models over the complete product life cycle including production, use and disposal of vehicles. The calculation results is expressed in amount of CO_2 in tons, and the data collected for calculation is used as a basis for reducing the carbon footprint of vehicles.

As of the end of 2010, we have calculated the carbon footprint of seven new models including the Equus, Tucson and Sonata. The carbon footprint of the three models was certified for the standard developed by the Ministry of Environment. Significant carbon footprint reduction has been achieved in new generation models compared to the old generation models. For instance, the carbon footprint of new generation Avante (Elantra) was 19.7 tons-CO_2 which is 10.9% lower than the previous generation. Carbon footprint of the Verna (Accent) was 18.8 tons which is 14.2% lower than the previous generation. Greater reductions were made in some models. For example, the carbon footprint of the Sonata Hybrid, released in 2011, is 29% lower than its gasoline engine-only counterpart and 32.8% lower compared to the previous generation Sonata. We worked with TUV Nord, an internationally recognized certification agency, for carbon footprint assessment of the Tucson ix, which was given the Environmental Certification. The Tucson ix also won the Design for Environment certificate from TUV.



CARBON FOOTPRINT REDUCTION OF SONATA HYBRID

Reducing Greenhouse Gas at Operation Sites

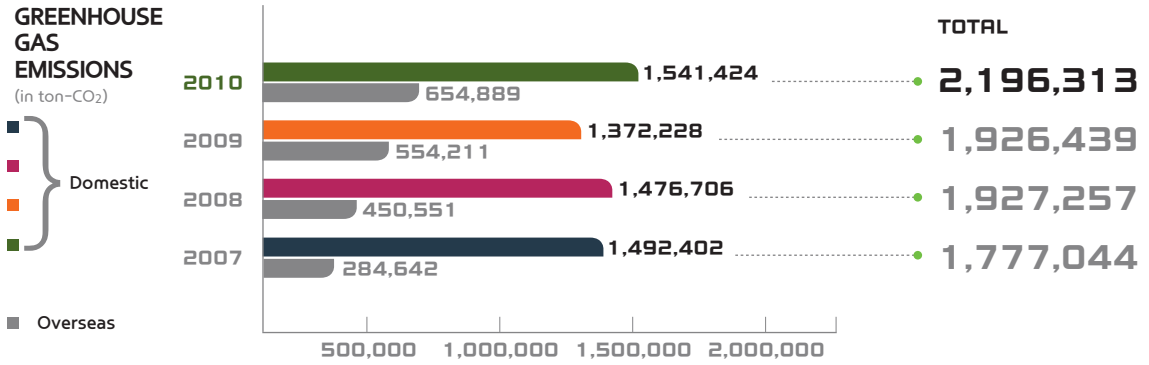
A balanced growth of economic prosperity and environmental protection are core values HMC is striving to achieve as a global company. We are making an effort to reduce greenhouse gas (GHG) emissions not just at production plants but at all operating sites including sales offices, service centers and research centers. Energy efficiency improvement and use of GHG free clean energies have been identified as key measures to achieve emissions reduction. A number of governments are actively taking measures to foster green technologies and green industries as a new engine of economic growth. The Korean government passed the 'Basic Law on Low Carbon Green Growth' on 14 April 2010. The Korean government also set a national GHG reduction target of 30% against business-as-usual by 2020 and introduced 'GHG-Energy Target Management Scheme (TMS)' to control GHG emissions by large emitters. The TMS is a 'top-down' emissions reduction scheme which forces GHG reduction to achieve the 2020 target. As a response, we have established a long-term reduction plan with an annual target for each year and started to carry out reduction activities in order to contribute to the achievement of the Korea national target.

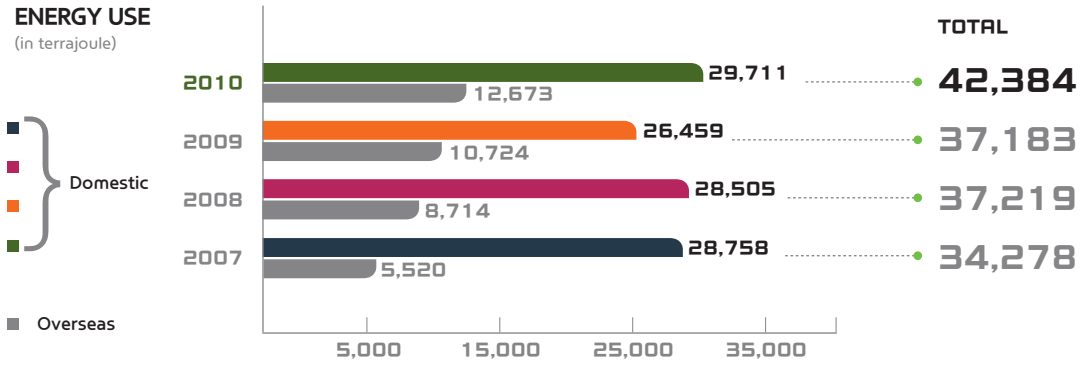
The 2010 GHG Emissions Status

HMC has been managing its GHG emissions sources and relevant processes using the operation principles of the 'GHG-Energy Target Management Scheme (TMS)' as a guide. The GHG emissions sources can be classified into to two categories of direct emissions and indirect emissions sources. HMC's direct GHG emissions come from the operation processes that involve use of LNG, gasoline, diesel, kerosene and CNG. Indirect emissions are associated with use of electricity which is supplied by third-party power companies.

According to the calculation conducted using governmental guidelines, the total GHG emissions from HMC operation sites was 1.492 million tons in 2007, 1.477 million tons in 2008, 1.372 million tons in 2009 and 1.541 million tons in 2010. The number of vehicles produced between 2007 and 2010 increased by 4.3% from 1.671 million units to 1.743 million units. Therefore, GHG emissions per vehicle produced has decreased by 1.2% from 0.869 ton in 2007 to 0.859 ton in 2010.

The GHG emissions from three production plants, the Ulsan, Asan and Jeonju plants, accounted for 85.4% of the total emissions. The remaining 14.6% of GHG emissions were from energy use at buildings including





R&D facilities, service centers, headquarter building, sales offices and others.
In 2010, the proportion of direct and indirect GHG emissions was 35.2% and 64.8% respectively. This is due to heavy reliance on electricity in manufacturing process of automobiles.
According to our assessment of total GHG emissions of overseas production plants located in the U.S., China, India, Turkey and the Czech Republic has increased by three folds from 284,642 tons-CO_2 in 2007 to 654,889 tons-CO_2 in 2010. This is due to increased production volume in overseas including operations at new production plants.

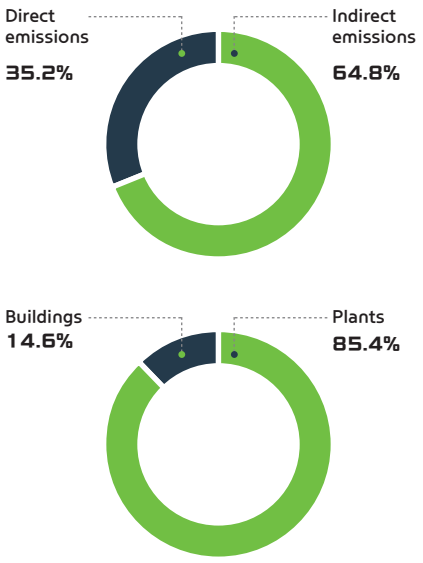
GHG Emissions Reduction Activities at Production Plants

HMC has established a five-year plan between 2011 and 2015 to reduce GHG emissions associated with production plants. The plan sets out targets and investment activities for emissions reduction, which will be implemented over five years. Our current target is 5% reduction by 2015 compared to the 2005 level. We plan to achieve 10% reduction by 2020. The five year reduction plan is designed as a rolling plan targeted for achieving annual reduction goals set internally. The scope of five-year reduction plan will be revised in 2011 to include R&D facilities, service centers, headquarter buildings and sales offices under direct management of HMC. We have identified three key emissions reduction strategies including energy efficiency improvement, introduction of CO_2 emissions processing (capture and storage, absorption) and increased use of renewable energy.

● Ulsan Plant

The Ulsan plant has volunteered to participate in the trial GHG-Energy Target Management Scheme since February 2010, and strengthened internal capacity for managing GHG emissions in support of the national GHG reduction policy. HMC has also developed a standard GHG emissions assessment model on February 2010 in order to contribute to sound implementation

CHANGE IN DIRECT/INDIRECT GREENHOUSE GAS EMISSIONS
(Domestic, in %)



of GHG-Energy Target Management Scheme in 2011. Starting in 2011, we are focusing on preparation and verification of GHG emissions inventory report, reduction target negotiation and submission of emissions data as a participant of the Target Management Scheme. We also plan to carry out internal assessment of GHG emissions status and emissions reduction potential for implementation of the long term reduction plan. In 2008 and 2009, we have installed heat pumps for collection and reuse of waste heat and utilized waste heat from painting shops. We also invested more than 8.4 billion KRW for high-efficiency inverter and a number of facilities to improve energy efficiency minimizing energy consumption increase due to plant expansion.

Asan Plant

The recovery of the automotive market from the 2008 financial crisis led to a significant increase in production volume at the Asan plant leading to significant increase in GHG emissions. Despite this, reduction measures were implemented to achieve reductions in GHG emissions per vehicle produced. The production volume has increased by 15.3% from 249,830 units in 2009 to 288,100 units in 2010, leading to an increase of GHG emissions by 10.1% from 144,500 tons-CO_2 to 159,140 tons-CO_2. However, GHG emissions per vehicle were reduced by 4.5% from 0.578 tons-CO_2 to 0.552 ton-CO_2 as a result of improvements made in facilities and production processes such as installation of variably controlled pumps and high efficiency inverters. The high efficiency inverters were employed in washing machines for the engine manufacturing process, cooling water circulation pumps of the vehicle body welding process, and cooling pump for press machines used for cutting and shaping of vehicle body panels, which led to a reduction of more than 2,000 tons-CO_2 per year. We will continue to improve production facilities and processes at the Asan plant to continue to improve energy efficiency and achieve further reductions in energy use and GHG emissions.

Jeonju Plant

An investment of 280 million KRW was made between April and July 2010 to replace metallic lights (430 watt per bulb) in the truck assembly lines to high efficiency fluorescent lights (162 watt per bulb). A reduction of 485 tons-CO_2 was made as a result of the change.

Real-time GHG Inventory Management System

A standard GHG inventory was established to monitor GHG emissions generated in the vehicle manufacturing process. HMC has developed an electronic inventory management system that manage the list of GHG emissions sources and assessment methods which enable real-time monitoring of energy consumption and GHG emissions generated.
Development of the GHG inventory system, named 'GHG-Energy Management System (GEMS)' began in October 2009 and was completed in the fall of 2010. The GEMS has improved data reliability compared to the Total Energy Management System (TEMS), because GEMS analyzes data from the corporate ERP system, the purchasing system and other corporate data systems to calculate direct and indirect GHG emissions. The GEMS also allow GHG management in a more systematic manner as it allows administrator to check GHG emissions in real time.

Reducing GHG Emissions from Buildings

The GHG emissions from buildings including R&D facilities, service centers and headquarter accounts for 14.6% of total emissions from HMC operation sites. We have included the buildings in the management scope for corporate GHG emissions reduction.

Establishing GHG Emissions Management Structure for R&D Facilities

In February 2010, the R&D GHG Emissions Reduction Task Force was established. The task force which consists of twenty two experts has been working very actively, holding two working group meetings each month, conducting site assessments and researching new reduction technologies. The task force identified 195 improvement ideas which have the potential to reduce 15,403 tons-CO_2. Fifteen items have been implemented achieving 3,991 tons-CO_2 reduction so far. Development of a new management system with energy efficiency optimization functions to

existing facility management systems was completed in June 2010. The new system enabled comprehensive analysis of energy consumption controlled via multiple independent building control systems and identification of devices which are functioning with low efficiency. The analysis result was used to optimize operation of devices identified for low efficiency, leading to a 2% reduction in energy costs.

Replacement of Sign Lighting

LED lights are employed in an increasing number of applications because of increased visibility and higher energy efficiency compared to conventional lights. We took advantage of LED technology by replacing fluorescent and neon lights of outdoor signs with LED lights which consume significantly less electricity. In 2010, we replaced sixteen fluorescent lighting systems and twenty one neon sign lighting systems in service centers with LED lighting systems.

Employment of New Technologies for GHG Reduction

We signed an MOU with the Ulsan Eco Business Corps for collaboration on a project for channeling waste heat generated at the incinerator operated by Hyundai Heavy Industries. The discussion began on February 2009 and an MOU on collaboration and support for steam supply was signed in October 2010. It was established a 3.3 kilometer high pressure steam transfer pipe by December 2010 to deliver the steam generated using waste heat from the incinerator. 17.5 tons of hot steam per hour is supplied to HMC's Ulsan plant significantly reducing the amount of LNG used for generating steam on-site. The project was highly regarded as an ideal project which effectively utilize waste energy for achieve reduction in fossil fuel use and GHG emissions.

In July 2010, we installed a solar panel system on the rooftop of R&D Museum at our Namyang R&D Center which was recently completed. The system is expected to generate 82 MWh of electricity per year, which is utilized for lighting and climate control systems at the museum, reducing annual CO_2 emissions by 36 tons.

A solar panel system on the rooftop of R&D Museum at the Namyang R&D Center

ANTONINA MISCHENKINA

Environmental Affairs Manager, Hyundai Motor Manufacturing Russia

Energy efficiency improvement and CO_2 reduction has become a new focus of production technologies. How is HMMR responding to this new trend?

Improving energy efficiency has become a matter of foremost importance with rise of international oil prices and the increasing awareness of climate change. We were well aware of such trends and therefore have employed a number of facilities designed for maximum energy efficiency. Energy efficiency of heating facilities is especially important because they consume large amounts of energy. At our Russia plant, all of our flow boilers are equipped with condensing functions for a minimum energy efficiency of 95%. We are also using direct heat ovens which can utilize 100% of heat generated from fuel and does not produce any emissions.

We also installed inverter type motors which run motors at variable speed depending on the workload. Improvement in indoor heating of the plant is another area on which we are focused. Our indoor temperature control system adjusts the amount of fuel burned for heating by monitoring changes in indoor temperature, instead of burning set amount of fuel. The electronic heating control system helps maintain the temperature within two degrees of the target temperature and prevents overuse of fuel. Energy consumption at the Russia plant is expected to increase significantly in 2011 as we enter full production. We will make an increased effort to improve the energy efficiency of the plant.

