



THE ROAD TO SUSTAINABILITY

2014 SUSTAINABILITY REPORT



2014 SUSTAINABILITY REPORT

THE ROAD TO SUSTAINABILITY



ABOUT THIS REPORT

Since 2003, the Hyundai Motor Company (HMC) has been publishing a corporate sustainability report entitled ‘The Road to Sustainability’. This report is the 12th sustainability report by HMC and contains information on our achievements in 2013. Through its publication, HMC aims to share its achievements with our stakeholders, provide an opportunity to receive feedback, and improve our sustainability management practice.

Overview

This report covers the quantitative results from the 2013 calendar year. However, some information from post-2013 period is also included. The report includes sustainability activities at 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 (such as import companies, auto financing firms and advertising firms).

Reporting Guidelines

This Report has been produced following the G4 Global Reporting Initiative G4 Core guidelines. The materiality test was conducted according to the guidelines and identified key issues which were covered in the report with much detail. The three year record between 2011 and 2013 of performance indicators are included in the report for assessment of change in performance. A summary of performance data can be found on pages 104 to 105 of the report.

Sustainability Management Data Collection Process

Data regarding business performance, environmental management and social contribution is managed by the relevant departments. The Technical Management team then collects all of the data through the company intranet which is then reviewed and analyzed. The environmental performance data is collected and verified annually by outside experts as part of the ISO 14001 certification procedures. Key environmental performance data is collected from both domestic and overseas sites. However, some data relating to environmental performance and social contribution activities is collected only from domestic operation sites. Work is in progress to improve the data collection system to expand its scope to all sites.

Assurance

The data in the report is verified by KPMG an independent assurance service company. The assurance report by KPMG is included on page 110-112 of the report.

What's new in the 2014 sustainability report

The highlight of this year's report is the progress made in the areas of five shared values highlighted in the 2013 Sustainability report. Following the G4 guidelines, a detailed materiality test was conducted which included surveys of external stakeholders and employees. Much emphasis was made to share detailed information on HMC's activities related to the five issues. A particular emphasis was made on the creation of economic and social value in the 2014 report.

For additional information, please contact:

Technology Strategy Planning Team, Corporate Planning Office
Hyundai Motor Company
12 Hunreung-ro (Yangjae-dong), Seocho-Gu, Seoul, Korea

Tel 82-2-3464-2161
Fax 82-2-3464-8796
Website www.hyundai.com
CSR Website csr.hyundai.com

TABLE OF CONTENTS

ABOUT THIS REPORT	2
Sustainability Management: Philosophy and Foundation	
01 CEO Message	4
02 2013 Ten highlights	6
03 Company Overview	8
04 Understanding the Hyundai Motor Value Chain	10
05 Sustainability Management Structure	12
06 Managing risks	20
07 Sharing Economic Gains	22
08 Special: Chinese vehicle sales top 20 million	28
Creating Shared Value	
01 Shared value of technology innovation: Smart car, serving as wings for the disabled	34
02 Fostering Global Competency Building: Hyundai KOICA Dream Center in Indonesia	40
03 Growing with partners: Supplier job fair	44
04 Realizing energy justice: Popularization of Fuel Cell Electric vehicles	46
05 Recycling automobiles: Establishment of a vehicle recycling center in Mongolia	50
Top 5 Sustainable Management Issues	
01 2013 Sustainability Management Materiality Test	58
02 Issues 1. Green vehicle development	62
03 Issues 2. Transition to a low carbon society	68
04 Issues 3. Global human resource development	72
05 Issues 4. Legal compliance support structure establishment	75
06 Issues 5. Expanding business overseas with suppliers	80
Sustainability Management Performance	
01 Innovation of brand image through strong quality management	86
02 Better communication with customers	87
03 Environmental management	88
04 Innovating safety technology	90
05 Promoting diversity in the work force	92
06 Fostering a safe workplace	94
07 Fostering talented workers	96
08 Work smart	97
09 Growing with suppliers	98
10 CSR activities for local communities	99
Appendix	
01 Sustainability performance	104
02 Reporting guideline index (GRI G4 CORE)	106
03 Third party assurance report	110
04 Hyundai Motor vehicle history	113
05 Membership and Sustainability report publication history	114
06 Sustainability Management Highlights in Braille	115
07 Epilogue	123
08 Credits	124

CEO Message



First, I would like to thank everyone who has given their strong support for sustainable growth and made 2013 yet another successful year for the Hyundai Motor Company.

Hyundai aims to realize the dream of humanity by realizing a brighter future with creativity and unyielding spirit of challenge.

We have been publishing a sustainability report which captures our business, environmental and social contribution activities guided by our management philosophy. I sincerely wish this report to serve as an effective channel of communication with our stakeholders.

Hyundai's ultimate goal is creating an automobile which is not just a means of transport but a lifetime partner with much greater significance. In this light, we are striving to apply the most innovative green technologies available in order to provide new services that make life more enjoyable and convenient.

The global automotive market is growing ever more competitive. Faced with increasing uncertainty with automotive technologies evolving with an infusion of new technologies, Hyundai Motor is focusing its capacity on developing innovative new products and technologies for the future market. Currently, fuel efficiency and safety performance improvement occupies our highest development priority.

We will make the utmost effort to develop the most advanced technologies necessary to make green and smart cars available on the market.

In 2014, we will begin delivering fuel cell electric vehicles for mass consumption in the US market.

We will firmly establish our leadership by delivering more green vehicles and developing advanced technologies and next-generation FCEV systems.

As of February 2013, Hyundai Motor began mass production of a fuel cell electric vehicle, the Tucson ix FCEV, in Ulsan, making Hyundai the first company in the world to do so.

The Tucson ix FCEV can travel up to 594 km on a single charge which is on par with conventional vehicles equipped with an internal combustion engine. Thanks to the technological progress we have made, Hyundai Motor was selected as supplier of FCEVs for the European Union's demonstration program.

Beginning in 2013, the Tucson ix FCEV will be made available to select regional government offices and public institutions in Korea. In 2014, FCEVs will be made commercially available to regular consumers in the US.

FCEVs are superior in environmental performance emitting nothing but water. It is truly a vehicle of the future and a product of future technology. We will firmly establish our leadership by delivering more green vehicles and developing advanced technologies and next-generation FCEV systems.

Hybrid electric vehicles are also an important technology for Hyundai. We released the Avante LPI hybrid which is the first hybrid electric vehicle that runs on LPG in Korea. The Sonata hybrid was released in 2011 in Korea and the US. Most recently, the Grandeur hybrid was released at the end of 2013, expanding Hyundai's lineup to the large vehicle segment. We are committed to satisfying customer demand for greener automobiles by further expanding hybrid electric vehicles in Hyundai's lineup.

Hyundai is also endeavoring to carry out social contribution activities that contribute to creating greater shared value which will no doubt help us maintain our credibility and respect as a corporate citizen. We intend to create and share new value by providing high quality services beyond customer's expectation.

We will continue to work with global partners in developing new technologies and achieving the highest quality in our products, paving the way for win-win growth. In addition, we collaborate with our business partners to strengthen social contribution activities in areas including traffic safety, environmental protection, social welfare, education support and so on, in the communities in which they operate.

Hyundai Motor is committed to continue its growth by ensuring solid business performance and sharing environmental and social values created with our customers. I look forward to your continued support and engagement in the future.

Thank you.

March 2014

Mong-koo Chung, Chairman
Hyundai Motor Group

2013 Ten highlights

01 Hyundai becomes the first company to mass produce FCEVs

Hyundai's Tucson ix FCEV successfully completed a European road tour in 2012, proving its green performance and viability. In February 2013, Hyundai began mass production of the ix35 FCEV making Hyundai the first company to do so. Early production units were delivered to the European market. In 2014, the ix35 FCEV will be made available in South Korea and the US starting in California. Hyundai plans to deliver a thousand ix35 FCEV worldwide by the end of 2015.

The world's First FCEV mass production plant



02 Grandeur (Azera) Hybrid launched

At the end of 2013, Hyundai launched the Grandeur hybrid, Hyundai's first large hybrid electric car. Created using Hyundai's propriety hybrid system developed in-house, it boasts fuel efficiency of 16.0 km/l. Thanks to the premium brand image of the 'Grandeur' model, the Grandeur hybrid boasts both a premium image and economic efficiency making it stand out from the lineup. Hyundai will continue to lead the hybrid electric vehicle market by incorporating advanced technologies.



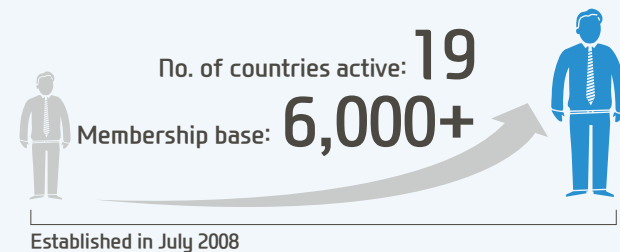
03 Hyundai ranks 2nd on Germany's Autobild quality satisfaction report

Thanks to Hyundai's focus on ensuring the highest quality, Hyundai received the 2nd highest score on Autobild's 2013 quality satisfaction report. Hyundai scored especially highly on customer satisfaction on quality and customer loyalty.



04 Happy Move Global Youth Volunteer corps hit 6,000 in membership

Established in July 2008 as a part of Hyundai's four social contribution initiatives, the Happy Move Global Youth Volunteer Corps is the largest volunteer corps of its kind. The 2013 marked recruitment of the 12th volunteer group which has more than 6,000 total members. The volunteers have participated in volunteer activities and cultural exchange programs in 19 countries.



05 Overseas business expansion with 599 suppliers

Hyundai has production plants in 8 countries from the US to Brazil and a total of 239 first-tier suppliers have established their operation sites along with Hyundai. In addition, a total of 360 second and third tier suppliers have also expanded their operation overseas. Overall, a total of 599 suppliers have successfully expanded their business overseas together with Hyundai.



Global sales:
4,732,533 units

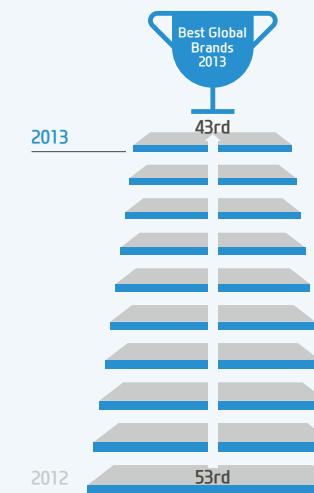


06 Global sales mark to hit 4.73 million, 7% growth over previous year

Despite a slow Korean market and decreased exports, Hyundai recorded global sales of 4,732,533 units, achieving 7% growth, thanks to strong sales in the US and China and increased production capacity in respective regions. Expecting a slow economy, Hyundai plans to focus on achieving qualitative growth and capacity building to stay competitive.

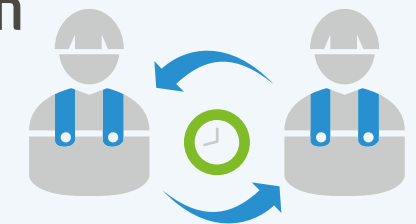
08 Hyundai to rank 43rd in the Best Global Brands 2013 by Interbrand

Interbrand, a global brand consulting company, ranked Hyundai Motor 43rd in 2013, making it the first year Hyundai made it into the top 50th. Hyundai's brand value was estimated at 9 billion USD. It marked a 10-step increase from 53rd in 2012, making Hyundai a brand with the fastest growing brand value.



Work-life balance - Increased productivity

Win-Win



07 Successful implementation of a two-daytime shift system

Hyundai implemented a two-daytime shift system in March 2013, in order to improve work-life balance. It generated positive changes including increased productivity, generating positive feedback from both workers and management. We expect the change to continue creating positive impact on work-life balance of workers and ultimately increased competitiveness.

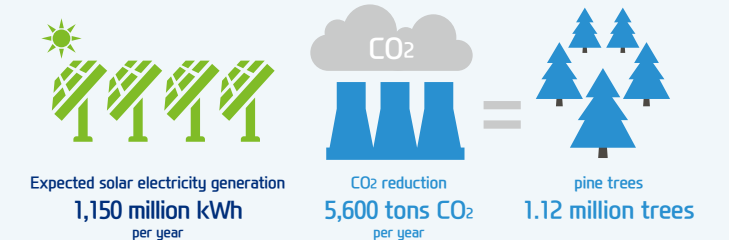
09 Genesis is voted the 2014 Korean Car of the Year

Hyundai's 2nd generation Genesis was selected as the Korean Car of the Year. All new vehicles released in the Korean market in 2013 are carefully assessed against criteria such as value for money, design, safety and so on. The car of the year is then given to the highest-scoring model. Genesis scored high on all criteria to win the prestigious award.