RECYCLING

The dwindling natural resource base presents a serious threat to our operations and the sustainability of the human race. HMC is striving to increase resource efficiency and realize a recycling-based society.

Vehicle Recycling

At HMC, we are striving to minimize vehicle waste at the end of the vehicle's life. By 2015, we aim to achieve a 95% vehicle recycling rate by weight. We are also making a significant investment in the development of recyclable materials and recycling technologies. Metals, which accounts for more than 70% of the vehicle's weight, are already actively recycled. Therefore, we are developing technologies to recycle plastic parts which were traditionally incinerated or landfilled. HMC is also actively applying 'Design for Recycling' principles, in order to further increase recyclability of vehicles. In addition, we have established the Automobile Recycling Center to research how to process end of life vehicles in a more environmentally friendly manner.

Recycling Vehicle Bumpers

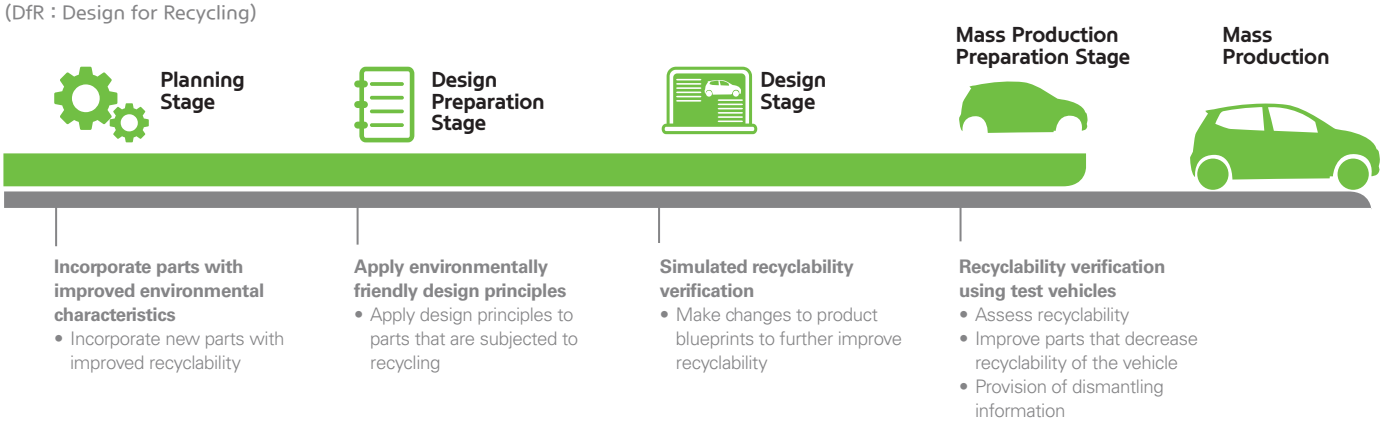
Bumpers are an important component of automobile which absorb the impact from a collision. Consisting of a bumper cover and a back beam, it is also the largest plastic automobile part.

HMC has developed a custom closed-loop recycling system for automotive bumpers which is designed to handle the complete recycling process from collection of bumpers to recycling. A new paint removal technique has been developed to increase the bumper recycling rate as well. Instead of using methylene chloride, the new technique involves the use of a water-based alkaline solvent for more effective removal of the paint. The bumper parts are then further processed and supplied to vendors as repair parts. We are also increasing our environmental marketing efforts to increase the use of recycled parts as 'green parts'. In addition, bumper covers are recycled to produce Thermo-Plastic Olefin (TPO), a type of Olefin material with 5 to 35% rubber content and high impact absorption characteristics. The TPO material is then used as a base material for vehicle parts including wheel guards, mud guards and air flow ducts. We are in the process of testing step garnishes, side cowl covers, seat shield covers, air cleaner housings and several other parts using the TPO material.

We also developed high-efficiency closed shredding system and re-compounding technology for achieving desirable strength and malleability of the material recycled from scrapped bumper back beams. The processed material is then used to produce

DESIGN FOR RECYCLING PROCESS

(DfR : Design for Recycling)



engine under covers and radiator shrouds. We are also developing materials from battery trays, engine covers and side covers for recycling.

Recycling Poly-Amid (Nylon) Materials

Primarily used in the powertrain, nylon materials are plastic-polymers used as composite materials mixed with glass and mineral fibers. In order to recycle nylon materials, they have to be put through multiple pretreatment stages as follows: material separation, grinding, washing, property refinement, and nylon polymer strength reinforcements. HMC has developed highly efficient, large-scale recycling processes needed for the four stages including a friction turning washer and technology to increase the molecular weight of nylon polymers, which are necessary for processing radiator fan shroud, end tank and airbag bubble sheet collected for recycling. We plan to use the recycled materials for parts that require high elasticity and high durability such as the wheel covers and canisters.

Design for Recycling (DfR)

HMC has made recycling a key guiding principle in vehicle design in order to produce vehicles with reduced environmental impact. In the planning stage, we are improving the ease of dismantling, recyclability, and reparability of the products. We also provide environmentally-friendly design guidelines for parts that are targeted for recycling, in order to ensure overall recyclability of the new vehicle models before finalizing of the design. HMC conducts recyclability verification using a computerized simulation for all models produced since 2007 before confirmation of the final blueprint. The recyclability of vehicles is verified once again by actually dismantling test vehicles identical to the models that have been confirmed to for mass production.

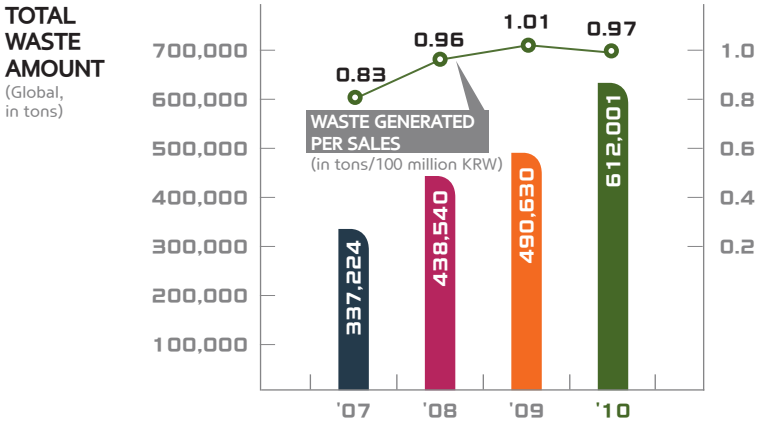
Improvements are then made for parts and components that were identified with problems to ensure greater recyclability in next-generation models.

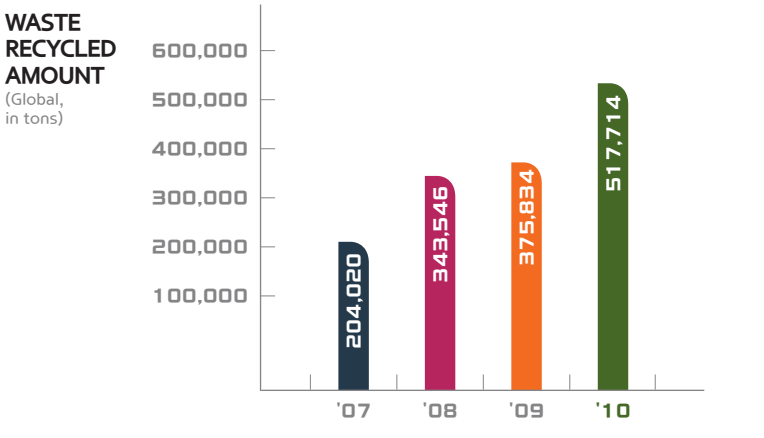
Recycling of Green Vehicle Parts

HMC has published a manual for safe removal of high-voltage lithium ion batteries used in our hybrid electric vehicles. It was distributed to all vehicle junkyard operators. We plan to make a sustained effort to develop technologies for safe recycling of rare minerals used in HEV and EV parts.

Minimizing Waste

Waste streams from automobile manufacturing consists mostly of waste paint and thinners from paint shops, and packaging materials used for shipping parts including vinyl, paper, wood, and molding sand used for the production of parts such as engine cylinders.
All metal scraps are recycled by HMC and outside recyclers for use in other industries. In order to reduce waste and improve recyclability, we have replaced real-time waste collection methods with



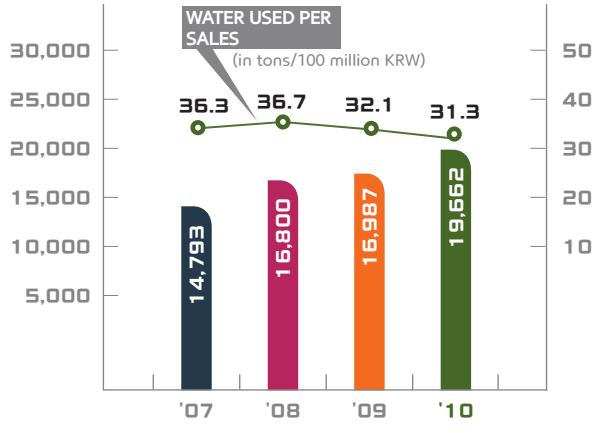


sequenced collection methods to improve the separation and collection efficiency of different materials. We have also developed and applied technology for water content reduction of paint sludge down to 40% in order to improve incineration efficiency of the sludge. Installation of waste paint compression equipment is also contributing to a reduction in paint waste.
Despite HMC's effort in waste reduction, the total amount of waste has increased to 612,001 tons, a 24% increase over a year ago. The increase in waste volume was largely due to increased construction waste due to construction of new engine and transmission production plants.

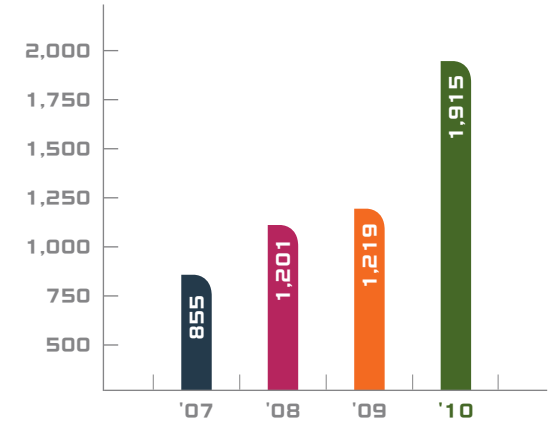
Recycling Water

Water is recognized as a resource of increasing scarcity due to climate change, population increases and desertification. According to the UN, more than 1.2 billion people are suffering from a lack of clean water. Rainfall in Korea is increasingly become concentrated in the summer season, aggravating water shortage in spring, fall and winter. Increasing desertification in Africa and the Middle Asia is also aggravating water supply shortages. California, U.S., once considered a region of abundant water resources, is experiencing a water supply crunch with frequent droughts. China and India are already suffering from significant water resource shortages as well. Water supplies are a particularly difficult problem to solve because it spans large geological areas. As a result, water shortages are expected to worsen in the future.
HMC has been paying great attention to the water shortage issue because vehicle production requires a significant amount of water. Recognizing the need for a reduction of use as a solution, HMC has implemented a zero-discharge water circulation system, which reprocesses and reuses water used within our plants in Asan, Korea and India, the two countries which are known for potential water supply shortages in the future. The zero discharge system processes all waste waters within the plant for reuse and, therefore, does not emit any water at all to local water bodies. The system is contributing to increased self sufficiency and reduction in overall water use.
We have also installed a water reuse system that reprocesses and recycles vehicle cleaning water used during the electro-coating process. In addition to water saving devices implemented at production plants, we have also installed water saving devices for bathrooms and other water using facilities in the HQ building and the R&D centers to further reduce water use.
In 2010, HMC's total global water use was 19.66 million tons, which is 16% up from a year ago. However, per sale use of water was 31 tons per 100 million KRW, which was down 2%. The amount of water resource recycled at HMC was increased to 1.92 million tons which accounts for 9.7% of HMC's global water use. The increase was due to increased water recycling at the production plant in India.

WATER USAGE
(Global, in 1,000 tons)



WATER RECYCLED
(Global, in 1,000 tons)



HAZARDOUS MATERIALS

HMC has established a comprehensive hazardous materials management system in order to minimize problems associated with the use and disposal of hazardous materials in production, use and disposal of vehicles. We are also collaborating with suppliers to develop and use alternative materials that are safer for the environment and people.

As global use of chemicals increase, we are witnessing signs of problems associated with the use and disposal of chemicals. As a result, advanced nations including the European Union, the U.S. and Canada are increasing efforts to study issues associated with chemical use and strengthening restrictions. In July 2003, the EU passed legislation that limits the use of four hazardous heavy metals including lead, cadmium, hexavalent chromium, and mercury. Then, in June 2007, the EU passed new chemical management regulation, named 'REACH', which requires registration, evaluation and authorization of chemicals that are used in the EU region in an amount greater than one ton per year.
Strict regulations and ban on use of hazardous materials is increasing. The Korean government placed a ban on use of four heavy metals. And the Canadian government adopted a new policy that requires companies to report the use of certain chemicals. The U.S. government has also placed a ban on the use of ozone depleting chemicals and launched Green Chemistry Initiatives. Finally, the Chinese government has placed a ban on the use of four heavy metals and bromine flame retardant.

Global Ban on Use of Four Heavy Metals

HMC has placed a complete ban on the use of four heavy metals (lead, mercury, cadmium, and hexavalent chromium), which are known to be hazardous to human health and the environment. Our efforts to find alternative materials for the four heavy metals began in 2002. In 2006, we created a voluntary ban on the use of four heavy metals with the announcement of the 'HMC Global Standard on four Heavy Metals', with a strict timeline for a phase out of the four heavy metals. Following the phase out plan, we first banned use of the heavy metals in all cars produced for sales in Europe since July 2003. From January 2008, all HMC vehicles sold in Korean market were made free of the four heavy metals. Beginning in 2009, we achieved a complete ban on the use of the four heavy metals in all cars produced in our overseas plants

Responding to EU REACH

The EU REACH (Registration, Evaluation and Authorization of Chemicals) policy became effective in 2007. Commonly referred to as the 'No Data, No Market' policy, REACH requires all companies manufacturing or importing chemical substances into the EU, in quantities of one ton or more per year, to register these substances.

In response to implementation of this directive, HMC created a chemical substance management system and a database containing materials information in order to reduce not just chemicals currently subjected to EU REACH but substances which are likely to be subjected to restrictions in the future.