10 The 10 MW rooftop solar power generation system goes on line

Working with Korea Midland Power Co., Ltd. (KOMIPO), Hyundai installed more than 40,000 solar photovoltaic modules on the rooftops of Asan's press, welding, assembly and engine buildings, covering 68% of total rooftop space. Spanning 213,000 m² in area, it is the largest rooftop solar power plant in Korea. The system is expected to generate 11.5 million kWh of electricity per year, reducing CO₂ emissions by 5,600 ton, which is equivalent to amount of CO₂ absorbed by 1.12 million pine trees.



Company Overview



Company Overview

Name	Hyundai Motor Company
Chairman/ CEO	Mong-ko Chung
Headquarters	12 Hunreung-ro (Yangjae-dong), Seocho-Gu, Seoul, Korea
Business Area	Manufacturing Motor Vehicles
Products	Motor vehicles (Cars, SUVs and Commercial vehicles)
No. of Employees	104,731
Sales	41,691 billion KRW

Global Network

America

- 1 Hyundai America Technical Center Inc. (HATCI)
- 2 Hyundai California Design & Research Center
- 1 Hyundai Motor Manufacturing Alabama (HMMA)
- 2 Hyundai Motor Manufacturing Brazil (HMB)
- 3 T/chassis Hyundai de México (HYMEX)
- 1 Hyundai Motor America (HMA)
- 2 Hyundai Auto Canada (HAC)
- 3 Hyundai Motor de Mexico (HMM)
- 4 Hyundai Translead (HT)
- 1 Hyundai Central & South America Regional HQ
- 2 Hyundai Central & South America Regional HQ (Commercial vehicles)

Europe

- 3 Hyundai Motor Europe Technical Center GmbH (HMETC)
- 4 Hyundai Motor Manufacturing Czech (HMMC)
- 5 Hyundai Motor Manufacturing Russia (HMMR)
- 6 Hyundai Assan Otomotiv Sanayi (HAOS)
- 5 Hyundai Motor Europe GmbH (HME)
- 6 Hyundai Motor United Kingdom, Ltd. (HMUK)
- 7 Hyundai Motor Norway AS (HMNI)
- 8 Hyundai Motor France (HMF)
- 9 Hyundai Motor Espana, S.L. (HMES)
- 10 Hyundai Motor Deutschland GmbH (HMD)
- 11 Hyundai Motor Company Italy (HMCI)
- 12 Hyundai Motor Czech (HMCZ)
- 13 Hyundai Motor Poland (HMP)
- 14 Hyundai Motor CIS (HMCIS)
- 3 Hyundai Eastern Europe Regional HQ
- 4 Hyundai Eastern Europe Regional HQ (commercial vehicle)
- 1 Hyundai Motorport GmbH (HMSG)

Asia-Pacific / Africa

- 4 Namyang R&D Center
- 5 Hyundai Motor Japan R&D Center
- 6 Hyundai Motor India Engineering Pvt. Ltd. (HMIE)
- 7 Hyundai Motor China R&D Center
- 7 Hyundai Motor Ulsan plant
- 8 Hyundai Motor Asan plant
- 9 Hyundai Motor Jeonju plant
- 1 Hyundai Motor India (HMI)
- 2 Beijing Hyundai Motor Co., Ltd.
- 3 Sichuan Hyundai Co., Ltd.
- 15 Hyundai Motor Japan (HMJ)
- 16 Hyundai Motor Company Australia (HMCA)
- 5 Asia & Pacific Regional Headquarters (commercial vehicle)
- 6 Asia & Pacific Regional HQ
- 7 Hyundai Middle East Regional HQ
- 8 Hyundai Asia Middle East Regional HQ (commercial vehicle)
- 9 Hyundai Africa Regional HQ
- 2 Global Service Support Center (China)

The Road to Sustainability

Sustainability Management: Philosophy and Foundation	4
Creating Shared Value	32
Top 5 Sustainable Management Issues	56
Sustainability Management Performance	84
Appendix	103

Sustainability Management: Philosophy and Foundation

01. CEO Message	4
02. 2013 Ten highlights	9
03. Company Overview	8
04. Understanding the Hyundai Motor Value Chain	10

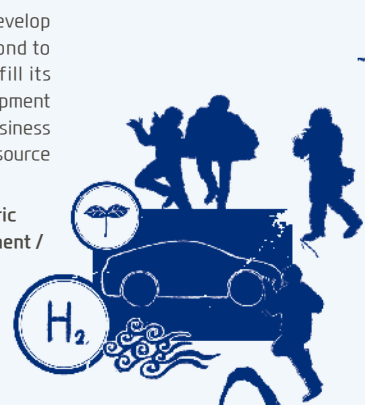
05. Sustainability Management Structure	12
06. Managing risks	20
07. Sharing Economic Gains	22
08. Special: Chinese vehicle sales top 20 million	28

Understanding the Hyundai Motor Value Chain

Product Development

Hyundai Motor is making utmost effort to develop green vehicles in order to effectively respond to growing environmental problems and fulfill its responsibilities as a corporate citizen. Development of green vehicles is also important from a business perspective because they will serve as a new source of growth in the future.

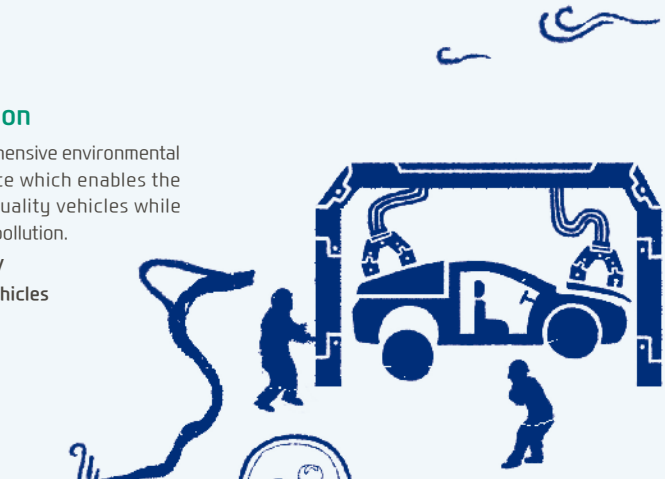
Environmental management / Fuel cell electric vehicle / Green vehicle technology development / Smart car



Automobile production

Hyundai Motor has a comprehensive environmental management system in place which enables the company to produce high quality vehicles while minimizing the generation of pollution.

Environmental management / Production of high quality vehicles



Part production by suppliers

More than 95% of the parts necessary for building Hyundai vehicles come from suppliers. Hyundai is supporting suppliers to become more competitive by helping them develop new technologies and increase productivity.

Ethical management / Supplier job fair / Supplier overseas business expansion



Recycling

Hyundai strives to consume resource in the most responsible manner possible for both nature and people. Recycling is an important way of breathing life into spent resources from grave to cradle.

Vehicle recycling



Employee

We respect the creativity and individuality of our employees and strive to create a management system with transparency, equal opportunity and equal compensation. We also are making an effort to ensure good work and life balance.

Work smart / Fostering global human resources / Job creation and capacity building



Local communities

Hyundai has conducted many activities to share the benefits of its growth with local communities. The activities include Free Cars for Hope, the Science without Borders project and more. We will continue to provide help to people in need.

Fostering global human resources / Social contribution activities



Environment

Hyundai's green technologies are created to benefit both the current and future generations. For example, our automobiles are designed to minimize environmental impact from the product planning stage to disposal/recycling. Ensuring the sustainability of planet is Hyundai Motor's fulfillment of its ultimate management philosophy.

Automobile recycling / Environmental Management / Low Carbon Society / Fuel Cell Electric Vehicle / Green Vehicle Development

Logistics

Hyundai is striving to improve its logistics system to reduce cost and improved efficiency. We expect the change to contribute to the establishment of a low carbon economy.

Environmental management / Fostering a low carbon society

Sales

Hyundai has launched the 'Hyundai dealer capacity building program' to train dealers to help them become more energy efficient in their operation.

Customer Satisfaction Improvement Activities



Use

We are developing new technologies to make our automobiles not just a means of transport but a lifetime partner that provides a clean and convenient space for its users. We hope to bring these benefits to more people through our innovative technologies.

Smart car

Service

Producing safe and convenient automobiles with the highest quality is the core of Hyundai's business operation. We are always listening to the voice of our customers to cultivate a positive culture of strong communication.

Production of high quality vehicles / Innovation of brand image through strong quality management / Customer Satisfaction Improvement



The Road to Sustainability

Sustainability Management: Philosophy and Foundation	4
Creating Shared Value	32
Top 5 Sustainable Management Issues	56
Sustainability Management Performance	84
Appendix	103

10 Sustainability Management: Philosophy and Foundation

01. CEO Message	4
02. 2013 Ten highlights	6
03. Company Overview	8
04. Understanding the Hyundai Motor Value Chain	10

05. Sustainability Management Structure	12
06. Managing risks	20
07. Sharing Economic Gains	22
08. Special: Chinese vehicle sales top 20 million	28

04. Understanding the Hyundai Motor Value Chain

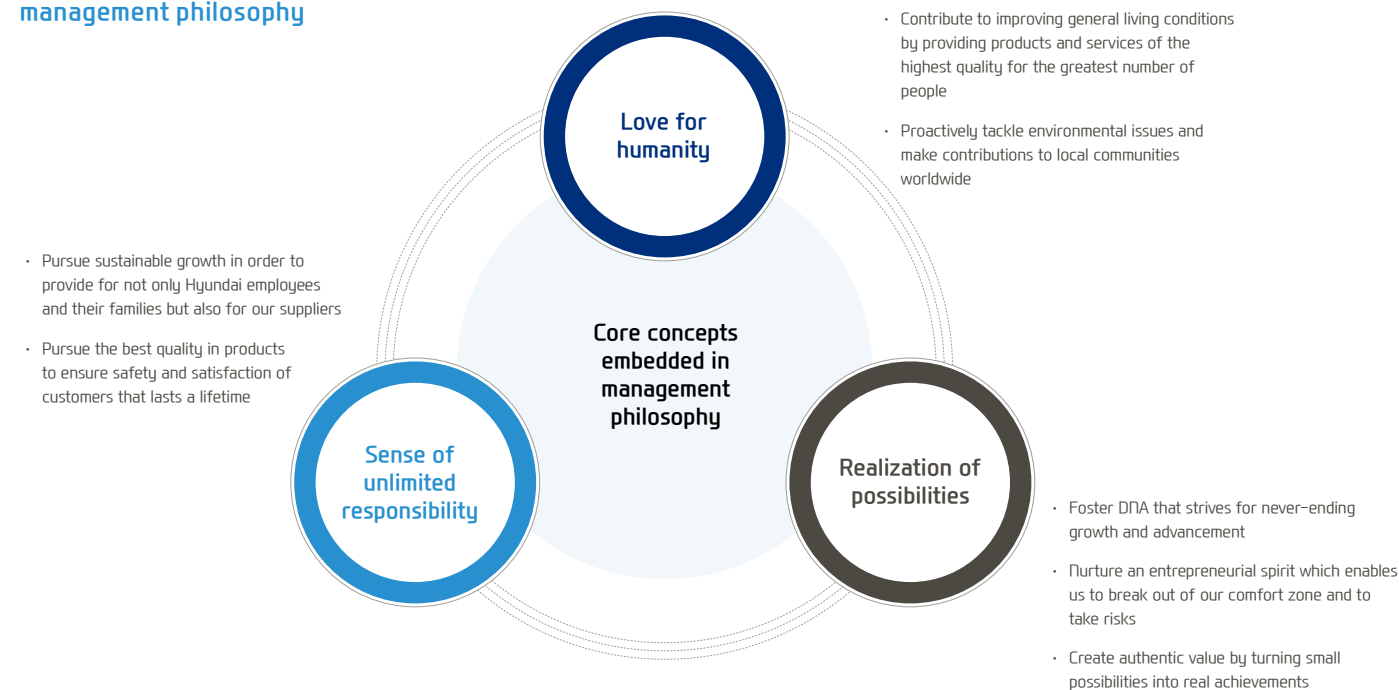
Sustainable Management Structure

In 2011, Hyundai's corporate philosophy was revised to define the values that Hyundai stands for and to further strengthen its capacity in sustainable management. We are striving to lead the automotive industry with new thinking and new possibilities and to make a greater contribution towards achieving a sustainable future for humanity.

Management Philosophy

The management philosophy of a company is the basis of its business management. The 'sense of unlimited responsibility' signifies the pursuit of sustainable growth through a sense of responsibility towards all of our stakeholders. The 'realization of possibilities' signifies our pioneering spirit that has driven Hyundai to new business frontiers. The 'love for humanity' represents our will to contribute to the improvement of living conditions for all humanity. Using this new management philosophy as our guide, the Hyundai Motor Company will continue to grow as a respected company making a positive contribution to humanity.

Core concepts embedded in management philosophy



Vision

Lifetime partner in automobiles and beyond

“To become a trusted lifetime partner for 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 setting out what we must strive to achieve. Automobiles are no longer just 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 mean to society. By pursuing this vision, Hyundai has set out to become not just a car maker but a company that creates new values, a company beloved by customers, and ultimately, a lifetime partner to our customers.

Core ideas embedded in the vision



Core values

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

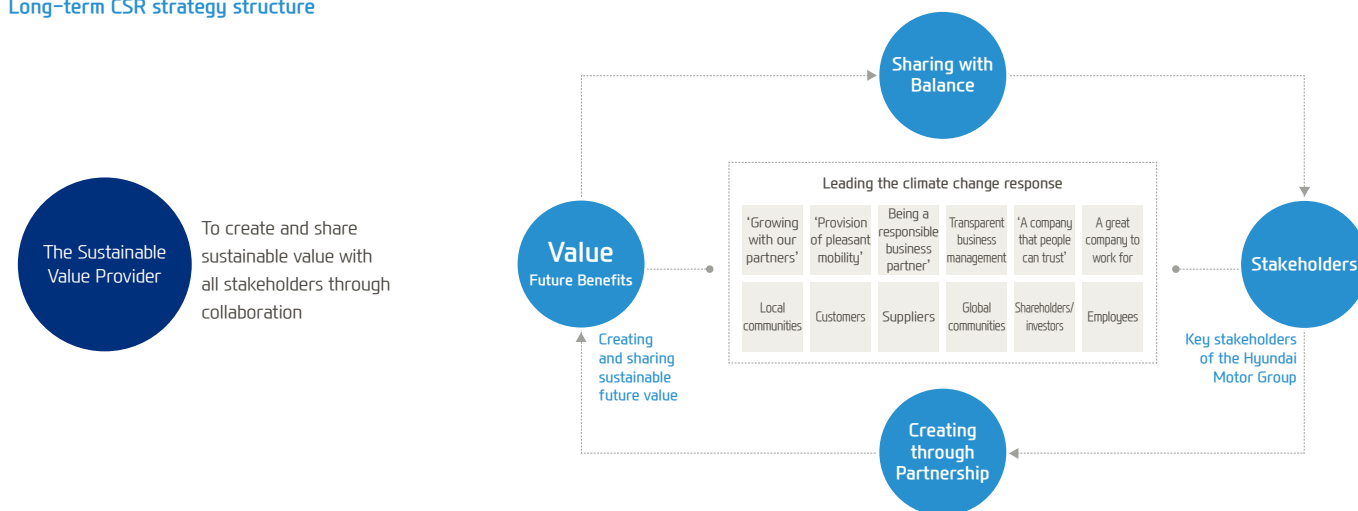
Social Responsibility Management

In 2008, Hyundai established a CSR Committee to more effectively promote our CSR activities. The Society/Culture team and the Welfare Support team are serving as secretariat. The CSR committee is responsible for activities in three core areas including environmental management, trust-based management and social contribution. The committee also assesses Hyundai's impact on society as a global citizen. In 2003, HMC announced its new environmental management philosophy and policies, and since then has been pursuing green growth while striking a healthy balance between business growth and environmental protection. We are also committed to reducing the negative environmental impact associated with the lifecycle of our products. We are taking a proactive approach in our environmental management in order to achieve the dual goal of environmental preservation and creation of new market opportunities. Hyundai is striving to improve its communication with key stakeholders in order to fulfill its responsibility as a global corporate citizen. We pursue a path of shared growth with a trust-based partnership with customers, employees, shareholders, suppliers and local communities. We are abiding by ethical business management practices because we believe it is the foundation of trust. In 2003, we established a long term CSR management roadmap to ensure that our activities are carried out in an efficient manner and lead to tangible changes. We have been conducting various other CSR activities that fall into categories such as 'Easy Move', 'Safe Move', 'Green Move', and 'Happy Move' depending on the nature of the project. A sustained effort will be made to recruit more volunteers and implement effective CSR programs.

2020 Long-term CSR strategy

Our long term CSR goal is 'To become a sustainable value provider'. We have selected seven core project areas: 'Growth with partners', 'Provision of pleasant mobility', 'To be a responsible business partner', 'Promotion of transparent business management', 'To be a company that people can trust', 'To be a great company to work for', and 'To lead on climate change response.' We have selected stakeholders who are most suitable for each project area and are focusing on the creation of a sustainable future based on our partnerships with these stakeholders.

Long-term CSR strategy structure



The Road to Sustainability

Sustainability Management: Philosophy and Foundation	4
Creating Shared Value	32
Top 5 Sustainable Management Issues	56
Sustainability Management Performance	84
Appendix	103

Sustainability Management: Philosophy and Foundation

Regulation Compliance

Fair Trade Voluntary Compliance

Legal Compliance

Maintaining high ethical standards in business management is an important requirement for sustainable management on a par with fulfilling legal responsibilities and generating profits. HMC strives to earn the trust of stakeholders through transparent and ethical business conduct. HMC will comply with its legal responsibilities, foster an ethical business management culture among its employees. Furthermore, HMC will promote an ethical business management culture among its suppliers.

The UN Global Compact is a voluntary initiative that promotes ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption. HMC joined the UN Global Compact in 2008 and declared its commitment to fulfilling its social responsibilities. In addition, an ethics committee was established in 2007 in order to improve transparency in the management decision making process. In 2002, we adopted a voluntary fair trade compliance program in order to ensure fair trade with our suppliers. HMC's ethical business management policies are strengthening HMC's competitiveness and creating new economic value by promoting enhanced management efficiency.

Complying with all laws and regulations, as well as respecting internationally accepted norms of business conduct in all its business practices is a key management principle at HMC. With that principle as a starting point, HMC also strives to promote voluntary compliance with all regulations and has created a cyber-audit office and a website for promoting online courses and distribution of HMC ethics charter.

In 2013, the CEO publicly pledged to promote fair trade voluntary compliance and launched company-wide training for employees of all ranks. An internal contest for the compliance program improvement was held and selected ideas were implemented to further foster an internal culture for compliance in fair trade practice. In 2014 a special compliance training session for executives and staffs working in relevance functions. A full revision of the VFTC (Voluntary Fair Trade Compliance Code of Conduct) handbook for distribution to all employees is also scheduled for 2014. An increased monitoring effort will be made to discourage non-compliance in all relevant departments. All HMC employees are obliged to use the following code of conduct on voluntary fair trade compliance.

Voluntary Fair Trade Compliance Code of Conduct

First, all employees should remember that compliance with fair trade regulations is an essential requirement in HMC's business management practice.

Second, all employees must assess the relevance of fair trade regulations with their job responsibilities.

Third, all employees must consult with relevant HMC staff when they become aware of a potential fair trade regulation non-compliance risk.

01. CEO Message	4
02. 2013 Ten highlights	6
03. Company Overview	8
04. Understanding the Hyundai Motor Value Chain	10

05. Sustainability Management Structure	12
06. Managing risks	20
07. Sharing Economic Gains	22
08. Special: Chinese vehicle sales top 20 million	28

05. Sustainability Management Structure

Ethical Business Management

In 2001, HMC established the HMC Ethics Charter, the Employee Code of Conduct, and the Guidelines for Ethical Business Conduct to set clear guidelines for all its employees and to promote a transparent and ethical business management culture. All relevant documents are made available on-line for awareness raising and as an on-demand reference. In 2013, the Ethical Management web page was completely revised to make it more accessible for users so that the information on the site can be used as a useful reference in business conduct.



HMC Ethical Management homepage revision

Reporting to the cyber audit office can be made via e-mail, telephone, fax and so on. An internal investigation is conducted when deemed necessary and the results are then shared with the informant. An average of 7 to 10 days is required to process a case. Some cases are transferred to other teams for more detailed assessment. The reports made to the cyber audit office are kept in highest security. The three principles implemented for information security of reports are as follows.



HMC Ethics Charter

The HMC Ethics Charter was created to help employees make ethically correct decisions in their business conduct and is applicable not only to HMC but also to suppliers.

audit.hyundai.com/ethicsruledoi.do

Cyber Audit Office

HMC operates a cyber audit office which collects information on unethical business conduct such as bribery and potential corruption cases. All reports need to be made using real names however the identity of the informant is strictly protected during any investigation.

Typical cases reported to the cyber audit office are as follows.

Common types of unethical conduct reported

- Unfair business decisions made due to personal connections (e.g. school alumni, hometown friends)
- Request or acceptance of bribes and unjustified gifts
- Illegal requests and abuse of authority
- Suggestion for improvement in unfair business practices
- Other business conduct that violates employee Code of Business Conduct on ethical business management

Ethical Business Management Promotion Activities



The Road to Sustainability

Sustainability Management: Philosophy and Foundation	4
Creating Shared Value	32
Top 5 Sustainable Management Issues	56
Sustainability Management Performance	84
Appendix	103

Sustainability Management: Philosophy and Foundation

01. CEO Message	4
02. 2013 Ten highlights	6
03. Company Overview	8
04. Understanding the Hyundai Motor Value Chain	10

05. Sustainability Management Structure	12
06. Managing risks	20
07. Sharing Economic Gains	22
08. Special: Chinese vehicle sales top 20 million	28

05. Sustainability Management Structure

Corporate governance structure

HMC has a board of directors (BOD) as required by Korean law. It is comprised of four executive directors and five external directors. The BOD has three subcommittees including the Audit Committee, the External Director Candidate Nomination Committee and the Ethics Committee to support the effective operation of the BOD.

Board of Directors – Structure & Member Status

- **Audit Committee:** comprises four external directors and is responsible for auditing HMC finances and operations. It has the authority to demand executive officers provide information on the company's operational and financial status. The committee is responsible for reporting their findings to the BOD.
- **The External Director Candidate Nomination Committee:** comprises two executive and three external directors. All HMC external directors must first be nominated by the committee and then approved at the general shareholders' meeting with majority support of attending members.
- **The Ethics Committee:** established in 2007 to increase the transparency of internal business transactions and to promote ethical business management practices. The Committee was made a subcommittee of the BOD in 2012 to enable more effective enforcement of transparent and ethical business management. The committee is comprised of three external directors, one executive director and is headed up by one of the three external directors.

Board of Directors Composition

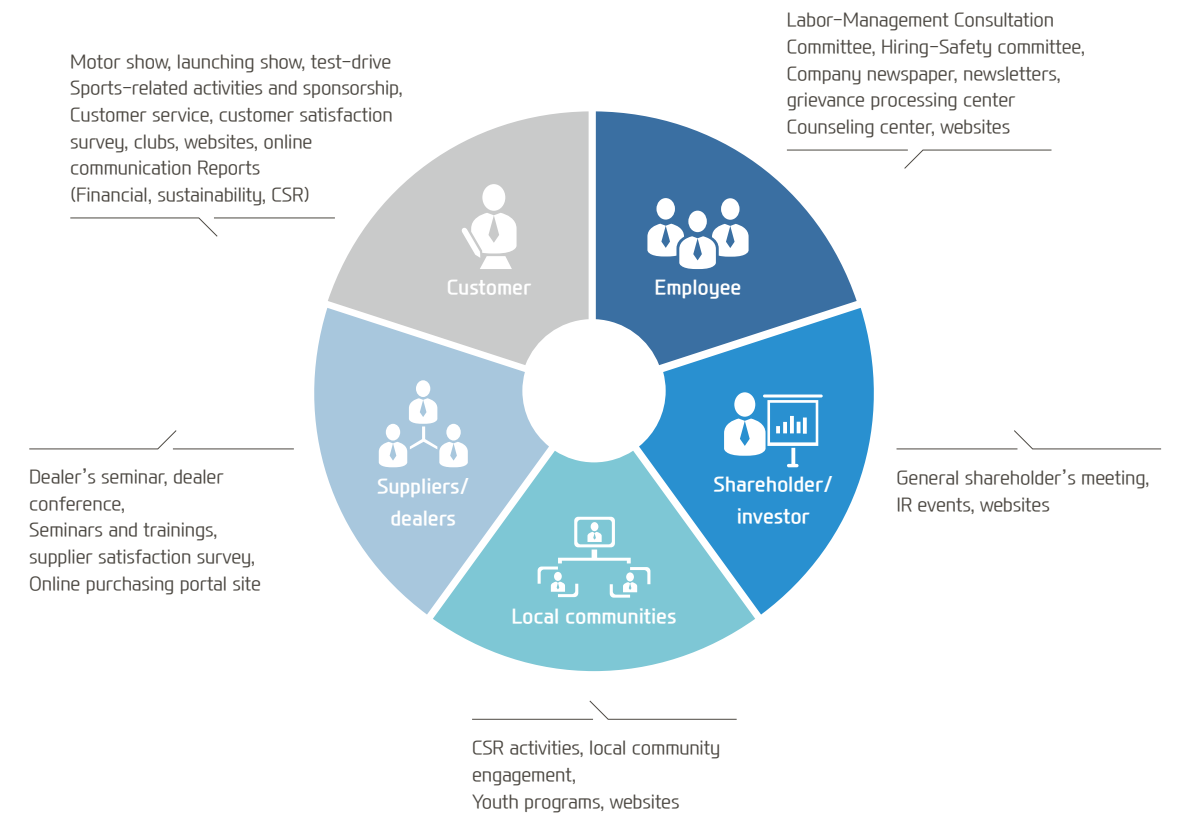
Classification on	Name	Position	Committee	Date of appointment	Duration of service
Executive directors	Mong Koo Chung	Chairman/CEO	External Director Candidate Recommendation Committee	Mar. 14 2014	3 years
	Eui Sun Chung	Vice Chairman		Mar. 15 2013	3 years
	Choong Ho Kim	President/CEO	External Director Candidate Recommendation Committee	Mar. 15 2013	3 years
	Gap Han Yun	President/CEO	Ethics Committee	Mar. 16 2012	3 years
External directors	Se Bin Oh	Lawyer, DongIn Law Group	External Director Candidate Recommendation Committee Audit Committee member Ethics Committee	Mar. 14 2014	3 years
	Il Hyung Kang	Head of Daeun Tax Service company	External Director Candidate Recommendation Committee Audit Committee	Mar. 16 2012	3 years
	Young Chul Yim	Lawyer, Shin & Kim	Ethics Committee Audit Committee	Mar. 16 2012	3 years
	Sung Il Nam	Professor, Economics Dept., Seogang University	External Director Candidate Recommendation Committee Audit Committee	Mar. 15 2013	3 years
	You Jae Yi	Professor, Business Management Dept., Seoul National University	Ethics Committee	Mar. 15 2013	3 years