Prohibition on the Use of Ozone Depleting Chemicals

Ozone Depleting Chemicals (ODC) are substances that destroy the stratospheric ozone layer and increase penetration of ultraviolet light. This, in turn, increases the risk of skin cancer and causes a negative impact on the ecosystem. HMC prohibits the use of ODCs at all of its production facilities in Korea. We are also monitoring the use of ODCs by our suppliers. At the same time, we are attempting to find substitutes for the few ODCs that are still in use.

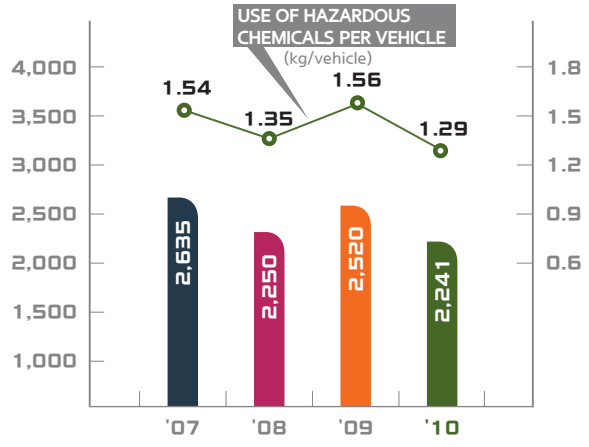
Establishment of a Hazardous Chemicals Management System

A comprehensive electronic database that tracks data including weight of parts and materials information is necessary in order to comply with various regulations on hazardous chemicals.

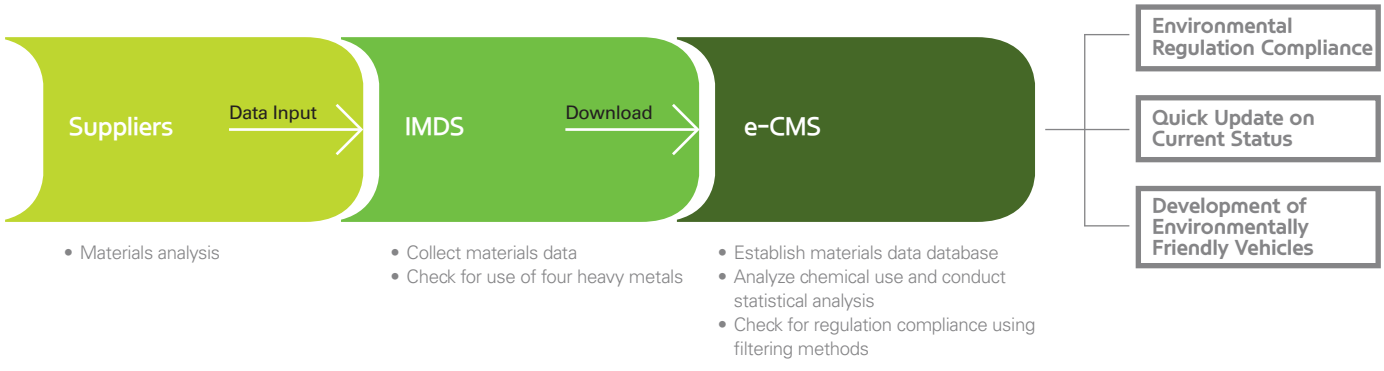
In 2004, HMC joined the International Material Data System (IMDS). The IMDS system was implemented in domestic production plants for monitoring new vehicle models subjected to new regulations on hazardous materials. We are managing material information of parts and checking regulation compliance from as early as the vehicle development stage, using the IMDS system. The management scope has been expanded over time, and now, the system is used for managing material information of a greater number of parts including powertrain components.

We also developed a propriety chemical management system, 'e-Chemical Management System (e-CMS),' which creates a customized database using the information collected using the IMDS system. The database is used to check the use of hazardous substances in parts and find substitutes for them. To ensure compliance, a regular check-up system is also in place at each manufacturing plant to check for use of hazardous chemicals in the vehicle manufacturing process. In 2010, use of hazardous materials in domestic plants has been reduced by 2,241 tons, down by 11% from a year ago.

HAZARDOUS CHEMICALS USED
(Domestic, in tons)



HAZARDOUS CHEMICALS MANAGEMENT SYSTEM (e-CMS)



AIR QUALITY

HMC is developing new technologies with a goal of complete elimination of emissions from both vehicle tailpipes and plants. Currently, we have established and imposed internal air quality standards for our manufacturing plants that are more stringent than air quality standards imposed by the regulation authorities. In addition to strong management of emission sources, we are also concentrating on the prevention of air pollution.

Vehicle Tailpipe Emission

Tailpipe emissions have improved dramatically, however the increase in the number of automobiles and the concentration of populations in cities have made further improvement necessary. Consequently, regulation authorities, particularly those of advanced economies such as the EU and the US, are strengthening tailpipe emission standards. The EU already adopted the Euro 5 standard, which requires new models to meet more stringent standards for PM and NOx emissions standard from September 2009 and requires all models to meet the same standard starting January 2011. The Euro 6 standard, which requires a 56% cut in NOx emissions from vehicles compared to Euro 5, will become effective in 2014. In the U.S., California is requiring auto makers to sell an increasing number of vehicles that meets Zero Emission Vehicle standards. HMC is making a sustained investment in vehicle emission reduction with development of zero emission vehicles as an ultimate goal. We have developed and commercially applied a number of new technologies including optimized combustion chamber design, high pressure fuel injection (1,800~2,000 bar), high efficiency turbocharger, low pressure exhaust gas recirculation system, catalyzed NOx reduction system, and achieved significant emission reduction in our new diesel vehicle models. In Europe, a number of Euro 5 compliant diesel models equipped with U2 and R engines were released starting 2009. We will continue to develop emissions reduction technologies and apply these on our diesel vehicles to meet the Euro 6 standard prior to its implementation in 2014.

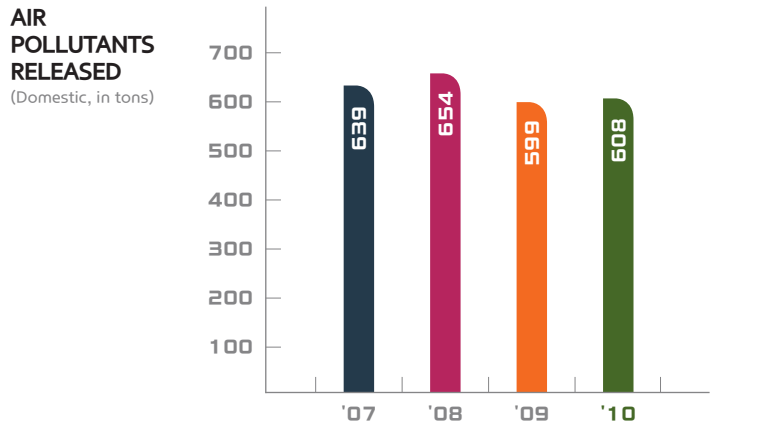
Clean Diesel Engine

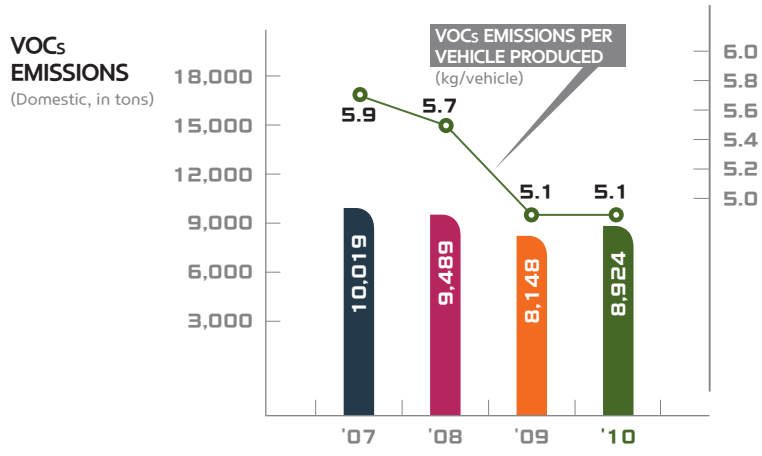
Although diesel engines are more fuel

efficient than gasoline engines, diesel engine exhaust contains higher concentrations of NOx and PM. However, diesel emissions can improve significantly using technologies such as Common Rail Direct injection (CRDi) system, Diesel Particulate Filter (DPF), NOx catalyst, combustion improvement.
In fact, application of various emissions improvement technologies has improved our diesel engine fuel efficiency making it 30% better than comparable gasoline engines. As a result, our new diesel vehicles emit up to 20% less CO_2 emissions.
We have developed Euro 5 compliant clean diesel engines, the R and U2 engines, and produced compact car and SUV models for sales in Europe.

Technology for Reducing NOx Emission

Among the pollutants in diesel exhaust, soluble organic fraction in CO, HC and PM are cleaned by the oxidation catalyst. Most of the PM in the exhaust is removed by the diesel particulate filter. However, the solution for achieving 56% reduction in NOx emissions compared to Euro 5 level, as required in the Euro 6 standard, is still under development. HMC has strengthened its NOx reduction technology research including the development of the Lean NOx Trap (LNT), as well as a Low Pressure EGR System (LP EGR) for application in new diesel models. The LNT reduces NOx by absorbing it and gradually treating it when exhaust has high concentration of fuels, resulting in a more than 60% reduction. The LP EGR system reduces emissions including NOx through recirculation of low pressure exhaust which has been released from emissions treatment devices.





Minimizing VOCs Release from Manufacturing Plants

Mainly used in paint and during the painting process to improve quality and for cleaning painting equipment, volatile organic compounds (VOCs) are a necessity in modern auto manufacturing. However, VOCs are also known to have a negative impact on the environment and human health. Therefore, HMC has taken a number measures to decrease the use of VOCs and its release. The new paint shop for manufacture of Genesis model at the Ulsan plant is an eco-friendly facility designed to minimize the use of paint and thinner. A regenerative thermal oxidizer (RTO) was installed to process oven exhaust so that VOC elements are completely incinerated. In addition, conversion to water-based paints has lowered the amount of organic solvents used per painted area, while the installation of improved paint booths further reduced the amount of VOCs discharged into the atmosphere during the coating process. Despite, VOCs released from our plants in Korea was increased by 9.5% to 8,924 tons in 2010 compared to a year ago due to increase in production volume. However, VOCs released per vehicle production remained at 5.1kg per vehicle.
The majority of recovered organic solvent is thinner for washing. Since the recovery rate increases in tandem with usage, the amount of recovered organic solvents increased by 10% to 2.51 million tons in 2010 and the recovery rate was also increased by 1.3% point to 37.7%.

SOCIETY

We firmly believe that the sustainable growth of a corporate is only possible when it provides good value to its stakeholders. As a responsible corporate citizen, HMC is striving to promote stakeholder value through engagement and collaboration.

Public school students in Chennai, India studying in a classroom with desks and chairs donated by Hyundai Motor India.

HISTORY

2011
Launched global telematics brand 'Blue Link'

2010
Declared joint growth with suppliers and three core implementation strategies, Announced nine key implementation items

2009


Ranked as top non-luxury brand in JD Power's Initial Quality Study

Agreed to salary negotiations without strike

2008
Expanded social contribution activities to global operation sites

Launched 'Supplier Chain Carbon Management' project

2007
Established 'Global Human Resource Development Standard'

Launched a premium membership service 'BLU Service'

2006
Began operation of Supplier Supporters Group

2005
Launched employee volunteer service campaign

Launched 'Supply Chain Eco-Partnership' project

2004
Established Global Quality Management Office for responding to various quality problems reported in real time

Moving the World Together

2003
Established Hyundai Motor Group Social Contribution Committee, Social Contribution Philosophy, Vision and Management Roadmap

Announced Social Contribution Slogan 'Moving the World Together'

Launched 'Supply Chain Environmental Management' project

2002
Integrated quality management teams for HMC and KMC as the Hyundai-Kia Quality Management Division

Established Foundation of Korean Automotive Parts Industry Promotion for increased supplier support

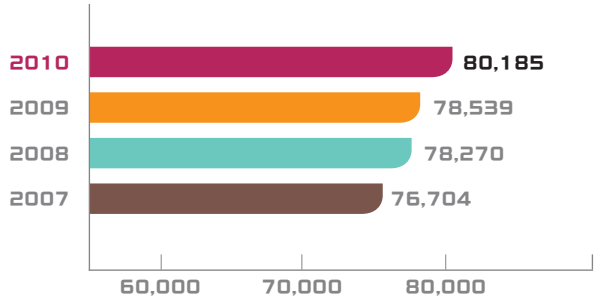
1999
Developed Hyundai Customer Satisfaction Index (HCSI)

1995
Opened the Customer Support Center

EMPLOYEES

All companies are managed and operated by people. It is the people who generate growth, prosperity and success. HMC is no exception as its sustainable growth depends on its employees. We have implemented support measures for our employees to illuminate their full potential and also help each to live a life of good health and happiness.

TOTAL EMPLOYEE STATUS
(in persons)



EMPLOYEE STATUS BY JOB TYPE
(Domestic, in persons)

Job Type	2007	2008	2009	2010
General Administration	11,118	11,239	11,179	11,355
R&D	5,931	6,069	6,224	6,790
Production & Maintenance	32,227	32,260	32,036	31,765
Sales	6,365	6,341	6,304	6,270
Others	298	295	284	281

OVERSEAS EMPLOYEE STATUS BY REGION
(in persons)

Region	2007	2008	2009	2010
North America	6,961	6,596	5,841	5,005
Europe	3,184	5,101	4,430	3,974
China	5,074	5,457	7,117	7,443
India	5,314	4,694	4,947	5,511
Others	232	218	177	1,791

Employee Status

The total number of employees has increased to 80,185 as of the end of 2010, a 2% increase from 2010. More than 70% of employees (56,461) are stationed in Korea. The number of employees residing in Korea has increased because HMC has expanded its new recruitment program in order to contribute to the alleviation of the unemployment situation. The employees stationed overseas have also increased to 23,724, up 5.4% compared to a year ago.

Increasing Local Hiring

We are steadily hiring an increasing number of local staff as our operations are becoming increasingly global. For example, the number of people employed in China and India increased slightly to 12,954 contributing to the overall increase. By contrast, the number of employees in North America and Europe actually decreased slightly to 5,005 and 3,974, respectively. We are expected to hire even more local employees as our overseas production and sales activities increase. Our overseas operations are making a positive contribution to local communities by creating jobs and stimulating local economies.