as of 14th March 2014

Stakeholder Engagement

Stakeholder types

We place a great value in stakeholder engagement in successful implementation of sustainable business. We have multiple communication/engagement channels, which provide us with valuable feedbacks. The management makes best effort to incorporate feedbacks in our business decision, result of which are shared openly, which maintain positive dynamics of communication.



Managing risks

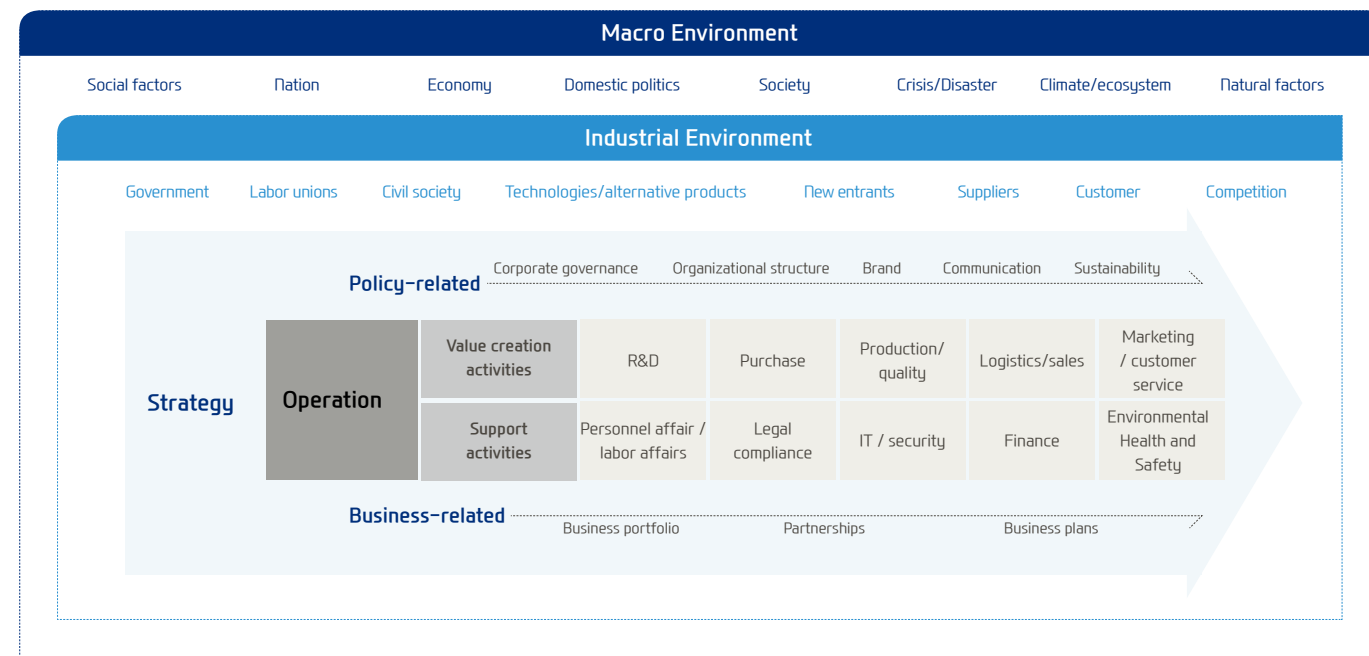
Risk management

Business risk factors are growing both in number and potential impact. Hyundai Motor has been maintaining a full set of potentially serious risk factors which needs to be carefully monitored and tackled accordingly. This rigid risk management structure allow us to identify risks that present threats to business sustainability in a timely manner for effective response, preventing these threats from making a significant impact on our operations.

Risk profile

Risks can be classified into internal or external depending on the cause. External risks caused by external factors can be classified into macro environmental risks and industrial risks that cause internal/external division. External risks can be further divided into macro environmental risks and macro industrial environmental risks. Internal risks can be further classified into strategic risks and operation risks.

External risk factors		Internal risk factors	
Macro environmental risks	Industrial environmental risks	Strategic risks	Operation risks
Uncertainties caused by changes made in natural environmental or social environmental factors which are not directly related to the company's business operations	Caused by changes made to major factors/players that shape the status of industrial environment	Possibility of strategic decisions failing to achieve desired outcomes caused by factors that could potentially make a company-wide impact	Caused in operation units due to issues associated with people, a process or a system which can lead to failure in achieving business goals or desired efficiency.



Core risk types

'Core risk' refers to types of risk that require sustained management. Examples of macro-environmental risks includes abrupt geophysical events, extreme weather events, disasters, political instability in countries of operation, anti-corporate sentiment, expanded media influence and so on. Industrial environmental risks are increased competition, disruption in parts supply, a new competitor from other sectors, emergence of alternative and etc. Strategic risks are threats to management right, moral hazards, weakening of brand image, weakening of ethical management image, inefficiencies in production and sales operation, business instability in key suppliers. Lastly, operation risks include a large-scale recall, labor strikes, loss of high performing staff, regulation noncompliance, patent dispute, mishandling of customer information, capital contraction and etc. Impact from one or more core risk accidents can lead to serious undermining of company's tangible and intangible assets requiring great amount of resource for rebuilding. Therefore, Hyundai is endeavoring to proactively manage core risks.

Category	Sub-category	Core Risk	Note
Macro-environment	Disaster	Abrupt geophysical events	Earthquake, volcano, tsunami
		extreme weather events	Extreme snow/rainfall/heat wave/cold spell/drought/hail storm/hurricane
		Disasters	Fire, terror, food poisoning, epidemics
	Country	Political instability	Abrupt change of regime, riot, movements
	Domestic politics	Instability in North Korea	Collapse of North Korean government, war, skirmish and etc.
	Society	Expanded media influence	Overly critical consumer, negative publicity in online medium
	Economy	Disruption in raw material supply	Stiff increase in raw material price, ban on sales of rare earth materials
		Increased volatility in exchange rate	Dispute over exchange rates, devaluation of Korean Won, too high/too low valuation of Japanese Yen
		Economic recession	European economic recession, slowdown of growth in emerging economy, polarization in domestic sales
Industrial-environment	Competitors	Increased competition	Competition at loss, competition for green vehicle development
	Suppliers	Disruption in parts supply	Disruption in supply of parts due to bankruptcy, strike or suspension of business
	New entrants	New competitor from other sectors	Non-auto sector companies entering automotive market
	Technology/alternatives	Emergence of alternative technologies	Acceleration of innovative new technologies/alternative introduction cycle
	Labor unions	Increased labor movement	Aggressive strengthening of the labor movement
	Government	Strengthening of protective trade policies	Non-tariff barriers, selective application of regulations
Strategy	Corporate governance	Threats to management right	Hostile M&A and other attempts to take over management rights
	Organizational structure	Moral hazards	Dramatically decreased labor productivity due to moral hazards
	Brand	Weakening of brand image	Weakened brand power in global market
	Communication	Anti-corporate sentiment	Disruption in business activities due to strong anti-corporate sentiment
		Weakening of ethical management image	Unethical, socially wrong conduct by employees
	Business portfolio	Inefficiencies in production and sales	Overinvestment in production capacity, large gap between market demand and production
		Business instability in key suppliers	Decreased corporate value due to weak business performance of key subsidiaries
		Change in market growth environment	Barriers to establishment of new production plant in growth market
Operation	Production/quality	Large-scale recall	Large scale recall, financial and non-financial loss, etc.
	Personnel/labor affairs	Labor strikes	Disruption in production due to strike
		Failure to recruit core talents	Lack of skilled workers, loss of core staff
		Aging workforce	Reduced productivity to aging workforce, failure to transfer skills to less experienced workers
	Legal compliance	Noncompliance and penalty	Non-compliance to fair trade, environmental and safety regulations
		Patent dispute	Patent dispute with competitors
	IT/security	Cyber attack	Hacking, computer virus, loss of key security information
		Mishandling of customer information	Bad publicity and damage to reputation due to mishandling of customer information
	Finance	Capital contraction	Cash flow problem due to capital contraction

Sharing Economic Gains

Global business performance

Many business risks, including increased competition from Japanese automakers backed by the weak Yen, made 2013 a year of many challenges. Fortunately, Hyundai had completed the establishment of a global production network with production facilities in all key markets in both developed and emerging economies. As a result, production capacity has increased by 16.9% between 2012 and 2013. Hyundai is producing high quality automobiles that are embedded with its management philosophy and is responding to stakeholder opinions as a responsible international automaker. We are also striving to provide excellent customer service that suits the needs of customers in different regions and become a positive force in the local communities in which we operate.

Hyundai vehicles produced at the Ulsan plant are shipped to markets all over the world from the near-by Ulsan port.
Photo: A view of Ulsan port with Hyundai vehicles waiting to be loaded



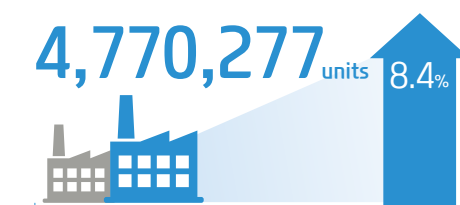
Global Production

HMC established its first overseas production plant in Turkey and began to build on its success in other regions. In 2010, overseas production capacity surpassed domestic production capacity. In 2013, 61.2% of Hyundai vehicles were produced at overseas plants. The increase is due to completion of new production plant in China which now has a 1 million unit production capacity and also because HMC began operation of its first plant in Brazil. In 2013, construction of the Sichuan Hyundai Co., Ltd. plant was commenced which is the first Hyundai plant in China. The plant will begin production of 150,000 trucks per year starting in 2014. The number of vehicles produced in overseas plants increased to 2,919,550 units in 2013 which was a 16.9% increase. Overall production volume was increased to 4,770,277 units which represented an 8.4% increase. The expanded global production network strengthened HMC's capacity to more effectively manage the risks of the ever-changing business conditions.

Global sales

HMC had yet another year of growth despite slow European economy. In 2013, the number of vehicles produced by Hyundai was over 4.73 million units, which was 7.3% increase from previous year. In Korea, sales have decreased by 4.1% due to a mild economic recession and a lack of new models released in the year. However, the new Genesis launched in November 2013 had strong initial sales with 12,000 units sold by the end of first month of release indicating strong sales in 2014. In 2013, the number of vehicles produced and sold from overseas plants was 4,091,668 units which accounted for 86.5% of total sales. Sale of overseas produced vehicles has been steadily increasing. In the North American market, the number of vehicles sold increased by 2.3% to 858,424. The low interest rate and increased demand for replacement vehicles were identified as the main contributing factors that led to the increase in sales. Sales in the Asian and Chinese markets increased by 21.2% thanks to the strong sales of the Mistra, a localized mid-sized sedan, and other localized models in China. In 2014, combined production capacity of three plants was increased by 150,000 units which create potential for increased production and sales of Hyundai vehicles in the Chinese market. European economy had yet another slow year in 2013. Lack of confidence in the economic recovery in the Euro zone led to reduced overall demand for automobiles with sales down by 8.6% with 445,700 fewer units sold in 2013. The global economy is expected to have a much slower recovery from the financial crisis than was previously predicted. As a result, the global automotive market is expected to experience a slow down for some years to come. Such expectations have made HMC shift its focus to qualitative growth through internal improvements and building capacity for future competitiveness. In addition to building internal capacity, we plan to increase sales by 2.7% to 4.9 million units.

2013 Global production volume

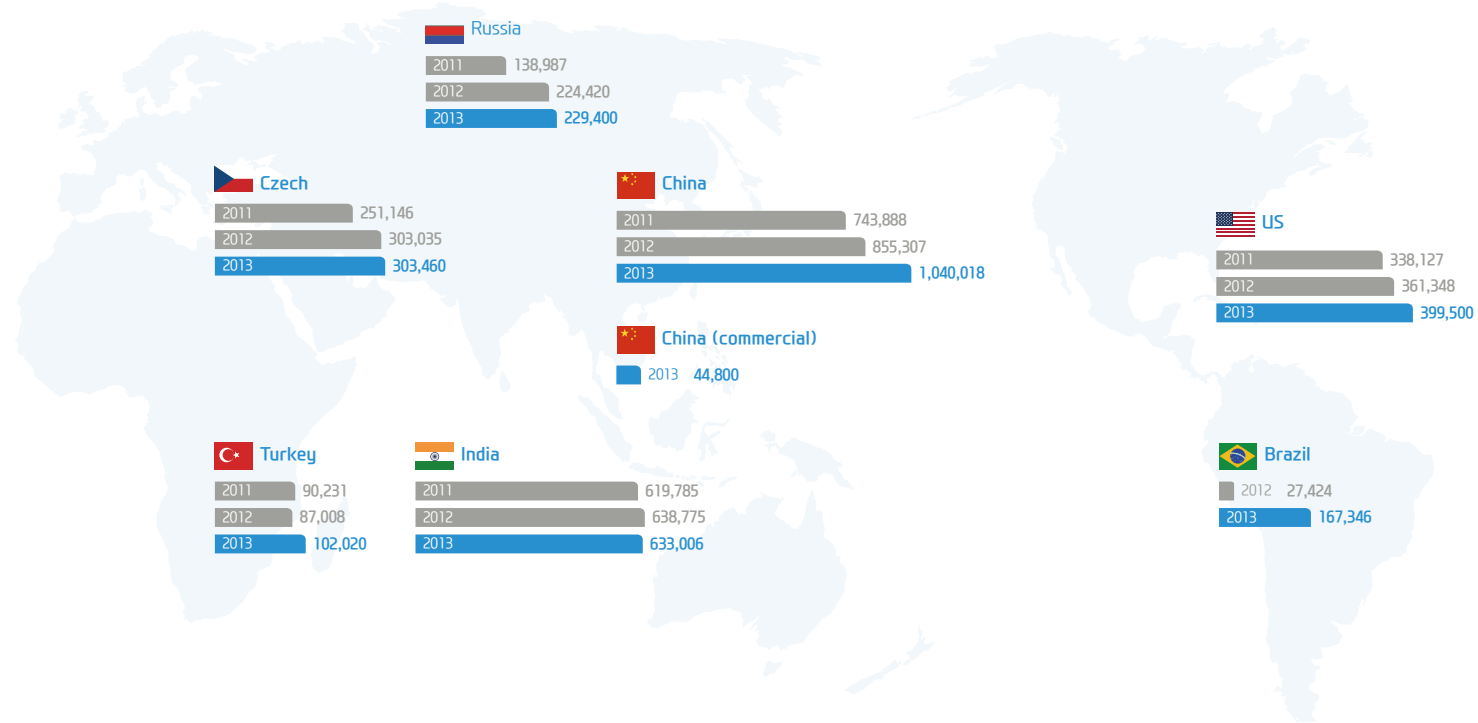


2013 Global sales volume



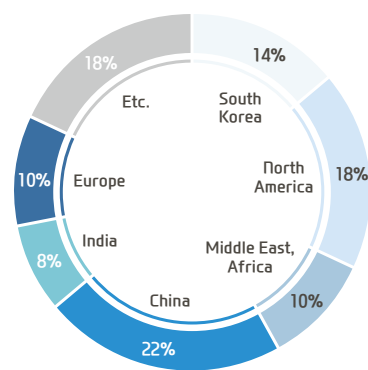
Global production by country

Unit: vehicles



Sales shares

Unit: %



Global production

Legend: Korea (light blue), Overseas (dark blue)



Global sales

Legend: Korea (light blue), Overseas (dark blue)



Business performance

The global economic recession, which began in 2011, continued into 2013. The demand for automobiles has fallen in many markets including Europe. Despite uncertainties and challenges, HMC still achieved record sales and production volume due to an aggressive investment strategy and focus on product quality.

Financial performance status

Key Financial indicators	2011		2012		2013	
	Consolidated	HMC only	Consolidated	HMC only	Consolidated	HMC only
Sales (billion KRW)	77,798	42,774	84,470	43,162	87,308	41,691
Operating profits (billion KRW)	8,029	4,684	8,437	4,297	8,315	3,721
Operating profits (%)	10.3	11.0	10.0	10.0	9.5	8.9
Net profit (billion KRW)	8,105	4,741	9,056	5,273	8,993	5,182
EBITDA (billion KRW)	10,364	6,242	10,961	5,952	10,866	5,341
Total capital (billion KRW)	40,328	32,522	47,918	37,020	56,583	41,952

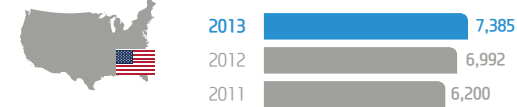
* Figures for operating profit in previous years have changed due to changes in accounting standards.

* EBITDA = Operating profit + Depreciation of tangible assets + Depreciation of real estate held as investment + Depreciation of intangible assets

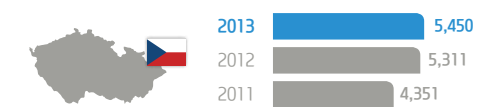
Sales by regional HQs

Based on sales data from only HMC before adjustment for consolidation, unit: billion KRW

US (HMMA)



Czech (HMMC)



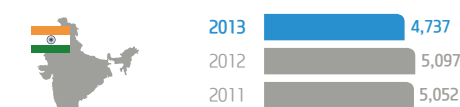
China (BHMC)



Russia (HMMR)



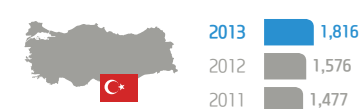
India (HMI)



Brazil (HMB)

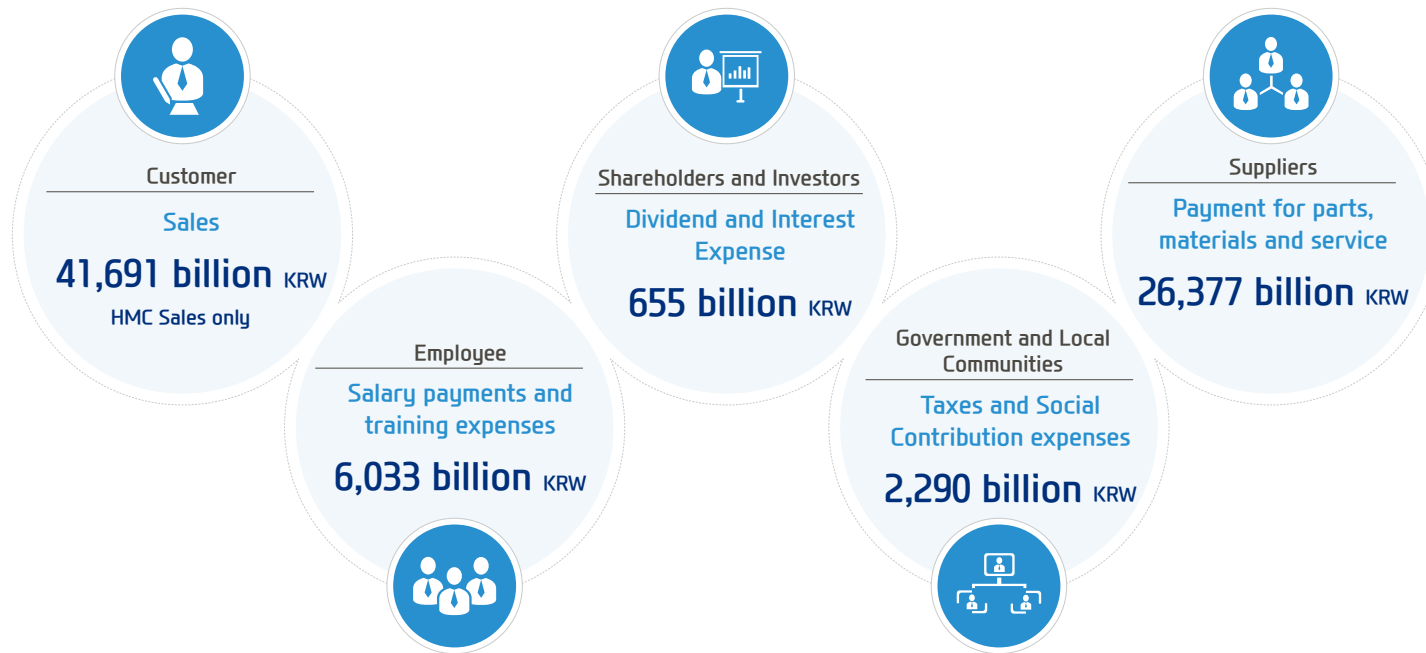


Turkey (HAOS)



Distribution of Economic Gains

Sharing Economic Gains with stakeholders



Investors and Shareholders

HMC pays dividends to share its economic gains with its shareholders. In 2013, we paid a cash dividend of 1,950 KRW for each common share. The total dividend payment was 534.4 billion KRW, which was an increase of 2.6% compared to the previous year. Interest expense for 2013 was 120.6 billion KRW which was a decrease of 40.5% from 2011.

Dividend Payment to Shareholders		2011	2012	2013
Dividend per share (dividend rate) (in KRW)	Common Shares	1,750	1,900	1,950
	1st preferred stock	1,800	1,950	2,000
	2nd preferred stock	1,850	2,000	2,050
	3rd preferred stock	1,800	1,950	2,000
Earnings per share (in KRW)	Earnings per share	17,456	19,404	19,065
	Diluted earnings per share	17,456	19,404	19,065
Total Dividend (in million KRW)		480,105	520,833	534,409
Interest Expense (in million KRW)		286,672	202,716	120,605

Employee

In 2013, HMC paid a total of 5,994 billion KRW to employees, which was an increase of 7.3% from 2012. Payment to employees includes salaries, retirement benefits and fringe benefits. Employee training expenses increased to 39 billion KRW which was an 8.3% increase compared to 2012.

Employee salary and training expenses		(Unit: billion KRW)		
	2011	2012	2013	
Salary	5,298	5,587	5,994	
Training expenses	28	36	39	

Suppliers

Payment for parts and materials was 25,844 billion KRW while payment for services was 533 billion KRW. These two expenses accounted for 63.3% of total sales.

Purchasing expenses		(Unit: billion KRW)		
	2011	2012	2013	
Materials	26,054	26,411	25,844	
Outsourced service	537	590	533	
Proportion of supplier payment to sales (%)	62.2	62.6	63.3	

Government and local communities

Tax paid to central and regional government by HMC in 2013 was 2,290 billion KRW (central government: 2,046 billion KRW, regional government: 175 billion KRW). CSR activity expenses were 68.9 billion KRW in total.