Promoting Diversity

We are living in an increasingly globalized world where certain 'global conventions' exist and are accepted as norms. At the same time, every region of this globalized world has its own unique characteristics with customers with different needs. As a result, creative ideas and innovations are in greater demand than ever to ensure satisfaction over diverse customer groups. Creativity is nurtured much better in an organization which consists of members from diverse backgrounds and life experiences than an organization full of people with a uniform culture and experiences. Therefore, we are striving to nurture an organizational culture that encourages diversity and creativity. We will also endeavor to understand different characteristics of our stakeholders and use the knowledge in our product development and corporate activities.

Equal Opportunity: Attracting Female Employees

Due to the auto industry's labor-intensive job characteristics, the balance of male and female employees is not very strong at HMC. The number of domestically employed female employees increased to 2,321 at the end of 2010, which is equivalent to 4.1% of the domestic workforce. The number of female employees increased by 2.6%. However, HMC has been maintaining a much greater proportion of females, more than 9%, in new recruits since 2006. In 2010, female recruits accounted for 12.2% of all new recruits. In order to improve working conditions for our female workers, we offer benefits including monthly days off and a ninety-day maternity leave. Childcare Centers have been built at a number of operation sites for working mothers as well.

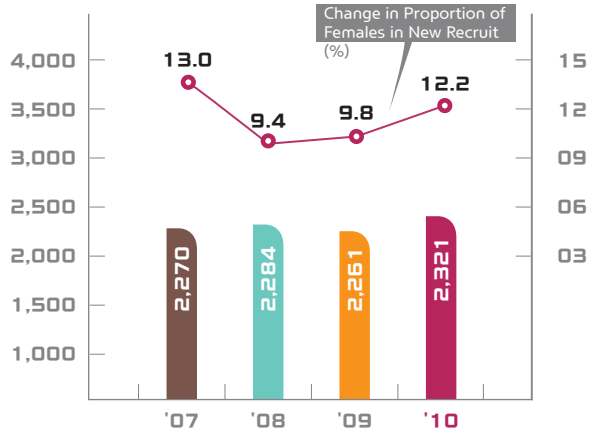
Human Resource Management

Strengthening the link between performance and reward, integrated human resource management for effective management of an ever-diversifying global workforce, and fostering global competency are the three main goals for HMC's human resource management. We are also making a considerable effort to promote diversity and supporting an aging workforce. HMC strives to be an equal opportunity employer and does not discriminate against personal background factors including race, age, gender or other factors, in all human resource management activities including recruiting. We are also actively protecting employees from human rights violations.

Open Recruitment

HMC's recruitment process follows the rules and guidelines provided in the corporate hiring manual and evaluation standards to ensure fairness and openness. We have diversified our recruiting venues including overseas recruiting, internship programs, and year-round hiring of experienced workers in order to increase diversity in workforce. For newly recruited university graduates, team placement decisions are made based on a mutual agreement basis after a series of consultations.

NO. OF FEMALE EMPLOYEES
(Domestic, in persons)



We are also operating a mentoring program, which assigns an experienced senior staff member to each new recruit, to help each get up to speed quickly in his/her new position.
HMC's equal opportunity employee policies are strictly observed in overseas business sites and efforts are made to ensure that all job candidates are evaluated fairly.

Improving an Advanced Performance Evaluation System

HMC's reward scheme has increased the link between business performance and rewards, ensuring that employees are awarded in respect to their achievements. For increased transparency and fairness, we have established a job performance evaluation system as a part of the company's intranet. All employees are evaluated both on their job performance and their development potential. We also conduct a 360 degree evaluation to increase fairness and objectivity in the personal evaluation. Capacity-building training by an external training agency is provided for employees who received unsatisfactory performance ratings.
We recently simplified a three-rank R&D staff promotion system that consists of researcher, senior researcher, and chief researcher positions to a two-rank system that consists of researcher and head researcher positions. The new promotion system reduced pressure of promotion and allowed each to concentrate on long-term R&D achievements. Also, the promotion criteria were changed from the existing seniority-based system, which favored researchers with more experience, to an achievement-based system that favors staff with significant achievements.

Improving Employee Satisfaction

HMC has been assessing employee satisfaction using a customized employment satisfaction index, the ESI (Employee Satisfaction Index) developed in 2008. The employee satisfaction assessment was conducted on 25% of all employees with a total of 82 questions in 13 areas including job satisfaction, performance evaluation, compensation, and work environment. The response rate was 54%. The results indicated a slight increase in overall job satisfaction but employee satisfaction for employees with less experience was lower than the company average. The survey results are used as a basis for improving personnel affairs policy and work environments.

Human Rights Protection

We publicly announced the Ethics Charter which conveyed our commitment to protecting human rights of all members of HMC. We have reinforced our commitment to protect human rights in all our business

conduct by selecting 'People' as one of our new five core values. We are also striving to promote human rights. For example, all HMC business units only hire workers who are of the legal working age and all HMC employees are working of their free will.
We provide fair compensation for all work conducted at our business sites according to work guidelines, compensation policies and relevant laws instituted in the countries of operation.
Training programs on human rights, including mandatory sexual harassment prevention education, are held annually.
We are also operating an Employee Complaint Review Committee and an Employee Complaint Counsel Office to Ensure speedy resolution of issues.
All overseas operation sites also have organizations that handle employee complaints as well. Although legislation on human rights differs between countries, we are striving to ensure that all our overseas sites are managed with the same level of respect for human rights.

Labor Relations

HMC management fully recognizes freedom of association, the right to organize, and the right for collective bargaining. A large number of HMC employees who work at domestic sites are members of the HMC Labor Union. Employee representative bodies are also organized and function at our overseas operation sites. The Labor-Management Consultation Committee represents union members at Hyundai Motor India (HMI), and the Public Assembly of Beijing Hyundai Motor Company (BHMC) represents BHMC employees.
The employees of Hyundai Motor Manufacturing Czech Republic (HMMC) have formed a union which has become a member of the large Czech metal workers union, OS KOVO. A management-labor council is also in place where matters including collective bargaining, settlement of collective agreements, review of employee suggestions, and other important matters are discussed.

● Salary Negotiations Settled for Two Consecutive Years without Strike

As Korea's single largest labor union, HMC's Labor Union has been under pressure to take action on a large number of social

issues that are not always relevant to HMC. However, labor and management representatives are working together to improve the situation and develop forward-looking mutually beneficial relationships. Following our roadmap for improved labor relations, we are pursuing a long-term relationship of mutual benefits for both employees and management through regular management briefs, special employee events and earnest discussion of labor issues. A dedicated Union-management Committee was also created to ensure the establishment of constructive employee-management relations.
As a result, we were able to settle our 2009 and 2010 salary negotiations without strike, which demonstrated our improving labor relations and contributing to improved brand image to external stakeholders.

Supporting Aging Workforce

An aging society is an issue that can lead to complicated issues on many levels including reduced income for retirees, devaluation of property, and reduced taxable income for governments. Similarly, aging in HMC's workforce has the potential to lead to lower quality of products and lower overall competitiveness. In 2010, the average age of HMC employees engaged in production activities was 43, and the number of retirees was 250. We expect the number of retirees to rise to more than 1,000 per year by 2016. This mass retirement is expected to have a significant impact on the company's operations unless managed carefully.
As a response, we have created the 'Aging Workforce Research Collaboration Team' with members of both management and the labor union. HMC was the first company to launch such an initiative in Korea. The team will look into the situation and develop a response plan to minimize negative impacts associated with the aging workforce.

Human Resource Development

Traditionally, education has been referred to as a hundred-year issue, emphasizing the importance of long-term vision and sustainability.
HMC is striving to support development of our employees with a well-structured training program full of specialized training courses to foster a workforce with strong understanding in HMC's core values. We are especially focusing on fostering a workforce with a global mindset. Our training programs are designed to focus on four basic principles including strengthening integrity, ensuring achievement, nurturing creativity, and increasing expertise. As our operation has increasingly become globalized, we are working hard to provide education programs designed to nurture regional experts who understand not only the local language but the culture, customs and other factors unique to the local sites of operation. We are also endeavoring to help the resident Korean staff at each local site work as one team with locally hired workers.

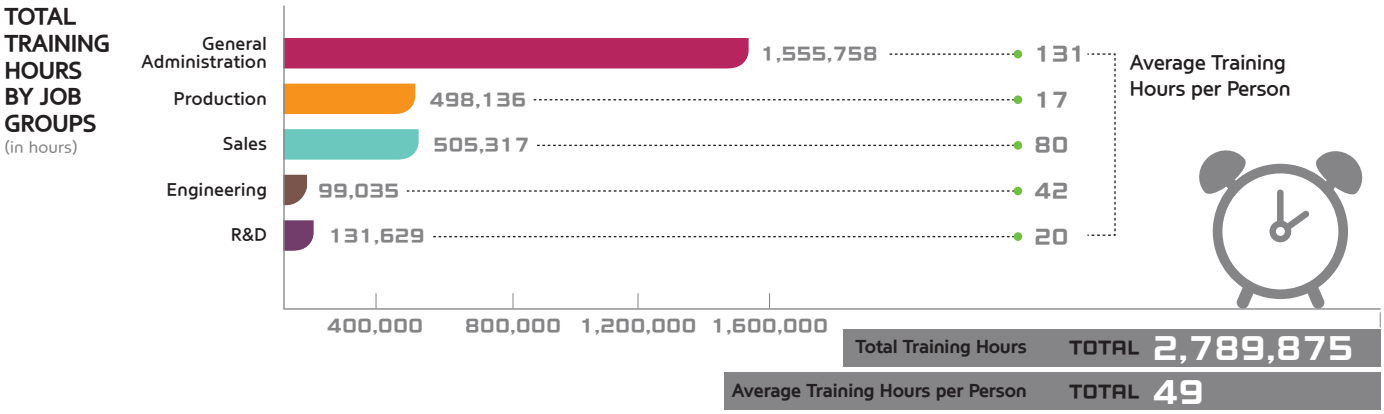
Training Programs

The Hyundai/Kia Human Resource Training Center was created in 2003 by integrating the independently-operated training units of HMC and KMC. There are four domestic training centers in Paju, Osan, Cheonan, and in the Nambu region. In 2005, an Internet-based e-learning center was established. In addition to the existing training programs which focus on capacity building, we developed a range of training programs in 2010 with a focus on the five core values of customer, challenge, collaboration, people and globality.
The main courses in the training program are five core values of education, special training for high performers, executive training courses, core capacity training for job positions, leadership courses, and job training for experts.

We are strengthening overseas resident employee training programs to better support HMC's growing global operations. For employees sent to overseas offices, we are providing various courses designed to better prepare them for different phases of overseas working from pre-dispatch to return from overseas service. Moreover, we are focusing on nurturing regional experts by strengthening relevant training programs in order to increase the number of employees with strong local knowledge and global competency.
In 2010, the average training hours per employee was 49, which was identical to 2009. Training hours for employees in administrative areas, R&D, sales and production have increased most significantly.

Global Competency Building

The Global Human Resource Development Standard (GHRDS) was established in 2007, for more structured training and professional development of our overseas-stationed employees including employees dispatched to overseas sites as well as locally-hired personnel. In 2009, an on-line based Global Learning Center was established, as a part of the strategic global workforce cultivation program, that offers courses designed to build common understanding of HMC's history, vision, management policies and core values. The Global Learning Center was also established for supporting creation of locally-managed training programs that meet the status and needs of each subsidiary. The Global Learning Center will be further expanded in the future as a central training resource that contributes to improved business performance. In addition, we are operating inward visit programs for locally hired employees stationed in overseas regions. Participants visit domestic business sites including the R&D center, while experiencing Korean culture in order to boost understanding of



Korean culture, foster a one-team spirit, and strengthen their sense of belonging within the organization.
Foreign language education has been expanded to further build the global competency of our domestic workforce. We extended learning support by offering more online foreign language courses including Chinese and English courses. We also operate offline intensive English courses and videoconferencing-based foreign language courses.

● Establishment of 'Global HR Community'

Global competency has become an important development goal for HMC employees, as HMC's operations are becoming increasingly globalized. In 2010, we created the 'Global HR Community' within the company intranet to help development of global competency of HMC employees.
The 'Global HR Community' is full of information on useful tips based on experiences of overseas resident employees, as well as guidelines for adapting to local communities in overseas operation sites. The site also offers administrative support for preparation for dispatch and return from overseas. Much of the content is full of lively details on successes and mishaps because they are uploaded by HMC employees with relevant experience. We expect the community to contribute to increasing the global competency of HMC employees.

Fringe Benefits for Employees

While it is important to be recognized professionally as a competent worker, it is equally important to maintain a good work and life balance. Good work and life balance can lead to improved quality of life as well as increased productivity, efficiency and creativity. HMC is investing significant resources to provide comprehensive benefits to help the employees and their family members enjoy a high quality of life in good health.
HMC provides statutory welfare benefits such as national health insurance, industrial accident compensation insurance, national pension, health care benefits, and employment insurance. There are also special employee benefits program. For example, HMC provides opportunities to spend quality time with family and friends by providing paid long-service leave, family-love leave, and a variety of other vacation programs.

Housing and Other Benefits

HMC provides employee housing and dormitories for employees without house ownership, who are working at manufacturing plants. Long-term and low interest housing loans are part of the HMC benefits package. Such benefits are created to help our employees fulfill their dream of owning their own house and living a stable life. The 'Saemaul Treasury Fund,' which is a cooperative fund created through employee savings, is available to employees for loans and profits are distributed among employees as dividends.
HMC also operates Employee Assistance Centers that provides free legal services and other administrative support such as issuance of various official documents.

Pension Benefits

Adequate pension programs are essential as members of our society are rapidly aging. Since 1988, HMC has operated pension benefits as a measure to provide social insurance for retirement. Pension plans consist of both national and personal pension plans. HMC contributes 20,000 KRW to personal pension for all employees per month. As for the national pension plan, each employee pays 9% of their average salary into the program, HMC pays half of the pension installment. In 2010, a total of 219.8 billion KRW was paid to support employee pension plans. Expense on pension support is increasing every year. A new defined-benefit corporate pension scheme was introduced in 2011, as a measure for strengthening pensionable rights. In 2013, employees will be provided with a defined contribution pension scheme as an option.