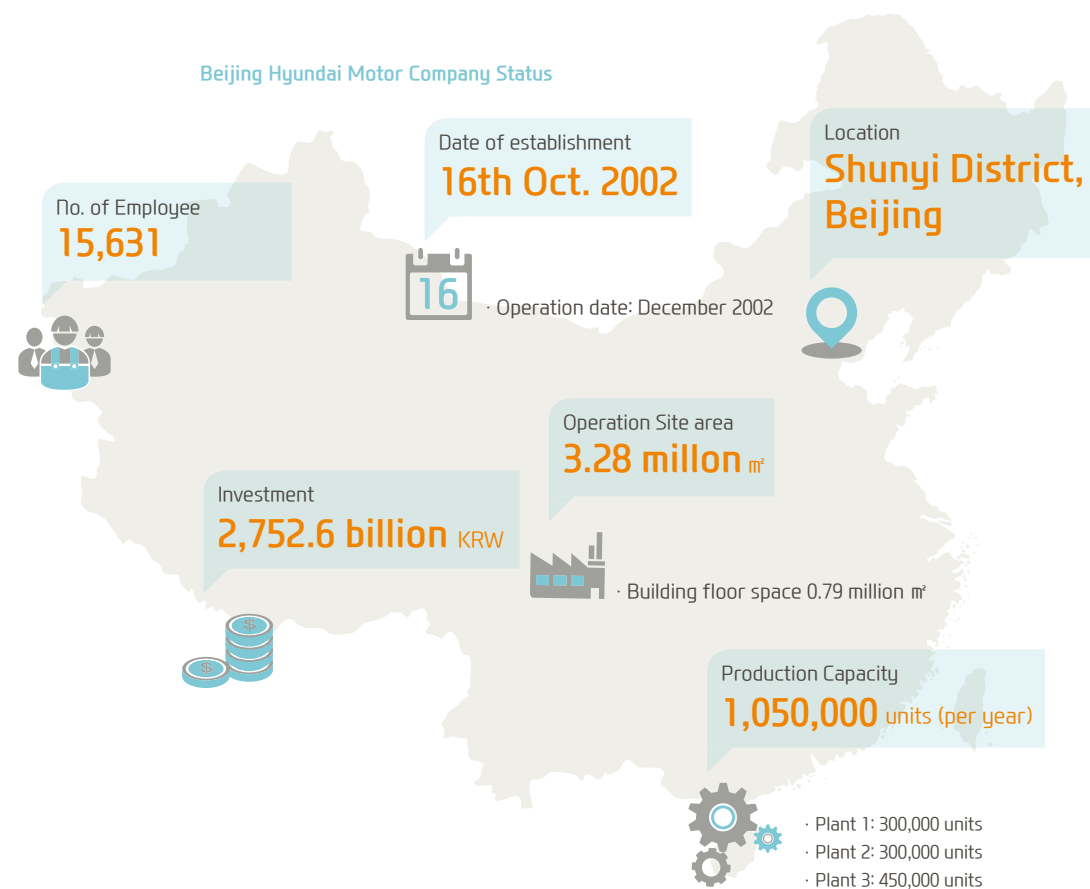
Tax Payment and Social Contribution Expenses		(Unit: billion KRW)		
	2011	2012	2013	
Central government tax	2,585	2,105.7	2,046.1	
Regional government tax	194	176.4	175.0	
CSR activity expenses	75.2	74.2	68.9	

Chinese vehicle sales top 20 million

In 2013, China became the first market to sell in excess of 20 million automobiles. The China auto market is expected to grow in 2014, not only as the largest auto market in the world by far but with largest sales in history. There is no doubt that China will remain as the largest automobile market in the world surpassing the US and EU by a very large margin especially with those two markets experiencing a slight decline.

Hyundai began operation of its first production plant in China with the Beijing Hyundai Motor Company, in 2002. Only a little more than a decade, Hyundai's sales in China has increased to one million units per year placing Hyundai 4th in sales ranking with a strong reputation for quality. It was the fastest growth has been achieved by any company in China. Beijing Hyundai Motor Company is working diligently to maintain its momentum for yet another decade of record growth and supply its high quality automobiles to more customers.

Beijing Hyundai Motor Company Status



2013 Sales in China



Status: production and sales In 2012, the third plant of Beijing Hyundai Motor Company (BHMC) became operational, pushing annual production capacity to 1.05 million units. Sales and production have increased by 15% per year since. In 2013, sales exceeded the 0.97 million sales target for both wholesale and retail sales targets, at 1.031 million units (106%) and 1.01 million units (104%) respectively. The sales share of midsize and luxury models have increased from 34% to 41% significantly contributing to the increase in sales. Beijing Hyundai Motor Company plans to expand its sales of SUVs in China by offering a full range of SUVs and actively promoting them in the market.

BHMC Production



BHMC Sales



BHMC ranked 1st in 2013 China Initial Quality Study among locally produced brands



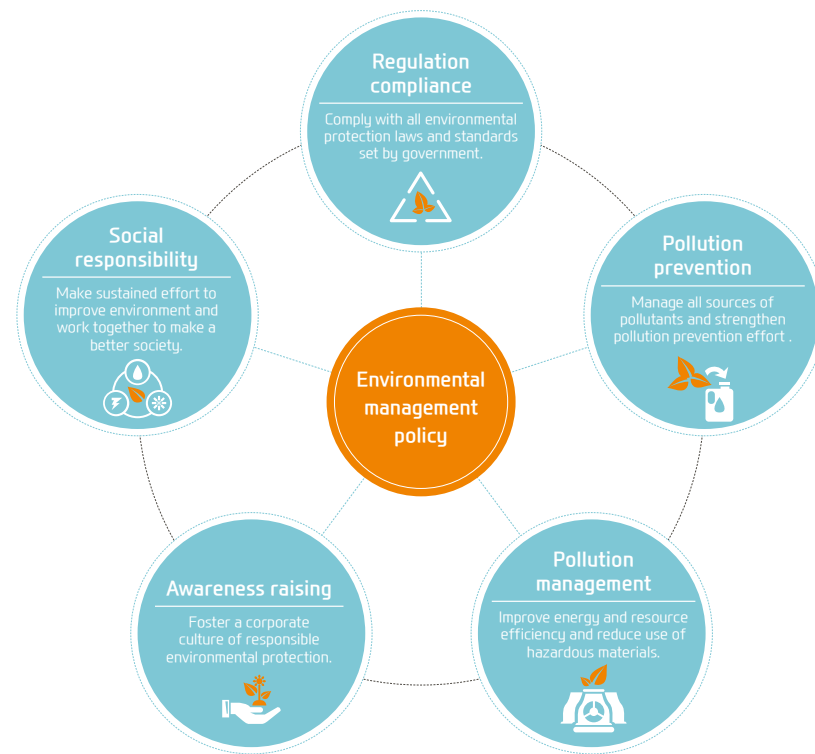
J.D. Power Asia Pacific
2013 China Initial Quality Study

Ensuring exceptional product quality BHMC has earned a strong reputation for product quality in the Chinese auto market. In the J.D. Power Asia Pacific 2013 China Initial Quality Study, Hyundai received 81 points which was the highest among brands with local production capacity.

Two Hyundai models, the Sonata and Verna (Accent), were selected as segment winners for Upper Premium Midsize and Entry Midsize segments respectively. The outcome has significantly contributed to boosting Hyundai's brand image in China especially with the Sonata becoming the winner of the Upper Premium Midsize segment which in turn is setting the foundation for Hyundai's entry into the mid-size and luxury segments.

BHMC placed second in the Auto Sales Satisfaction Rating announced in June 2013 and placed fourth in the China Customer Service Index in July 2013. Of the three new models launched in 2013, the Santa Fe and Langdong placed first in Customer Satisfaction for Quality conducted by the China Association for Quality, reaffirming Hyundai's reputation for quality.

Environmental management Beijing Hyundai Motor Company (BHMC) is striving to abide by environmental management practices of the highest standard in order to provide the best environmental protection and fulfill social responsibility. Aspired to become an environmental leader in the industry, BHMC has set eight environmental management objectives as priority areas. The eight priority areas are reduction of CO₂ emissions, volatile organic compounds, use of hazardous materials, waste and energy consumption, ISO 14001 environmental management certification, clean production structure, and lastly, increased CSR activities. BHMC has launched activities to make progress and has also undertaken implementation of new environmental management structure to proactively respond to environmental regulation policies in China. BHMC will make a continued effort to improve its environmental performance until its operation become truly sustainable.



Hyundai Motor selected as Most Socially Responsible Company in China for four consecutive years



Hyundai Green Zone China In 2008, we launched 'Hyundai Green Zone China' which aimed to prevent desertification of China. The Kunshantag desert, which is one of the sources of notorious yellow dust storm, in Chakanor region of Inner Mongolia was selected for the project. During the project, volunteers sponsored by Hyundai planted Suaeda which has high tolerance for the alkaline soil of the desert and erected protective fences to cultivate them. Thanks to sustained effort, the desert on the west side of the lake turned into green grassland spanning more than 50 million square meters.

The members of the Happy Move Global Volunteer Corps, another Hyundai sponsored volunteer groups, consists of energetic college students who supported the effort. Volunteers are recruited twice a year and are sent to the Kushantag area. In recognition of BHMC's contribution to the prevention of desertification, the Chinese government selected BHMC as its Most Socially Responsible Company for four consecutive years since 2010.

Traffic safety campaign The rate of traffic-related accidents is on the rise as the number of automobiles is increasing. Hyundai has launched a traffic safety campaign to promote traffic safety among Chinese children.

In 2013, we launched the children's traffic safety campaign with 'Robo Car Poli', a popular computer animation which enjoyed significant popularity in Korea. The first season was released in 2013 on CCTV-14, a network for children operated by the Chinese government. The campaign was well received with positive viewer reaction for its educational contents on traffic safety. It also generated positive publicity for the Hyundai brand. Thanks to the popularity of the first season, CCTV has aired the second season between January and April 2014.

Scholarship for Chinese students in need Hyundai Motor has been operating support programs for Chinese students in need. The programs fall into three categories. First, the 'Dream class' program focuses on installing multimedia equipment in schools in Tibet, Inner Mongolia, Shanxi and Sanxi provinces as well as Yanji city. We have supported four to eight schools per year between 2011 and 2012 with donations of 1.7 million Yuan. In 2013, we supported eight schools by donating 1.1 million Yuan.

'Hope Elementary School' is another project which is an initiative for building elementary schools. Hyundai donated 4 million Yuan for the construction of thirty elementary schools per year in impoverished villages. A total of 1.5 million Yuan was allocated in 2013 the same program. The third program is Equus scholarship, funding of which consists of one percent of the sales revenue for each Equus sold. In 2013, three hundred university students benefited from the Equus scholarship.

What we mean by 'SHARED VALUE'

CREATING SHARED VALUE

[Share value] Hyundai Motor and the global community driving forward to a better future



01 Smart car: Wings for the disabled

Sungju, who thought he would never have the opportunity to drive, can finally get a step closer to his dream of becoming a car racer.

02 Dream center: Dream lives on

Hyundai established its second Dream Center in Indonesia

03 Recruiting new talent for the benefit of both

Hyundai is working with its suppliers to recruit the best talent possible. Suppliers recruited more than 17,000 new staff in 2013.

04 Environmental technologies: Zero pollution

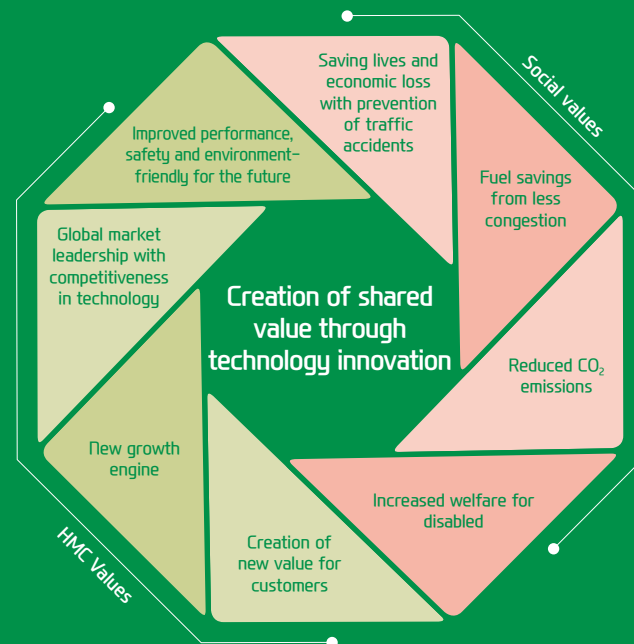
Establishment of a mass production system for fuel cell electric vehicles that emit zero pollution takes everyone one step closer to energy justice

05 End of life automobile: A treasure box in disguise

Hyundai created a new Automobile Recycling Center in Mongolia in order to create shared value for all members of the global community

01

Shared value of technology innovation



Smart car, serving as wings for the disabled

The Idea Festival Smart car technology competition

Hyundai motor concept car The HND-9 Venace



The automotive industry used to be the mechanical engineering industry, but it is now transforming into a digital convergence device. Recent advancement in sensors and other components has spurred a strong interest in the creation of intelligent vehicles commonly referred to as 'Smart cars'. Smart cars have great social value because they have the potential to grant mobility to people with disabilities. Hyundai hosts the 'Idea Festival' which promotes innovation and creativity among development team and promotes great social value of smart cars. The '4th R&D Way Idea Festival - Making People's Dream Come True' was held at the Namyang R&D Center on October 10 last year. The GLOVE's smart car development project received great attention from participants, as well as some media, for demonstrating the value of smart car technologies.

1. Smart cars that grant enhanced mobility with use of integrated digital technologies
2. The annual Idea Festival was created to motivate R&D engineers for innovation



Leading technology innovation that works for people

Hyundai presented the future of mobility with a concept car at the 2013 Seoul Motor Show. The concept car has many innovative features such as a sensor located on the center fascia which skips tunes and changes volume in conjunction with a driver's body or hand gesture. Although it may seem like a convenience feature, it is actually designed to reduce distraction, thereby supporting safe driving.

We are also working on a comprehensive on-board health check system which monitors blood pressure, heart, body fat index, stress level and so on. The system, named the 'U-Healthcare' system, could help people suffering from chronic disease as it monitors their health while potentially avoiding dangerous situations.