Supporting Leisure Activities

HMC strongly supports diverse cultural and club activities for employees. Such activities are known to help employees re-energize themselves and nurture a corporate culture filled with positive energy and creativity. Every year, 'Happy Engine Concerts' are held at local HMC offices around the country to provide employees opportunities to enjoy music. HMC also offers an online literature provision service for employees.

Employee Family Benefits

We believe that family is the core building block of the society and the foundation of personal happiness. Therefore, we also believe that satisfaction of employees and their family members, who are HMC's internal customers, are an important source of our competitiveness. Our employee benefits package is designed to provide practical support in areas including education and cultural experiences. Educational support is a high priority in our benefit packages, and we are subsidizing educational expenses for up to three children per employee from kindergarten to university.
We are also operating a 'Hyundai Family Community' program which provides various educational and cultural programs for employee families. In addition, we host 'The Parent's Fair', 'Summer Camps', and 'Children's Day Fair' for participation of all employees. We are also operating 'Summer English Camps' for children of HMC employees to help them learn English for free.

Safety & Health

Assuring employee health and safety is an essential part of corporate social responsibility and a source of competitiveness. HMC has been making a sustained effort to provide a safe and healthy working environment since its incorporation. Since assuring employee safety is our highest priority, we are taking various measures including industrial safety pre-assessment, accident prevention activities, and increased investment in safety improvement facilities and safety training. In addition, we are also operating an Industrial Health and Safety Center, a Health Fitness Center, and free health check-ups for better health of our employees.

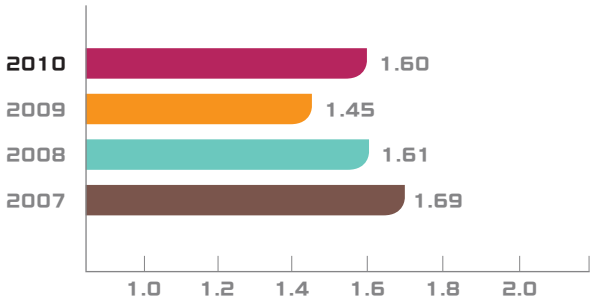
Safety

Due to the industrial characteristics of the auto manufacturing business, HMC employees face a higher risk of industrial accidents compared to other industries. Therefore, the company is strengthening safety training to lower employee exposure to risk. In addition to safety training, we are continuously improving facility safety, as well as changing physically demanding processes in order to create a pleasant and safe working environment. In 2010, the accident rate slightly increased to 1.60% from the previous year's rate of 1.45%. Sustained efforts will be made to further improve safety to bring it down to the average industrial accident rate of 1.23% in Korean manufacturing industry.

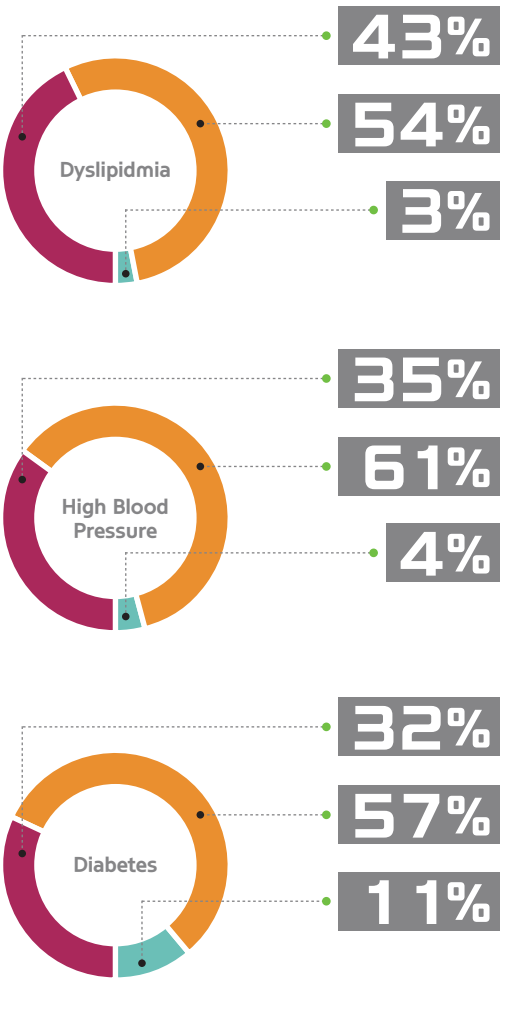
Establishment of Occupational Safety and Health Management System

HMC has established a KOSHA 18001 (18001 OSHAS in overseas) certified Occupational Health and Safety Management System in domestic production plants. The system is operated in conjunction with the i-ESH (http://iesh.hmc.co.kr) to maximize synergy effect in integrated safety, health and environmental management. The collected information on ESH management of operation

INDUSTRIAL ACCIDENT RATE
(Domestic, %)



RESULTS OF FOLLOW-UP HEALTH MANAGEMENT PROGRAMS
(Ulsan Plant)



sites is repackaged into various forms of statistical data to be used by employees involved in relevant work areas.
Following the top management's policy on safety-first management, risk assessment with focus on 4M factors (Man, Machine, Management and Media) is conducted and improvements are made each time a risk factor is identified or any change in production processes or facilities is made. In addition, we are conducting a detailed risk assessment on works and production processes every three years. The risk assessment procedure is updated every three years to reflect the changes made in work environment including work methods and technology advancement.

● Safety Management System

Each business unit at HMC operates a separate ESH Team for rigorous safety management. We also have a Safety Health Team staffed with qualified professionals including a professional physician who offers health consultation services to employees as well. Furthermore, the Industrial Safety and Health Committee, which is comprised of equal numbers of labor and management representatives, is in operation for handling decisions on the company's ESH polices and other key issues to better prevent safety-related accidents and improve overall workplace safety.

Managing Employee Health

The good health of employees is essential for strong productivity and performance. HMC provides regular health check-ups for all employees, in addition to collecting health data to control and better prevent illness in advance. HMC currently operates an Industrial Health and Safety Center which provides a comprehensive range of medical services. We are also operating a Health Fitness Center to help our employees maintain a healthier life.

● Free Health Check-ups

Free health check-ups are provided biennially to administrative workers and annually to plant and R&D workers. HMC is the first company in Korea to provide a Chinese medicine check-up program as an option to its regular medical check-up program. For employees over the age of 35, as well as their families, full health check-up programs are provided. Through our on-line medical service site, Online Med, our employees can conveniently make arrangements for full health checks at their hospital of choice at a time of their own convenience.

● Prevention of Work Place Accidents and Provision of Advanced Medical Support

HMC operates an Industrial Medical Center and Medical Clinic in every domestic manufacturing plant and at the Namyang R&D Center as a part of the industrial accident prevention program. Each site also has a 24-hour emergency clinic in operation. Our Industrial Medical Centers have a comprehensive set of facilities including a physical therapy room, a clinical laboratory, and a radiation room. Employees working at HMC and its suppliers can receive a full range of medical services in preventive medicine and diagnosis, in addition to treatment of various diseases.
The center also conducts annual regular and special check-ups for employees working in hazardous environments and provides additional medical services based on the check-up results. On average, about 100,000 HMC employees and supply company employees visit the Industrial Medical Center for medical services each year.

● Strengthening Health Care Measures to Protect Rapidly Aging Workforce

HMC is taking strong measures to address chronic diseases such as high blood pressure, dyslipidmia, diabetes and other diseases that are becoming more prevalent especially among the older population. This is a serious concern for HMC as the average age of our employees is increasing especially at the Ulsan plant. Employees who have been diagnosed with symptoms are placed in a health management program and receive monthly medical check-ups and treatments. The employees under management are excluded from working overtime to ensure speedy recovery. Thanks to comprehensive management, 90% have shown positive progress.
Since 2004, health treatment services are being provided to employees suffering from muscular skeletal diseases. By the end of 2010, a total of 5,380 employees had received health treatment services for muscular skeletal diseases, and the symptoms in 97% have been improved as a result of treatment received during working and off hours. A small number of workers have been identified officially as patients suffering from occupational injuries.

CUSTOMERS

Companies exist for customers and therefore, customer satisfaction is the highest value for all companies. Understanding the customer's perspective is the most essential prerequisite for producing services and products of the highest quality. HMC will continue to uphold customer-first management as a core principle and listen to customer opinions.

Quality First Management

Quality is the most important characteristic of an automobile because it directly affects customer safety. HMC recognizes that the production of vehicles with superior quality and reliability is our fundamental duty to our customers, as well as a key in raising customer satisfaction. Therefore, a strong effort in quality improvement has been made ever since the launch of the quality improvement initiative in 1999. In 2002, the quality management teams at HMC and KMC were merged into the Hyundai-Kia Quality Management Division under the direct supervision of the HMC chairman himself. In 2003, we created two new quality management units for ensuring the quality of cars exported to the North American market. The quality management and maintenance teams were also merged to ensure more effective operations.

In 2004, the Global Quality Management Office was established for the purpose of responding to various quality problems reported any day of the year, 24-hours a day. Our CEO's strong will to instill quality-first management was essential in deeply rooting the importance of quality management within the corporate culture. Currently, top executives meet twice a month to discuss quality management issues. Frequently, meetings by top executives foster a sense of shared responsibility, and have made quality a high-priority issue for all divisions within HMC including R&D, production, purchasing, financial administration and sales. In 2009, HMC launched the 'Global Quality 3·3·5·5' campaign aimed for ensuring our vehicles to be ranked within in top three in terms of product quality in three years and ranked within top five emotional quality in five years. The new initiative has created strong momentum for HMC's quality improvement effort. In 2010, we also strengthened our quality-focused marketing effort with a goal of positioning HMC as a 'Best Buy Brand'. In addition to improving product quality from a manufacturer's perspective, we are also improving vehicle characteristics that affect the emotional quality of our vehicles.


HYUNDAI

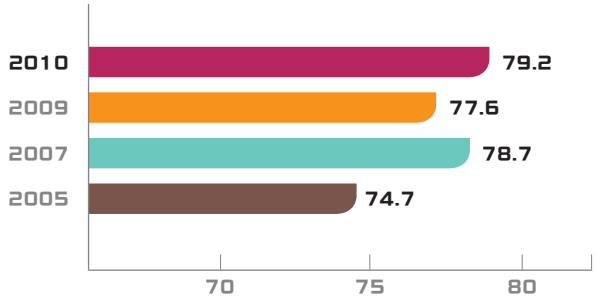
Improving Customer Satisfaction on Quality

Many HMC vehicles have been ranked highly in the Initial Quality Study (IQS) conducted by JD Power, an U.S.-based global marketing information services company. HMC scored 102 PP (Problems per 100 Vehicles) in the 2010 IQS study as a brand, which placed HMC in 3rd rank in non-luxury brand category. In terms of vehicle models, the Accent was the segment winner for the sub-compact car category. Our vehicles also performed favorably on JD Power's Vehicle Dependability Study (VDS), scoring148 PP. As a result, HMC was ranked in 6th in the non-luxury brand category, well above the industry average VDS score. The study, which measures problems experienced by the original owners of three-year-old vehicles, includes 201 different problem symptoms across all areas of the vehicle. Overall dependability is determined by the number of problems experienced per 100 vehicles (PP 100), with a lower score indicating higher quality. Established in 1968, the JD Power is a marketing information services company specializing in consumer satisfaction surveys of the automobile market and their results are one of the key references for consumers making a purchasing decision on new vehicles.

Improving Customer Satisfaction

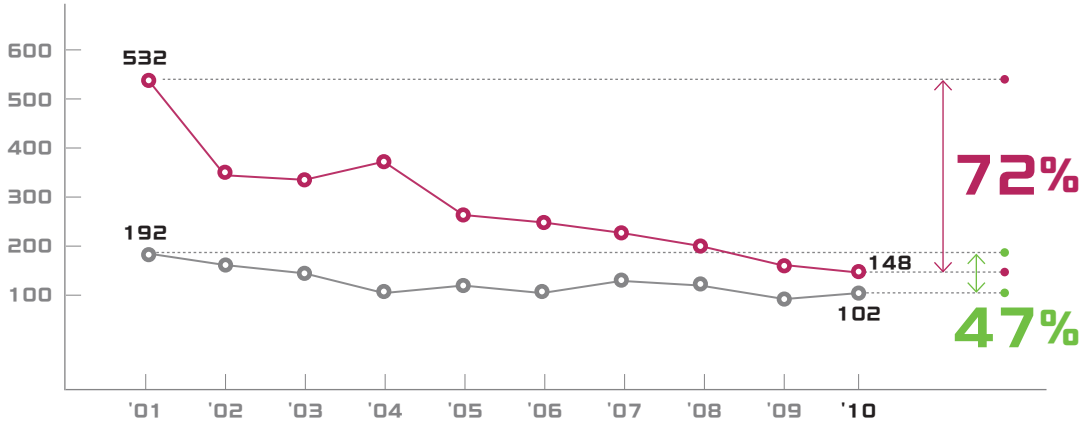
HMC has been operating a customer service center that handles customer complaints and inquiries since 1995. Customers can either call or post inquiries on the customer service web site to file complaints and receive expert assistance on problems they are experiencing. The customer opinions collected at the center is internally referred to as the 'Voice of Customers'. The information is analyzed and fed to responsible teams to improve processes and resolve identified issues.
We also regularly conduct customer satisfaction assessments by surveying customers who recently purchased a HMC vehicle on the services they have experienced. We then use the assessment results to identify issues and address them accordingly to ensure highest customer satisfaction. We are also operating channels for colleting 'Voice of Customer' data in overseas markets. We are conducting customer satisfaction surveys on regular basis to analyze customer complaints and implement measures to address them to improve customer satisfaction in overseas markets.

HCSI CUSTOMER SATISFACTION SCORE TREND
(Score)



CHANGE IN JD POWER IQS AND VDS SCORE

※ Low score indicates better quality.



Initial Quality Study (IQS)

Vehicle Dependability Study (VDS)

Hyundai Customer Satisfaction Index

In 1999, we developed the Hyundai Customer Satisfaction Index (HCSI) survey to measure satisfaction of customers who owns our vehicles. The survey collects customer opinions in four areas including product quality, sales service, maintenance service and corporate image. The data is then analyzed to calculate an HCSI score and also to identify areas for improvement. HMC scored 64.3 points in 1999 and 79.2 points in 2010. In addition to its use in improving specific business processes, the survey result is also used as a basis for policy decision in overall business practices. We also pay close attention to the customer satisfaction surveys conducted by external organizations including the National Customer Satisfaction Index (NCSI) by the Korea Productivity Center, the Korean Customer Satisfaction Index (KCSI) survey conducted by the Korea Management Association Consulting (KMAC), and the Korea Standard Service Quality (KSSQ) Index conducted by the Korea Standards Association.