Telematics systems with Internet links which allows remote engine start-up, preheating or cooling, check status information, such as fuel level, and checking distance driven are now fairly common in automobiles. Thanks to telematics systems, third-party auto navigation systems are no longer necessary in many new cars. Hyundai plans to introduce a new telematics system with 'Bluelink' which is interconnected with Google Glass.

The owners of the new Genesis will be able to enjoy new level of convenience such as starting the car and preheating the car during winter with a voice command. Google Glass will have other functionalities such as alerting drivers when parts need to be replaced. Together with smart phones, telematics systems are making mechanical keys, which have been around for more than 70 years, obsolete.

The ultimate aim of Hyundai Motor in automobile development is not just making a killer app for remote access but making cars that are humanistic. Hyundai wants to create new social value with technological innovation and become a new leader of automobile culture in the 21st century with dignity.

Hyundai has been presenting new concept cars at major international auto shows that show what the future of smart cars would be like. The HND-9 Venace is the latest concept car for Hyundai and was presented at the 2013 Seoul International Motor Show.



Tablet PC for future Hyundai models

- Web surfing enabled
- Custom App Store
- Remote access using Smartphone
- Traffic information, navigation function
- Automated accident reporting, remote diagnostics
- Visual sensor-enabled safety device
- Eco-coach for fuel efficient driving
- Audio control with hand gesture



Body/hand gesture recognition

Control audio and other functions without pressing buttons



Remote Access

Smart phone app for engine start, climate control and more



Health care system

Sensors on steering wheel monitors health condition including blood pressure, stress level and so on



Automated driving

Detect and analyze the surrounding environment and automatically drive without driver input



HND-9 Venace comes equipped with advanced 'humanistic' technologies with automated driving, healthcare, remote control access.

The Road to Sustainability

Sustainability Management: Philosophy and Foundation	4
Creating Shared Value	32
Top 5 Sustainable Management Issues	56
Sustainability Management Performance	84
Appendix	103

Creating Shared Value

01. Shared value of technology innovation: Smart car, serving as wings for the disabled 34
02. Fostering Global Competency Building: Hyundai KOICA Dream Center in Indonesia 40
03. Growing with partners: Supplier Job Fair 44
04. Realizing energy justice: Popularization of Fuel Cell Electric vehicles 46
05. Recycling automobiles: Establishment of a vehicle recycling center in Mongolia 50

01. Shared value of technology innovation



Sungju Lee | Industrial Bank of Korea



Doyeon Cho | Commercial Vehicle Development Center



Glove! Let's go for a spin

Born with dwarfism, driving a car was ruled out of my life since early on. I enjoyed riding in cars, but I never thought I would find myself in the drivers' seat. Then one day, I was faced with a new possibility which might just enable me to do the impossible. I was introduced to the Glove. No, the Glove did not just drop out of the sky but was created by my dear friend Doyeon who was working at the Hyundai Motor R&D center who promised to make a car that is just right for me. The opportunity came when the Idea Festival which had the theme of making people's dreams come true. Making the one and only car that can take you where you want to be sounded like something out of a children's tale.

I was excited, but I had hard time believing that I could be the main character of such a fantastic tale. However, I trusted Doyeon, so I met with the Glove development team who measured my hand and finger size for the development of customized control mechanism. I waited and waited; one day excited about the possibility and the next day bracing for inevitable disappointment.

My first encounter with the Glove was through a computer simulation program called Katia. Although it was only a computer model, it gave me a much better idea of what it would look like, and I began to believe. I made another visit to the R&D center one month before the festival day for my first introduction to the Glove. At first glance, I was not hugely impressed with a go-kart like structure with a glove-control unit located where my left hand is. However, I felt a great sense of liberation as I turned left and right going forward and backward. It was a dream car with a one of a kind control mechanism.

On October 10, 2013, the Idea Festival began, and I drove using the Glove smoothly showing off what my friend and his teammates had done to make my dream come true. Reporters and participants showed great interest in the Glove which I was able to operate with ease. That day, I was interviewed by many reporters. Team Glove did not win the grand prize but every member of the Glove project, Sangho, Chiyoung, Jaehwan, Gyungwoi, Yongsuk and my friend Doyeon, were grand prize winners for their passion and hard work.

Before the Glove, I had never thought that Hyundai Motor would have such an impact on my life. I always suffered from limitations in my mobility and thought I would never be a customer of an automobile company, but the Glove team taught me that I might just be a Hyundai owner in future; an exciting thought. This year's Idea Festival fulfilled my personal wish; I hope the Idea Festival lives on and provides similar great joy to many more people.



Sungju Lee is having a ball test-driving a smart car built by the Team Glove of the Hyundai R&D Center. The project showed how a smart car can provide wings to the disabled.

Using my skills to empower you

When I am driving, I always think about how to make things better and more convenient from a customers' point of view. When I decided to enter the competition, I thought about Sungju who I met in high school. Sungju suffers from dwarfism and, therefore, has never enjoyed the excitement of driving. I felt sorry for him, but it never occurred to me that I might be able to help him gain the experience of driving. It seemed clear that Sungju never thought of driving before, his face was skeptical when I first told him the idea.

The project had a very modest beginning, but our ambition grew as we learned more about what people with physical disabilities must deal. I talked to many people with various disabilities and learned so much about what people with disabilities thought about cars. I used to think that people with disabilities would not particularly desire a car. However, I learned during an interview that it is actually people with disabilities who most strongly desired a car.

Developing cars for people with disabilities is not as easy as adding various extra devices that are needed to be installed which makes the development of dedicated models commercially non-viable. So, I started out with very little ambition. However, I felt a strong sense of social responsibility as an engineer as project progressed, in addition to a need to develop technologies for those who need the support the most.

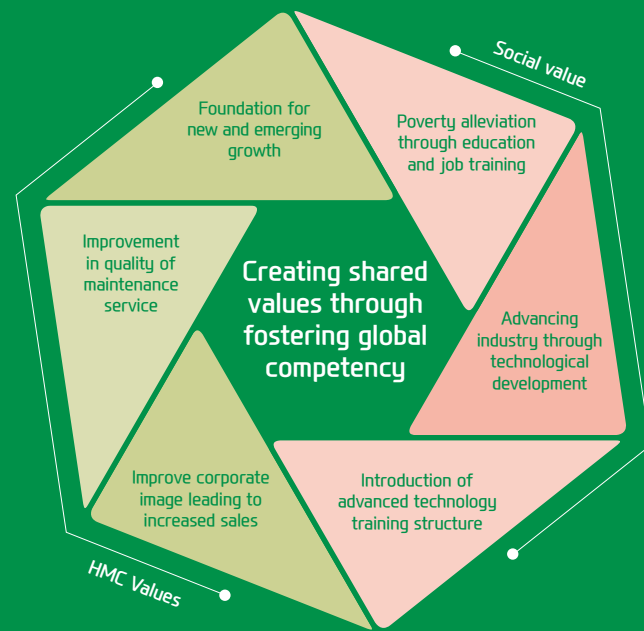
In the end, the team produced a customer made vehicle for Sungju. Although we didn't win any prizes, seeing Sungju freely driving his car with a big smile on his face was a big reward in itself. After the project, I found myself eager to help other people with disabilities by developing cars that work for them.

I am very proud that Hyundai can be a strong supporter of people in need as well through development. My team only produced a small vehicle for one particular person, yet I have a feeling that our work can lead to something much bigger in the future. The value of technological innovation is that it leads to the creation of benefits that can be shared while strengthening human bonds in the process. Personally, I was most pleased to learn that my skills have great social value. I thank everyone who worked with me on the project.

A Braille version of this page for the visually impaired can be found on page 115.

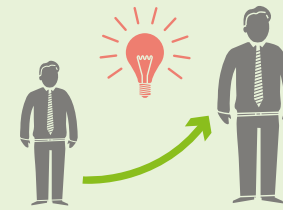
02

Fostering Global Competency Building



Hyundai KOICA Dream Center in Indonesia

Building a foundation of economic growth by fostering human resource



Ghana is one of the most politically stable countries in Africa with a democratic government providing promising growth potential. Most of the cars in Koforidua, a city located in the eastern part of Ghana, are used cars from developed countries. This makes having skilled repair/maintenance mechanics crucial for the local economy but there are very few in the area. Hyundai collaborated with KOICA and opened a Hyundai-KOICA Dream Center, a training school for auto mechanics. It was highly praised as an exemplary new public-private partnership model. Thanks to the success of the 1st Dream center, we opened our second dream center in Indonesia in 2013.

© Ghana Dream Center



1, 2. Hyundai opened the Ghana KOICA Dream Center to foster well-skilled auto technicians for the local economy.

© Indonesia Dream Center



1, 2. The second Dream Center was established in Indonesia. The center will foster highly skilled auto technicians. Many local residents celebrated opening of the center.

Ghana Hyundai-Koica Dream Center: A new model of public-private partnership



Established in December 2012, the Hyundai-KOICA Dream Center is a high school specialized for technical training. Hyundai collaborated with KOICA and Plan Korea to transfer auto repair skills and foster skilled repair/maintenance technicians. Hyundai is also actively involved in operation and through the provision of instructors to ensure the quality of education. As of 2013, there are 59 freshmen and 64 sophomores attending the school learning basic science and English in addition to training on vehicle repair. Hyundai is also conducting workshops to train new instructors and also offers scholarships for outstanding students for their tuitions and other educational expenses. The center is praised as an outstanding example of public-private partnership.

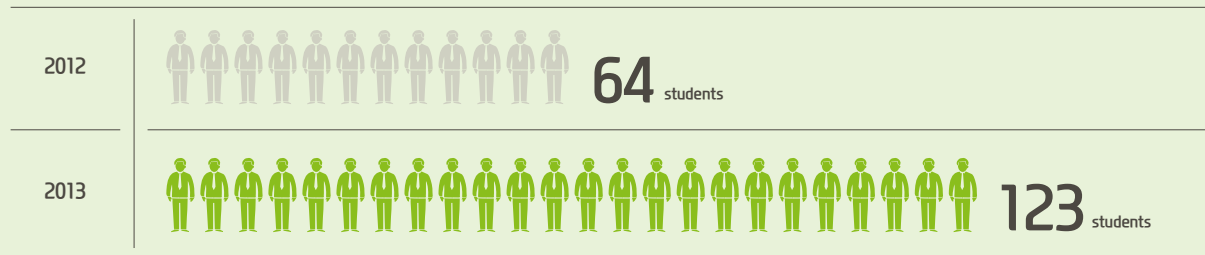
The second seedling of hope planted



When we make contributions to local communities, we see it as an investment for the future. We want to grow with the local communities and this is precisely why we established the second Dream Center in Indonesia. Indonesia is one of the fastest growing economies in the world with an economic growth rate of 6%. This led to a larger number of middle income families which is driving up demand for automobiles. Despite the fast economic growth, Indonesian youths are suffering from lack of education, job opportunities and lack of other social infrastructure which leads to high unemployment rates and social unrest.

Hyundai saw potential of making a contribution by establishing a Dream Center which will build local capacity for vehicle maintenance while helping local youths find jobs. The establishment began with the signing of an agreement among the partner institutions KOICA and Plan Korea. The center was opened in January 2014. The Indonesian center offers three courses offering 'basic', 'intermediate' and 'advanced' instruction over a seven month period. The center also supports graduates by helping to find jobs or help them set up their own business. We plan to work with local partners to provide loans for the students who want to open their own shops.

© Student attending the Dream Center



Interview – Ghana Dream Center Students



“ I want to be the best mechanic in the area and set up my own shop. ”

Zaratu Abdulai

Hi, my name is Zaratu, and I live in a region called Ada in Ghana. I am in my second year, and I have learned a great deal about automotive engineering and new skills at the center. We have training facilities where I can practice often including taking parts apart and putting together vehicles, a process which teaches you a great about assembly and how it works. I want to finish my training, become a great mechanic, and eventually own my own business. I will then be able to not only make a living but create jobs for other people. I want to express my deepest gratitude for everyone at the Hyundai-KOICA Dream Center.