LIST OF AWARDS FROM GLOBAL MARKETS

HYUNDAI MOTOR
Germany's <Autobild> Quality Report
Top Quality Award

HYUNDAI MOTOR
National Automobile Dealers Association (U.S.)
First in Overall Quality

HYUNDAI MOTOR
JD Power
Third in 2010 Brand Loyalty

i30

UK <Which?>
Best Buy Medium Hatchback

ELANTRA

U.S. <Consumer Report>
Top Pick in Small Car Segment

U.S. Automotive Lease Guide (ALG)
Best Resale Value Award

SONATA

Middle East Market
Car of the Year in Mid Size Saloon Car Category

U.S. <Car and Driver>
10 Best Cars

Customer Service

HMC has established a national maintenance network that consists of 23 regional maintenance service centers and 1,400 affiliated maintenance service providers as of December 2010. The regional service centers have internal 'High-tech Centers' equipped with cutting-edge equipment capable of the detailed analysis needed for the provision of precision maintenance services.

In 2007, HMC launched a premium membership service called 'BLU Service' in Korea for both existing HMC vehicle and new owners. The members can receive comprehensive vehicle maintenance services including annual vehicle check-ups, an integrated bonus point system, membership benefits and more.

In 2011, HMC launched a new 'Home to Home' repair service for the collection of vehicles at a time and location of the customer's choice and then, returning the vehicles when the repair work is completed. It is a premium service unique to HMC customers. We introduced new services in the past as well. For instance, HMC launched 'Before Service' in 2006; a new concept that offers maintenance services before they are reported. Such a service has never been offered in the industry before. In 2010, more than 9,500 customers benefited from this free check-up service.

An extensive maintenance service network, which consists of more than 6,200 service providers equipped with cutting-edge equipment and manned by highly capable HMC-certified technicians, are in operation in more than 190 countries as of December 2010. HMC is operating a Global Service Support Center to ensure the highest quality service by the providers. The 'Before Service' program for overseas customers was launched in 2007 and more than 3.39 million customers benefited from free check-up services in 2010 alone.

When a series of customer complaints and repair records indicate a significant quality issue, we conduct an internal assessment and announce a voluntary recall when it is deemed necessary.

In 2010, a problem with door locks in 46,363 2010 Sonata models, produced between September 3 and December 6, 2009, was identified through an internal assessment following customer complaints. The door lock system design was immediately changed to solve the problem and a voluntary recall was announced in Korea and the U.S. to repair Sonata models manufactured before the change was made. As a result, 41,931 vehicles, 90.4% of the recalled units, have been repaired.

Customer Data Protection

With the increasing importance of protecting personal information and the growing occurrences of data leaks, HMC is striving to reinforce the protection of customer information. Customer data is managed according to rigorous internal security regulations, while the use of such data is strictly limited in purpose and scope. Outside agent companies on consignment are required to abide by personal informational protection guidelines, and once the consignment duties are concluded, customer data is fully retrieved and

HOME TO HOME SERVICES

destroyed to avoid any privacy leaks. HMC employees working in the department in charge of managing customer information, as well as users of operations systems receive relevant training at least once every quarter. HMC also has in place a Database Secure System (DSS) to ensure stronger protection of personal information on the Internet.

Vehicle Safety

Vehicle safety is the most important development priority for all HMC vehicles. Most automobile safety technologies including airbags, seat belts, and ultra high-strength auto bodis are defensive and passive in nature with a focus on minimizing damage from accidents. However, safety technologies such as intelligent safety systems capable of detecting a possible accident and activating measures to prevent accidents are becoming more proactive in nature, leading to ultimate protection of drivers and passengers, as well as pedestrians. HMC is increasing production of vehicles equipped with cutting-edge safety features. For example, the new Elantra launched in 2010 is equipped with a Tire Pressure Monitoring System, Emergency Stop Signaling, Vehicle Dynamic Control, and a Vehicle Stability Management System. We will increase the application of intelligent safety systems, which have been traditionally reserved for large vehicles, in smaller vehicles.

Vehicle Safety Assessment

HMC conducts a great number of collision and road tests to develop vehicles with the highest safety. As a result, our vehicles score highly in vehicle safety assessment tests worldwide. In Korea, Sonata and Elantra won the '2010 Safe Car of the Year' in their respective segments in the New Car Assessment Program (NCAP) conducted by the Korea Automobile Testing & Research Institute under the supervision of Korea's Ministry of Land, Transport and Maritime Affairs. The two models also won five stars (★★★★★) for both driver and passenger safety, which was assessed through frontal, rear and offset collision tests. Genesis, Sonata, Tucson ix and Santa Fe received the highest 'Good' ranking in high-speed front and side crash tests as well as in the roll over test. The four models were all 'Top Safety Picks for 2011'.

2010 NEW VEHICLE SAFETY ASSESSMENT RESULT

Type of Test	Assessment Authority	Assessment Result
Korea NCAP	Korea's Ministry of Land, Transport and Maritime Affairs	Sonata, Elantra, Tucson ix - '2010 Safe Car of the Year' Five stars rating for both driver and passenger safety, assessed through frontal, rear and offset collision tests.
U.S. New Car Assessment Program	Insurance Institute for Highway Safety	Genesis, Sonata, Tucson ix and Santa Fe selected as 'Top Safety Picks 2011' Received the highest 'Good' ranking in high-speed front and side crash test plus roll over test.
European New Car Assessment Program	European New Car Assessment Program	Tucson ix won five stars rating

Smart Vehicle

Improving customer satisfaction and quality of personal mobility are HMC's top development priorities. HMC is employing electronic controls and IT technologies to develop more intelligent vehicles to provide a more convenient, more environmentally friendly and safer driving experience for customers.
HMC introduced 'Blue Link' which combines automotive technology with information technology closer than ever for greater convenience, safety and a greener driving experience. The 'Blue' represents HMC and Link represents 'Connectivity'. It is HMC's new global telematics service brand which utilizes a GPS system and cutting-edge mobile communication technologies. Blue Link has many convenient features including weather information, voice-to-text messaging, navigation and remote start. It also has advanced features including emergency support services in case of crash or other disastrous situations, as well as safety features such as remote vehicle diagnosis. Blue Link also assists drivers in operating vehicles in a more eco-friendly manner with advanced navigation, management of vehicle part replacement records, gas station information, and monthly CO_2 emissions reports.
The Blue Link system is offered in the U.S. starting with 2011 Sonata and Veloster.

AUTOMATED COLLISION NOTIFICATION (ACN) AND ASSISTANCE

In the event of any collision severe enough to involve an airbag, a trained and specialist automatically contacts the vehicle's occupants, and if necessary, emergency service personnel, providing GPS-enabled location and vehicle condition information.

STOLEN VEHICLE RECOVERY

In the event that your vehicle has been reported to law enforcement as stolen, the HMC response center will work with the authorities to establish the exact vehicle location via GPS. Not only does this feature enable a quick recovery, but your insurance premiums are likely to decrease as a result.

MAIN FEATURES OF BLUE LINK

REMOTE DOOR LOCK/ UNLOCK AND START

Imagine you've walked through a parking lot in the rain, only to realize that you forgot to lock the vehicle. No problem – this feature allows users to automatically lock (or unlock) the vehicle doors from virtually anywhere, via a simple toll-free call, app on a smart phone, or via the Blue Link Owner's website.
You can also fast track your journey by starting your vehicle remotely from virtually any location.

VOICE TO TEXT MESSAGING

Never take your hands off the wheel again – even to send text messages. With the press of a button, you'll be able to use your voice to dictate them to your contacts.

WEATHER & POINT OF INTEREST

Transfer the information regarding anything of interest–restaurants, landmarks, museums, etc.–directly from the web or the Hyundai owner's website to your vehicle's navigation system. It will be waiting for you anytime you're ready to go.

ECO COACH

Eco-Coach is a scoring system that keeps track of your MPG and driving habits, then provides custom tailored reports on how to improve your fuel economy and reduce your carbon footprint.

SUPPLIERS

An automobile is created from thousands of parts from various suppliers; it is the creation of a collaborative effort between a car company and a large number of suppliers. Naturally, competition in the automotive market is fought by both automakers and suppliers in partnership. As a manufacturer on the forefront of competition, HMC is implementing fair trade practices in conjunction with suppliers to foster a stronger partnership. We are also providing supplier support for quality, technology and environmental management to increase the competitiveness of our key suppliers.

Three Core Strategies for Shared Growth

We have been operating various supplier support programs in areas including financial support, as well as the establishment of a global management system, in order to sustain the sound growth of our suppliers as independent companies.

In 2010, HMC began to implement our new shared growth strategy which builds on our supplier partnership founded on a mutually-beneficial cooperation initiative. The new strategy focuses on supporting the growth of our suppliers in becoming globally-recognized partners through a combination of support programs. HMC has identified 'global competency building', 'strengthening of a sustained growth foundation', and the 'establishment of a shared growth system' as the three core strategies for realizing shared growth with suppliers. We then launched technical assistance programs for quality improvement as well as overseas sales expansion support. Various programs were also launched to foster a corporate culture that embraces the concept of shared growth.

Fostering Global Competency of Suppliers

Supplier support programs for fostering global competency includes technology development support, quality management capacity building, and productivity improvement support programs.

We were already operating a number of supplier support programs including the Guest Engineer program, on-site training for second-tier suppliers, and supplier participation in R&D Motor Show. In addition to these programs, we established the Supplier R&D Support Corps, the Supplier Quality Management Training Center, and a number of tailored policies for different types of suppliers in order to boost technological competency and product quality.

In 2010, we held our first R&D Motor Show during which suppliers were briefed on features of recently released competitor models. Designed as one of the first 'Shared Growth' programs, the Motor Show contributed to capacity building of supplier employees in charge of R&D and quality management. It was a great success which included the participation of 2,438

employees from 252 first and second tier suppliers. The Supplier R&D Support Corps, which is staffed by 270 members including 40 full-time staff, is another important organization established for on-site support of R&D activities and the realization of improved quality by transferring HMC's R&D expertise to suppliers.
The Supplier Quality Management Training Center was established to foster capacity for enhanced quality management and offers 'Quality Management Expertise' courses for supplier company staff in charge of product quality management. The courses are evaluated thoroughly using feedback from participants in order to ensure effectiveness.

Strengthening a Sustained Growth Foundation

We are operating various support programs for strengthening of a sustained growth foundation including overseas sales expansion support, financial stability improvement, and the establishment of infrastructure for growth. Sub-programs for overseas sales expansion support includes collaborated overseas business expansion with HMC, increased use of second and third-tier supplier products in overseas plants, and direct assistance for overseas sales to othter auto companies.
We are also operating a proxy purchasing program, through which, HMC purchases a large volume of steel at low price and provides them to suppliers at zero margin.
We also revamped 'Green Partnership Activities' for providing expert advice on greener business management. A 'Shared Growth Academy' was also established to help suppliers achieve greater stability in their business operations. Sharing information and supporting R&D activities on new environmental technologies and facilities is an important area of focus for our supplier support program.

Establishment of a Shared Growth System

HMC has organized a Win-Win Supplier Consultation Group, which consists of suppliers from all tiers in order to strengthen the network among suppliers, provide stronger support for second-tier suppliers, and foster a shared culture of growth. Overall, we are aiming for the 'Establishment of a Shared Growth System'. Specifically, we have increased support for information exchange sub-groups which consist of members of the consultation group who belong to the same region or industry sectors. HMC staff also visit suppliers to foster a network among suppliers of similar industry sectors.
Establishment of a Shared Growth Website and the Supplier Volunteer Corps are new initiatives designed to promote a culture of shared growth among suppliers. HMC is also increasing supplier visits to listen to their concerns and ideas more closely in order to ensure the effectiveness of our supplier support programs.

Provision of Environmental Standards Guidelines for Suppliers

In 2007, HMC signed an environmentally-friendly parts supply agreement with first tier suppliers and provided guidelines on environmental and ethical management practices.
We also announced the 'HMC Environmental Standards Guideline' which contains information on the set of environmental requirements for manufacturing of auto parts to be used in our products. The HMC Environmental Standards provide guidelines on materials prohibited from use including four heavy metals (Lead, Mercury, Cadmium, Hexavalent Chromium) and other hazardous materials subjected to regulations. The guideline provides a wide array of information including a data entry method for the International Material Data System (IMDS) for calculating a vehicle recyclability score as well as Material Safety Data Sheet (MSDS) management, which are both necessary for ensuring compliance of applicable environmental regulations.
We are also encouraging all suppliers to earn ISO 14001 environmental management certification. As a result, 100% of our first tier suppliers have received certification as of the end of 2010.

GREEN PARTNERSHIP PROGRAM

Since 2003, HMC has invested a total of 5 billion KRW in our 'Supply Chain Green Partnership Program' in collaboration with the Korean government to help under-resourced suppliers establish an effective green business management system.

SCEM: Supply Chain Environmental Management Project

In 2003, HMC launched the Supply Chain Environmental Management (SCEM) project with a goal of strengthening supplier capacity to meet environmental regulation standards and to compete internationally. Fifteen suppliers participated in the project and the Korea National Clean Production Center participated as a supervisory body. The SCEM project was launched in July 2003 and was successfully completed in June 2006, developing an excellent example of a multi-stakeholder win-win collaboration effort involving the participation of HMC, expert organizations, academia and suppliers.
The suppliers that participated in the project were able to establish an improved environmental management structure for cleaner production and the development of more environmentally-friendly products. The project also resulted in both environmental benefits such as reduction of waste and economic benefits of cost reduction. Building on the success of the project, HMC created the 'SCEM Network System' designed to continue improving environmental management capacity of suppliers by increasing information exchange among suppliers in topics including green management success stories and environmental regulation updates.

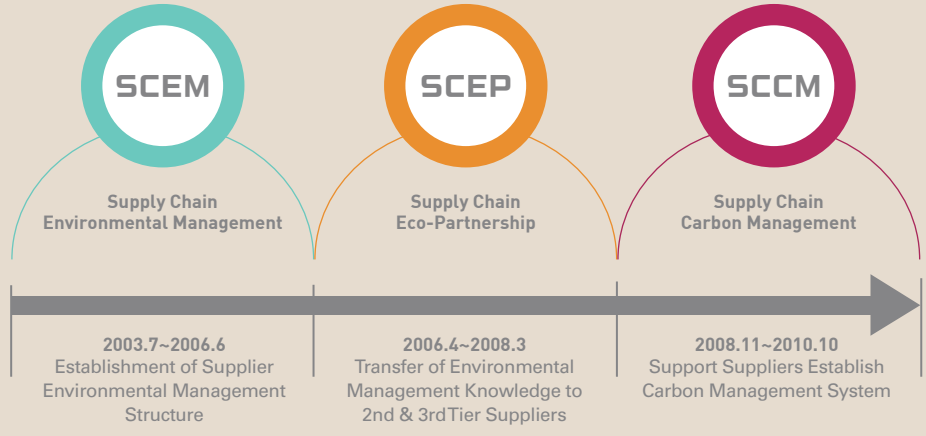
SCEP: Supply Chain Eco-Partnership Project

The Supply Chain Eco-Partnership (SCEP) project was launched in April 2006 as a two year program, following successful completion of the Supply Chain Environmental Management (SCEM) project. The objective of the SCEP project was to transfer of environmental management knowledge to HMC's second and third-tier suppliers.
During the project, HMC helped suppliers create a foundation for the establishment of an environmental management system by providing guidance on hazardous materials management, manufacturing processes improvement and energy management.
The project took advantage of the supplier network established through the SCEM project in order to promote active communication among suppliers and improve the efficiency of each supplier's environmental management operations. The project also allowed HMC to categorize suppliers by sector (parts and materials), size (large, medium and small), and environmental management capacity (high, middle and low) and then develop customized green management models applicable to each supplier. The models will continue to serve as a basis for development of tailored green management models for different suppliers.

SCCM: Supply Chain Carbon Management Project

In November 2008, the Supply Chain Carbon Management (SCCM) project was launched in order to further strengthen the green partnership established through the SCEM and SCEP projects in addition to establishing a carbon footprint management structure. The two year project was designed with four core modules including the establishment of a carbon management structure, reduction of greenhouse gas (GHG) via process improvement, assessment of the supplier product carbon footprint, and total carbon footprint assessment of the complete vehicle. Suppliers who participated in the project established a working carbon management structure with GHG emissions inventory, GHG emissions reduction strategies, and a detailed implementation plan. Overall, a total CO_2 reduction of 16,187 tons was achieved by participating suppliers as a result of the project.

GREEN PARTNERSHIP PROGRAM AT A GLACE



LOCAL COMMUNITIES

As a responsible global corporate citizen, we are conducting a wide range of social contribution activities tailored to the needs of local communities of our operation in the spirit of our CSR slogan 'Moving the world together'.

Traffic Safety

Making Streets Safer, 'Happy Way Drive Campaign'

It is our firm belief that adults are always wholly responsible for traffic accident involving children. As a car company, HMC is endeavoring to improve traffic safety and driving culture in order to protect children from traffic accidents.

More than 80% of children involved in traffic accidents are preschool children. HMC has been operating the 'Happy Way Drive Campaign' since 2008, which is a traffic safety promotion program designed for preschool children by distributing angel wing-shaped 'boarding/unloading stickers' on nursery and kindergarten buses to remind drivers to take extra caution around the bus and contribute to the reduction of traffic accidents. By March 2011, a total of 4,235 safety stickers (also known as the 'Angel Wings') have been attached to preschool commuting buses. HMC also visits these nurseries to provide traffic safety education.

We also appointed popular animation character 'Poli' as honorary ambassador of traffic safety, and it is now used on children's safety equipment and traffic safety promotion DVDs that help children learn about traffic safety. In addition, HMC has operated a variety of traffic safety program for children. For example. there are the 'Zero Accident Children's Traffic Safety Campaign', the 'Interactive Traffic Safety Education Class Program', and dissemination of traffic safety education materials to increase safety awareness. In 2009, we also established the Kids' Auto Park, which is the largest interactive theme park designed for traffic safety education in Korea.

Through the 'Happy Way Drive Campaign', HMC distributes Angel Wing-shaped 'boarding/unboarding stickers' to nurseries and kindergartens.

Bringing Order to the Street – 'Hyundai Student Traffic Volunteers Scholarship Scheme'

Traffic accidents are increasing rapidly in India where automobiles, motorbikes and pedestrians often share roads without traffic lights. It truly has become a national problem. As a car maker, Hyundai Motor India (HMI) feels obliged to take action.
In 2006, HMI established the 'Hyundai Student Traffic Volunteers Scholarship Scheme' to alleviate traffic situations. The volunteer corps consists of college students, and they work with local police to help manage traffic, after receiving training. The program is also designed to help bright students experiencing financial difficulties as they receive scholarships for their college tuition.
The 5th Student Traffic Volunteers Scholarship Scheme was launched in August 2010. The 5th corps consisted of 120 members selected from a pool of 325 applicants. The volunteers provide their service during peak traffic times leading to reduced traffic accidents. Their service is much appreciated by their communities. The program addresses multiple social issues by combining traffic safety improvement measures with educational support and scholarships for students in need, and it is well received as an exemplary social contribution activity. As of 2010, 400 Indian students have served as volunteer traffic wardens. HMI has already launched the volunteer traffic warden program in Chennai and Kolkata. The program will expand to more cities including Mumbai and Hyderabad.

A college student member of Hyundai Student Traffic Volunteers Scholarship Scheme, operated by Hyundai Motors India, is controlling traffic in a busy street of Deli.

"I can reduce traffic accidents. I am serving my community in collaboration with police. It's a great experience. I even get scholarship for doing this. I feel very lucky."

– A. Ayyamuthu, A College Student Member of Hyundai Student Traffic Volunteers Scholarship Scheme (HMI)

Social Welfare

'Moving the World Together' Project Proposal Contest

HMC began to conduct the 'Moving the World Together' project proposal contest in 2005 in order to identify projects that are most appropriate for achieving our social contribution goals. We first identify core social welfare areas and invite for tailored ideas that are designed to effectively deliver results than what can be achieved via traditional donation schemes. The project ideas submitted via the contest are reviewed by a committee, which consists of experts who specialize in supporting people with disabilities, the elderly, as well as children and youth. The proposals are then selected and approved for funding via a fair review process.
The contest is designed to enable implementation of promising social welfare projects. The committee selects specialized projects with highest potential to make practical impact and feasibility for implementation. In 2010, the committee approved a total of 45 projects designed for supporting people with disabilities, the elderly, as well as children and youth. In addition, a number of 'Regional Support Network' projects that focus on the provision of comprehensive support to beneficiaries in partnership with regional social welfare centers were also approved.

1. Young participants are enjoying a traffic safety education program held as a part of the Three-leaf Clover Camp in Egypt.

2. Many employees at all major HMC operation sites are participating in tailored volunteer activities as a member of HMC's Employee Volunteer Corps.

3. HMC participated in the International Day of Poverty Eradication on October 17.

4. HMC established the social enterprise 'Easy Move' which specializes in the production of handicap aids and rehabilitation equipment.

5. 6. The 'Green Zone Korea' project, launched in 2005, was the first eco-restoration project aimed at restoring endangered species in the Ulsan area. We have already succeeded in reintroducing the Myungju butterfly, and we are currently working on the reintroduction of Mitten Crabs and the Korean Rose Bitterling.

7. HMC is planting trees and grass at Chakanor in order to reduce sand storms and desertification.

Social Enterprise 'Easy Move'

Social enterprises help people support themselves by creating jobs. HMC established the social enterprise 'Easy Move' which specializes in production of aid equipment for the disabled in August 2010, in collaboration with the Gyeonggi province government. We plan to employ more than 200 people for the operation and will allocate 80 jobs to people with disabilities, as well as retirees.

Easy Move is designed to help those who have been marginalized by society by providing job opportunities in a company which produces aid and rehabilitation equipment for the disabled. Easy Move serves the dual purpose of creating jobs and products that are also designed to help others. It is recognized as a model social enterprise.

HMC plans to invest 2.9 billion KRW in Easy Move over the next three years. Easy Move will produce a large range of aids/rehabilitation products for the disabled with a target of achieving 18 billion KRW in sales by 2012.

HMC Joins the '2010 White Band Campaign' for Global Eradication of Poverty

Poverty continues to be a serious problem in many regions, and there still many who do not have enough to eat. The UN designated October 17, as the International Day of Poverty Eradication. Companies and individuals from more than 100 countries participated in this initiative by wearing a white band with 'End Poverty' on it.

Many HMC employees of major overseas operation sites including the U.S., Germany, China, India and the Czech Republic have been participating in the 'White Band Campaign' since 2009. All employees worldwide were encouraged to wear the symbolic white bands. Additionally, a variety of supporting activities were conducted. Banners with the campaign slogan were hung above major overseas plants and offices in order to raise awareness of poverty. Employees also organized fund-raising activities and conducted volunteer activities targeted at alleviating poverty.

Environment

Restoring Native Species for Healthier Ecosystem – 'Green Zone Korea'

It used to be rather difficult to fall asleep in summer nights in country areas because of incessant chirping of frogs. Today, we can hardly hear such chirping even in remote country towns. Many native species are disappearing from us due to factors including habitat loss, climate change, proliferation of invasive species and pollution. Since each species play a crucial role in maintaining a healthy ecosystem, their existence is a must requirement for a healthy ecosystem. In addition to promoting protection of habitat as one of our business management principles, we are also conducting projects to increase local biodiversity.

The 'Green Zone Korea' project, launched in 2005, was the first eco-restoration project aimed at restoring endangered species in the Ulsan area. In the first phase, we focused on reintroduction of Myungju butterfly (Sericinus swallowtail butterfly). Six natural habitats for the butterfly species were created within the premise of Ulsan city and project led to successful restoration of the butterfly species.

We are currently working on restoration of Taehwa river ecosystem as second phase project. First, we reintroduced mitten crabs which is known as the 'cleaner' of the environment. Then we restored Korean Rose Bitterling, a flagship species of Taehwa river which only live in Korea and Bath White, an endanger butterfly species which is also a known environmental quality indicator species.

By the way, we built Ecology Learning Centers, where visitors can learn about reintroduction process of Myungju butterfly, in Ulsan, Asan and Jeonju. In 2010, we also created a 1,500m^2 Butterfly Ecology Park within the Ulsan Taehwa Grand Park with the Ulsan city government. Spanning 16,154ft^2 in area, the park is created to resemble a natural habitat for the Myungju butterfly as well as three other butterfly species including Blue-striped swallowtail, Papilionidae and Yellow swallowtail, which are known to be only found in Ulsan and only a handful of other regions.

Turning Desert into Green Pasture – the Project 'Green Zone China'

Desertification is happening at a most rampant rate in China. More than 20% of Chinese territory has already turned into desert and the amount is increasing every year. According to the UNEP, about 13% of desertification happens naturally, however the rest, 87%, is due to anthropogenic influences. Most of the desert in China is located in the Inner Mongolia (Neimenggu) region, and they are expanding every year. Expansion of desert areas in China is increasing in frequency and the intensity of yellow dust storms that cause respiratory disease, as well as environmental damage to countries in North East Asia including China and Korea.

In order to mitigate desertification in China, HMC launched the Hyundai Green Zone China project in 2007. The project involves creating a grassland larger than 50km^2 in Chakanor, an area within the Kunshantag desert in Inner Mongolia (Neimenggu), China, to prevent further desertification in the area and to the restoration of the local ecosystem. During phase 1 of the project, the project implementer planted indigenous plant seeds that grow well in the region's alkali soil. Multiple layers of wood fences were also erected in the planting area to prevent seed erosion due to strong winds.

Trees – A Sure Solution to Climate Change

Today, news of unusual weather events due to global warming has become a part of everyday life. Increasing greenhouse gas concentrations is known as the main culprit of global warming and carbon dioxide (CO_2) accounts for 80% of human-caused greenhouse gas emissions.

What can we do to reduce CO_2? Finding replacements to fossil fuel is the key, but we are unlikely to find a practical replacement anytime soon. What can we do instead? The answer lies in trees. Unlike animals and insects, trees and plants convert CO_2 to oxygen. Therefore, more trees means less CO_2 and more oxygen.

Hyundai Motor America (HMA) began its tree planting initiative with the 'Genesis Forest Project' in 2008. The project was designed to offset the CO_2 emitted by the Genesis in 2009 by permanently preserving 3,000 acres of tropical forest in Brazil.

HMA has also launched the 'Climate Grants' program in addition to the review of project proposals for forest protection and reforestation. A number of carbon offset projects were submitted, and HMA approved an annual funding of 35,000 U.S. dollars for projects in Alto Mayo in Northern Peru, Nhambita in Mozambique, and in the Kakamega forest in Kenya.

HMC will continue to support reforestation and forest protection projects in order to reduce carbon dioxide in the atmosphere.

Education

Fostering Future Leaders in a Globalized World – The 'Happy Move Global Youth Volunteers'

Since 2008, HMC has been operating the 'Happy Move Global Youth Volunteers' with an aim of developing future global leaders, and to raise HMC's contribution to the global community. A total of 1,000 students are selected each year and sent to India, China, and the Czech Republic where HMC has offices and factories, during summer and winter breaks, to perform volunteer services such as cultural exchanges, health services, and other volunteer activities.

> **"I met people with different culture and tradition in a foreign environment and learned to make friends with them. I have learned many lessons and gained so much while participating in the Happy Move Global Youth Volunteer Corp."**
>
> **– Cheon Jang,** Participant of Happy Move Global Youth Volunteer Corp

By providing hands-on experience in local communities worldwide, this program enables young students from Korea to broaden their worldview and to better understand the meaning of social corporate responsibility of global corporations in a globalized world.

In addition, HMC provides internship opportunities and holds annual marketing and technology contests to provide hands-on learning opportunities in job areas of their interest.

"It's great to have desks and chairs at school. I am so happy"

Hyundai Motors India (HMI) has been operating a number of educational support activities including improving school facilities, job training and employment opportunities for students in impoverished areas. Due to the increasing wealth divide, school facilities in poor neighborhoods are far from ideal. In general, school facilities of public schools are significantly worse than that of private schools. In fact, many schools do not have desks and chairs, and young children have no choice but to sit on the floor. HMI decided to address this problem by donating desks and chairs for school children in schools near Chennai. The desks and chairs are made using recycled wood from the wooden boxes which were used for shipping parts, which make the donation not just socially beneficial, but also environmentally positive.

HMI is also operating technical job training programs and providing automotive experiment equipment for schools in the Assam region located in North Eastern India. A number of Automotive Job Training Centers have been established in major Indian cities to foster maintenance technicians throughout India. The center has helped many local citizens to find a job in automotive sector.

Medical Support

A Journey of Hope for Childhood Cancer Awareness-'Hyundai Hope on Wheels'

Thanks to advances in research and treatment, many children with cancer are successfully treated. However, there are many children who are still struggling to fight this disease. For those, HMA has once again launched its twelfth 'Hyundai Hope on Wheels' campaign to encourage these children to win their fight and raise awareness of childhood cancer. Brianna Commerford, 12, who battled Stage IV Hodgkin's Lymphoma when she was just 10 years old, and is now healthy and in remission, joins the campaign as our new honorary ambassador. She has been visiting more than 40 children's hospitals across the country and sharing her story to spread awareness and help bring hope to other children facing cancer. Brianna will serve a two-year term as the Hyundai Hope on Wheels National Youth Ambassador.

HMA and its dealers donate to childhood

8. Public school students in Chennai, India studying in a classroom with desks and chairs donated by Hyundai Motor India.

9. Participants of Future Vehicle Technology Contest which held annually for discovering new talents for automotive industry.

10. Participants of the 'Hyundai Motor Marketing Camp Global'. Sixty college students from Korea and China participated in the event to share their marketing ideas and increase their global competency and spirit of challenge.

11. A member of Happy Move Global Youth Volunteer Corp is playing with local children in Chennai, India.

12. Sharing football fever with African children - HMC's 'One Million Dream Balls for Africa'.

13. 'Hyundai Hope on Wheels' for pediatric cancer awareness and fund-raising for pediatric cancer research.

Wheels program every time a new Hyundai car is sold in the U.S. In 2010 alone, HMA has donated over 9 million dollars. By the end of 2010, Hyundai Hope on Wheels donated more than 23 million dollars to support childhood cancer research at children's hospitals across the country since 1998. HMA joined the fight against pediatric cancer in 1998 through the efforts of Boston-area HMA dealers and the leadership of Tom O'Brien, who raised funds benefiting the Jimmy Fund at the Dana-Farber Cancer Institute. HMA's pediatric cancer research was strengthened significantly in 2004, with a fund-raising and awareness raising campaign using a white Santa Fe driven all over the U.S.

Sports

HMC Takes Football Fever to Africa's Children

The popularity of football soared after the 2010 World Cup in South Africa. It is a popular sport for African children regardless of where they live. Some young players play football with a dream of becoming a professional player and escaping poverty.
As an official sponsor of the 2010 World Cup, HMC aims to roll out football fever to children with limited access to sports and educational opportunities right across the continent with the launch of the 'One Million Dream Balls for Africa' project.
Each ball bore a donor's name, and anyone who registered as a member of HMC's 2010 FIFA World Cup micro-website or anyone who bought a Hyundai car from the company's worldwide sales network become a donor. More than 240,000 donors participated in the project, and one million soccer balls were donated to Africa through the United Nations.
HMC also held the Africa Road Tour in six countries including South Africa, Nigeria, Ghana, Algeria, Morocco and Egypt. More than 30,000 soccer balls were handed over to African children during the road show. Many African children suffer from poverty. We hope the 'One Million Dream Balls for Africa' help them find time to feel the joy of sports and also help them dream of a brighter future.

"We wish to convey a message of hope and dreams to children in Africa through 'One Million Dream Balls for Africa' project. As a global company, HMC will continue its efforts to fulfill its corporate social responsibilities worldwide."

– Seung-suk Yang, President & CEO Hyundai Motor Company

INTERVIEW

President & CEO
JOHN KRAFCIK

Hyunai Motor America (HMA)

HMA's success has been extraordinary since the U.S. financial crisis. What do you consider the most important aspects leading to this success even in these difficult times?

We've been focused on a simple operating philosophy at HMA since 2008 that frames all of our business decisions. We call it "ABC," which stands for 'Assurance', 'Blue Drive', and 'Connection'. 'Assurance' represents all that we do to build trust with consumers. It's the first step in establishing a relationship with prospective owners. We've expanded the idea of Assurance from our successful job-loss vehicle return program, to an umbrella program that also includes 'America's Best Warranty', our industry-leading 'Roadside Assistance Program', and our strong safety and quality record. 'Blue Drive' represents the bold commitment we've made as a company to be the global eco-leader, and to lead the industry in fuel economy. This provides benefits to society and consumers alike, and has been a strong focus of our marketing and PR efforts. 'Connection' speaks to the efforts we're making as a company to deliver products and services that consumers truly desire, in keeping with our 'Modern Premium' positioning.

ABC Pyramid

HMA announced its 2025 average fuel efficiency target of 50 mpg in 2010. What would be the key measures for achieving the target?

With the support of HMC senior management, HMA has set a target of at least 50 mpg by 2025. While that seems like an extraordinary goal, it is our culture at Hyundai to set 'stretch' targets - goal that we do not know specifically how to achieve, but that by their very boldness will drive us to innovative solutions that get us there. For our 50 mpg target, it helps to keep in mind how far we have already come, thanks to the engineering excellence and dedication of Hyundai's R&D Team. Our new Elantra already achieves a corporate average fuel economy contribution of 44.4 mpg. When we consider that Elantra has an EPA mid-size car classification, and thus represents a likely mid-point of the U.S. car market in 2025, it seems well within our capabilities to take our average fuel efficiency level over 50 mpg in the next 14 years. While hybrids and electric vehicles will have some role in our lineup in the years ahead, we believe that at least 80% of our sales volume in 2025 will be powered by the internal combustion engine, but with significant enhancements. Our engineers are hard at work on improvements that will wring more efficiency out of our vehicles, that will ensure Hyundai remains the global eco-leader in fuel efficiency and GHG reduction through 2025 and beyond.

Lastly, it is also important to maintain a positive relationship within the community to sustain continuous growth. How are the current HMA CSR activities in the U.S.?

At HMA, we believe good things happen to companies that do good things. We've had a strong CSR component in our business approach for many years, but in 2010 we dramatically enhanced our efforts here with an integrated CSR, PR, and Marketing initiative related to our philanthropic focus, pediatric cancer. We call this initiative 'Hyundai Hope on Wheels', and it's history stretches all the way back to 1998, when it was started by Boston-area dealer Tom O'Brien. Since then, HMA and its dealers have donated over 23 million dollars to the cause of pediatric cancer, including a record-breaking 9 million dollars in 2010 alone. September is pediatric cancer awareness month, and we dedicated over half of our media weight to a unique 30-second spot raising awareness of this terrible disease. Hyundai Hope on Wheels shows the power of working together on a cause that is bigger than our business objectives alone. By tying our dealers, our employees, and other key stakeholders together around this valued cause, we see the astonishing power of our vision and our actions. This helps make us a stronger team in all that we do.

Independent Assurance

Independent Assurance Statement to Hyundai Motor Company Management

We have reviewed environmental and social aspects of the Hyundai Motor Company 2011 Sustainability Report (hereinafter, 'the Report'). The Report is the responsibility of and has been approved by the management of the Company. Our responsibility is to draw a conclusion based on our review.

We have based our work on emerging best practices and standards for independent assurance on sustainability reporting, including the international standard ISAE 3000 "Assurance Engagements other than Audits and Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. The objective and scope of the engagement were agreed with the management of the Company and included those subject matters on which we have concluded below.

Assurance Procedure

Based on an assessment of materiality and risks, our work included analytical procedures and interviews as well as a review on a sample basis of evidence supporting the subject matters. We have performed interviews with management responsible for environmental, health & safety and social responsibility at corporate level, as well as at the three domestic manufacturing plants. We believe that our work provides an appropriate basis for us to conclude with a limited level of assurance on the subject matters. In such an engagement, less assurance is obtained than would be the case had an audit-level engagement been performed.

Conclusions

In conclusion, in all material respects, nothing has come to our attention that causes us not to believe that:

1. Hyundai Motor Company has applied detailed and systematic methodologies and processes for the preparation of the Report, as described in the section 'Report Profile', in order to achieve its reporting objective.
2. Hyundai Motor Company at Headquarters level has applied detailed procedures to identify, collect, compile and validate data for 2010. Data for 2010 on Environmental Management (page 26-47), Industrial Safety and Health (pages 58-59) and Social Responsibility (pages 48-76) is consistent with data accumulated as a result of these procedures and appropriately reflected the Report.
3. Data for 2010 for Hyundai Motor Company domestic production plants has reported according to the procedures noted in item 2 above and is consistent with source documentation presented to us.

Commentary

Without affecting our conclusions presented above, we discussed with the management the following:

- Hyundai Motor Company needs to align and coordinate its sustainability strategy and initiatives to its corporate strategy to further enhance stakeholder value.
- Current sustainability performance management system needs to be updated to measure and manage sustainability initiatives.

Deloitte.

Seoul June 2011

DELOITTE Korea

Sang-yeoul Kim
Partner

Verification Statement related to the GHG Emission data of GHG Target Management System for the calendar years 2007, 2008, 2009, 2010 for the Hyundai Motor Company

Scope

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by Hyundai Motor Company to verify the GHG Emission data presented in the Inventory Report of GHG emission and the amount energy used. The data relates to direct GHG emissions and energy indirect GHG emissions. The Hyundai Motor Company comprised of the Headquarters, Ulsan Plant, Asan Plant, Jeonju Plant, R&D Centre, A/S Centre and Sales Branch Offices.

LRQA's Approach

Our verification has been conducted in accordance with GHG Target Management Scheme: Specification with guidance for verification of greenhouse gas assertions to provide reasonable assurance to the Hyundai Motor Company.

In order to form our conclusions we have:

- Conducted site tours of the facilities and reviewed processes related to the management of GHG emissions data and records
- Interviewed relevant staff of the organisation responsible for managing and maintaining GHG emissions data; and
- Verified the historical data and information at an aggregated level for the calendar years 2007, 2008, 2009 and 2010.

Level of Assurance & Materiality

The LRQA 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 we have found that the GHG data as presented in the Inventory Report of GHG emission and the amount energy used within the Report are materially correct, subject to the following qualifications:

- The amount emissions (purchased electricity) used from others' rent organisation have not been excluded within the data on Headquarters. These amounts are not considered to be material.
- Emissions from the rented Sales Branch Offices have not been included within the data. This omission is not considered to be material.

LRQA Reference: SEO6012382

Dated : 25 May 2011

Sang-keun Yoo
On behalf of Lloyd's Register Quality Assurance Ltd.
17th Floor, Sinsong Building, 25-4, Yeouido-dong, Yeongdeungpo-gu, Seoul, 150-878, Republic of Korea

GRI INDEX

HYUNDAI MOTOR COMPANY
2011 SUSTAINABILITY REPORT

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3.5	Process for defining report content	Cover, Report Profile
3.6	Boundary of the report	Cover, Report Profile
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	Human Rights	

Human Rights

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Society

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PR9	Monetary value of significant fines for non-compliance with laws concerning the provision and use of products and services	–

UNGC COMMUNICATION ON PROGRESS	Page

Human rights

Principle 1 **Businesses should support and respect the protection of internationally proclaimed human rights; and**
Principle 2 **Make sure that they are not complicit in human rights abuses**

HMC fully respects the Universal Declaration of Human Rights, and we have established internal policies and devices to promote human rights including the ethics charter and the employee code of conduct. Details on HMC's policies and philosophy that are relevant to human rights promotion and personal development support can be found at the company's webpage (http://audit.hyundai.com). HMC's management philosophy, core value, and global environmental management philosophy also support HMC's pursuit of mutual benefit and prosperity with all stakeholders.

Philosophy 10~11
Responsibility 12~13

Society
Employees 52~54

Labor Standards

Principle 3 **Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;**
Principle 4 **the elimination of all forms of forced and compulsory labor;**
Principle 5 **the effective abolition of child labor; and**
Principle 6 **the elimination of discrimination in respect to employment and occupation**.

HMC respects the freedom of association and the right to collective bargaining, and abides the labor laws of the countries in which we operate, as well as the International Labor Standards created by the International Labour Organization. HMC strictly abides by minimal age requirements when hiring new employees, and all HMC employees have joined the organization of their free will. Employees are compensated fairly for the work they have conducted at respective operation sites as stated in the agreed terms and conditions of their contract and in conjunction with local laws and regulations.

Society
Employees 51~59

Environment

Principle 7 **Businesses should support a precautionary approach to environmental challenges;**
Principle 8 **should undertake initiatives to promote greater environmental responsibility; and**
Principle 9 **should encourage the development and diffusion of environmentally friendly technologies.**

HMC fully recognizes the importance of good environmental management as a core requirement for success and is fully committed for preemptive action to tackle environmental issues. HMC's proactive stance on environmental issues is clearly stated in the Global Environmental Management Policy announced in 2003. This year's sustainability report contains much information on positive achievements due to HMC's preemptive actions on tackling climate change, depletion of natural resources, hazardous materials, and air emissions. HMC is focusing on the Blue Drive initiative that is focused on vehicle CO2 emissions and the development and widespread use of low carbon green technologies.

Environment
26~47

Anti-Corruption

Principle 10 **Businesses should work against corruption in all its forms, including extortion and bribery.**

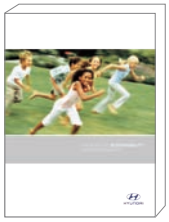
HMC does not condone corruption in all its forms, including extortion and bribery. HMC's policy against corruption is well stated in the ethics charter and employee code of conduct. The purchasing division has established its own ethics charter to further discourage corruption. The ethics committee, which consists of outside directors, was created in 2007, to increase independent monitoring and supervision of transparency in internal business transactions and regulation compliance. We are also conducting employee training on a regular basis to promote higher internal ethical standards and we operate a cyber audit office to minimize corruption.

Ethics & Governance
14~15

HYUNDAI MOTOR COMPANY
SUSTAINABILITY REPORT
2003 ~ 2010


2003


2003/2004


2005


2006


2007


2008


2009


2010

Memberships

- UN Global Compact, UN Global Compact Korea Network
- Boston College Center for Corporate Citizenship
- Business Institute for Sustainable Development
- Carbon Disclosure Project

CONTACT INFORMATION

Hyundai Motor Company

Environmental Strategy Team,
Business Strategy Planning Group

- **Address** 231 Yangjae-dong, Seocho-gu, Seoul, Korea (137-938))
- **TEL** 82-2-3464-2164
- **FAX** 82-2-3464-8796
- **e-mail** woogi@hyundai.com
- **website** www.hyundai.com

THE ROAD TO SUSTAINABILITY

The green vehicle of the cover of our 2011 Sustainability Report symbolizes Hyundai Motor Company's determination and effort to move towards a sustainable future.