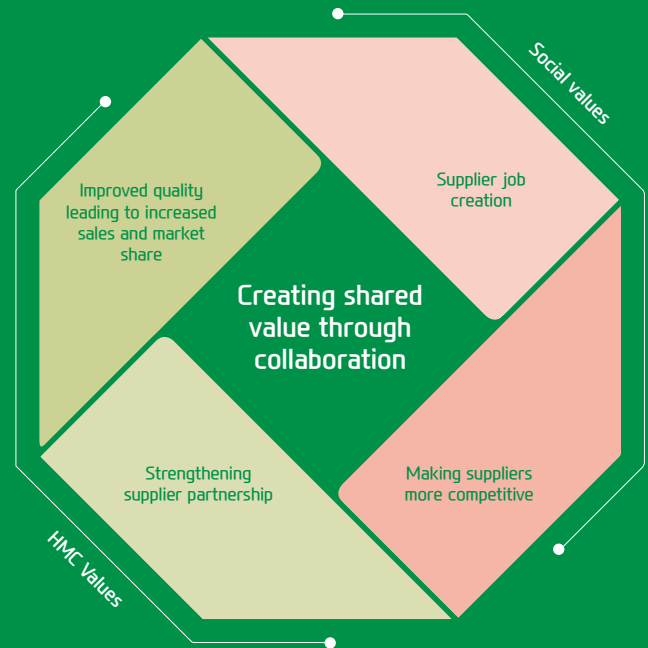
“ One day, I want to be an instructor for the Dream Center as well. ”

Nuhu Fuseini

My name is Nuhu, I am in my first year at the Dream Center. I am sixteen years old, and I have been learning about how to operate maintenance equipment and many other topics. The Dream Center is the first place where people can get training in auto repair. I want to become an auto mechanic and also teach others how to repair automobiles. The instructors here are very understanding and are always willing to help me when I visit them with questions. I do wish that we had more equipment for diagnostics, however.

03

Growing with partners



Supplier job fair

Sharing the burden with suppliers



Due to a slow economy and uncertain future prospects, youth unemployment and income polarization have emerged as important social issues. This has prompted the Korean government to put job creation and shared growth as key policy priorities. Recognizing the two issues as serious problems, Hyundai has been holding Hyundai supplier job fairs to help create jobs and help suppliers find talented workers. The first supplier job fair was held in 2012 and generated many positive reactions from both suppliers and job seekers. The second supplier job fair was held in March 2013 with a much larger number of companies and job seekers participating.



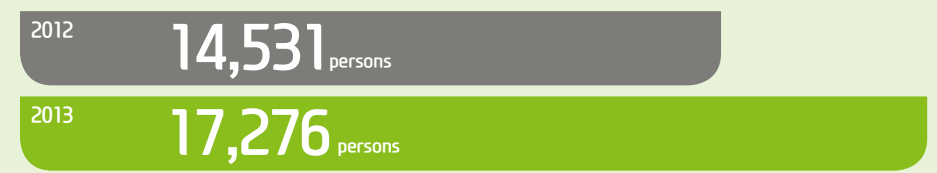
The second Hyundai supplier job fair held for recruitment of talented workers.

The second supplier job fair



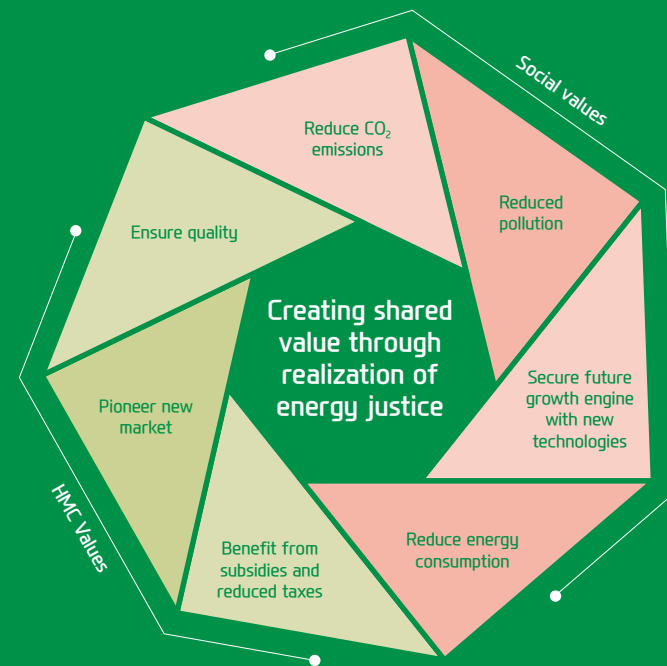
The chairman of Hyundai Motor Group, Mr. Mong-koo Chung's commitment to "create high quality jobs through win-win growth with suppliers" was the force behind the Hyundai supplier job fair. It is one of the Hyundai's most unique programs design to benefit suppliers. By backing the job fair, Hyundai boosts its profile of our suppliers which otherwise struggle to recruit strong talent because most job seekers prefer larger companies and are reluctant to work for SMEs. Hyundai undertook all the administrative work from planning to promotion and also established an on-line recruitment platform. The site is designed to provide information about well-qualified candidates to supplier companies. In 2014, the on-line recruitment platform will be first established for 1st-tier suppliers. It will then be expanded to the 2nd and 3rd-tier suppliers later. In 2013, more than 348 Hyundai suppliers which consisted of part manufacturers, repair/maintenance service partners, and 2nd and 3rd-tier supplier companies participated in the second job fair held in Seoul, Gwangju and Daegu. The job fair was a great success with 17,276 people finding jobs in 2013, which is a significant increase from 14,531 from the first job fair. Hyundai is committed to creating jobs by supporting suppliers and helping strengthen the competitiveness of Hyundai and its suppliers.

© No. of jobseekers recruited through job fair



04

Realizing energy justice



Popularization of Fuel Cell Electric vehicles

The age of hydrogen energy

Fossil fuel has enabled us to build a prosperous society yet it is now facing depletion and causing global warming as well as other environmental problems. Renewable energy is cleaner but has intermittency issues which require large energy storage devices. The most efficient energy storage solution is hydrogen production and storage. Hydrogen does not generate any pollution when it is used and it can easily be transported and stored in liquid or gaseous form. It can be also produced using water, making it one of the most promising sources of energy of future. A transition from fossil fuel to hydrogen will allow us to break away from carbon emissions. Believe it or not, a hydrogen-based economy, which depends on production and storage of large quantities of hydrogen, is much closer than one might think.

© Regions where fuel cell electric vehicle are sold



A new paradigm in the future of automobiles

Hyundai first introduced the Tucson ix FCEV for mass production at the 2012 Paris Motor Show in September 2012 and announced its bold plan to become the first automaker to establish capacity to mass produce FCEVs.

An FCEV runs on hydrogen and has a fuel cell electric system which consists of a fuel cell stack, an electric motor, a control unit, a battery and a hydrogen tank. When hydrogen from the hydrogen tank is supplied to the fuel cell stack, hydrogen is broken into a hydrogen ion and an electron. The hydrogen ion then reacts with oxygen and become water while the electron is sent to the motor which creates torque for the car. Nothing but pure water is generated during the process making it a zero emission vehicle. Considering that automobiles are the major source of pollution especially in urban areas, an FCEV is a tremendous improvement over conventional technology.

Hyundai manufactured its first fuel cell electric car in 1998 and subsequently launched project "Polaris" which aimed to develop a propriety fuel cell stack for an automotive application. In 2006, Hyundai succeeded in developing a high-performance fuel cell stack made of in-house developed parts. The development team made improvements in performance, successful modularization, lower cost materials and mass production methods with the aim of creating the world's first mass production FCEV. Finally, Hyundai began operation of the first FCEV mass production plant for the Tucson ix FCEV in 2013.

In 2012, the Tucson ix FCEV successfully completed a European road tour proving its reliability and environmental benefits, and the vehicles were then supplied to the market. In 2014, the Tucson ix FCEV will be launched in Korea and the US. As of March 2014, FCEVs are supplied to government organizations in a small volume, but they will be made available for regular consumers later this year.

The establishment of a mass production plant for the FCEV was made possible through close collaboration with suppliers. More than 120 suppliers participated in the development and production of necessary parts. Hyundai made an extra effort to develop core parts in-house and in-Korea. Thanks to the effort, more than 95% of parts are supplied either in-house or by Korean suppliers. We have come a long way in improving part performance and achieving reductions in cost, and we expect to benefit significantly as the FCEV market expands overseas.



World's first FCEV mass production starts operation in 2013

Begin first US sales of FCEVs to regular consumers in 2014

FCEVs emit nothing but 100% pure water, making it an ideal vehicle of future. Tucson ix FCEV (right) will be launched in the US market in 2014.



Greenhouse gas emissions

FCEV



Conventional car



Tailpipe emissions

FCEV



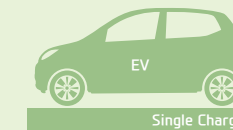
Conventional car



Charging time and range

Electric car

140km



Charging time : 30 minutes
Range per charge: up to 140 km

FCEV

3:00



Charging time: 3 minutes
Range per charge: up to 594 km

594km

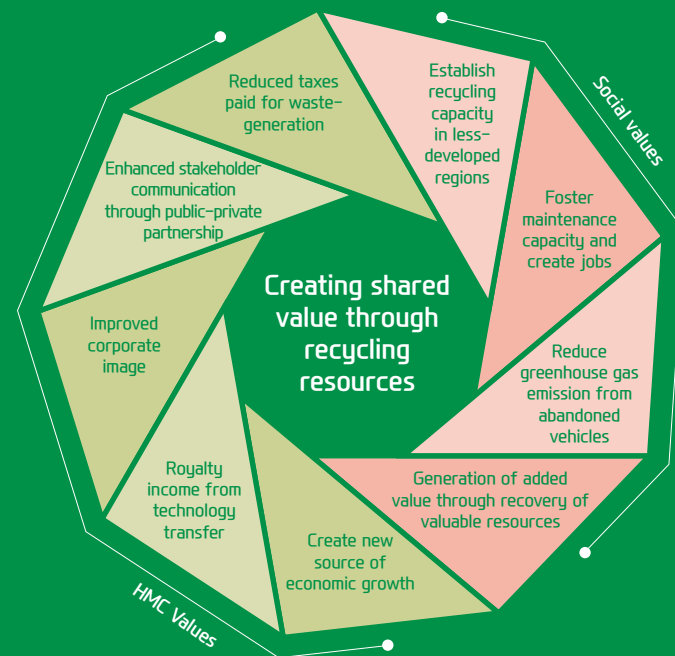
Accelerating the future

FCEVs have proven green credentials. However, hydrogen infrastructure is necessary to make the FCEV viable for regular consumers which will require support from governments and other stakeholders. In Korea, there are 13 hydrogen stations, most of which are located in major cities. Hydrogen stations are far fewer in numbers compared to gas stations.

Although there is only small number of stations, it only takes 3 to 5 minutes to fully charge an FCEV which allow a single station to charge 400 to 1,000 FCEVs per day. We expect more hydrogen stations to be built in the near future making charging much more convenient. In the meantime, supplying large quantities of hydrogen for the small number of hydrogen stations may cause some issues. The US government and European Union are introducing new policies to support FCEVs as a means of achieving reductions in carbon emissions. The US government is implementing various support policies for green cars and specific incentives for FCEVs which is expected to accelerate the expansion of the hydrogen infrastructure. The state of California has passed a new policy to incentivize the transition to low carbon vehicles which includes a significant budget for the establishment of hydrogen stations.

In-depth dialogue with relevant stakeholders will be necessary before extensive hydrogen infrastructure can be established. Hyundai also needs to implement programs and initiatives to actively promote FCEVs. Anticipating the coming of the hydrogen age, there are a number of institutions and organizations that represent the hydrogen industry. The Korea Hydrogen Industry Association, the first organization that represents hydrogen industry was created in January 2014. We expect the association to grow as more companies join. Hyundai will actively work with the association to prepare for the hydrogen age.

05 Recycling automobiles



Establishment of a vehicle recycling center in Mongolia

Finding valuable resource from end of life vehicles

Abandoned vehicles can generate significant damage to the environment. However, it can be a source of valuable resources if properly recycled. Starting from 2015, the European Union requires more than 95% of a vehicle (by weight) to be recycled starting in 2015. Other governments, including the US, Japan and Korea, are introducing similar requirements. The Korea Ministry of Environment launched the “End of life vehicle resource recycling advancement program” in 2012.

Hyundai has been participating in the project, and achieved a 92.5% recycling rate by recycling more than 134,000 vehicles. This has contributed to CO2 emissions reduction equivalent to 114,000 tons which can be absorbed by a forest the size of 140,000 football (soccer) fields. The economic benefit from the recycling program is estimated at 6.2 billion KRW.



Demonstrating leadership in developing countries

Most automobiles in Mongolia are imported used cars from developed countries. As of 2013, 0.65 million registered automobiles are in operation, 75% which are more than 10 years old, many of which need to be retired in near future. However, Mongolia does not have either a properly equipped vehicle recycling center or the necessary technological capacity. All vehicles are processed in ill-equipped private scrap yards which do not necessarily take hazardous waste or environmental safety issues seriously. Less valuable scraps from automobiles can be found in many places.

Problems from the improper treatment of end of life vehicles are many; from pollution to loss of valuable resources. The most notorious problem is degradation of the environment from the generation of oil, battery, refrigerant and scrap wastes. Recognizing this growing problem, Hyundai has launched a vehicle recycling program to reduce pollution and prevent loss of valuable resources. Mongolia is the first country for Hyundai’s global automobile recycling initiative, and we plan to expand our program to many other countries to realize our vision.

There are many abandoned vehicles found in Mongolia and Hyundai is collaborating with the Mongolian government to recycle abandoned vehicles.



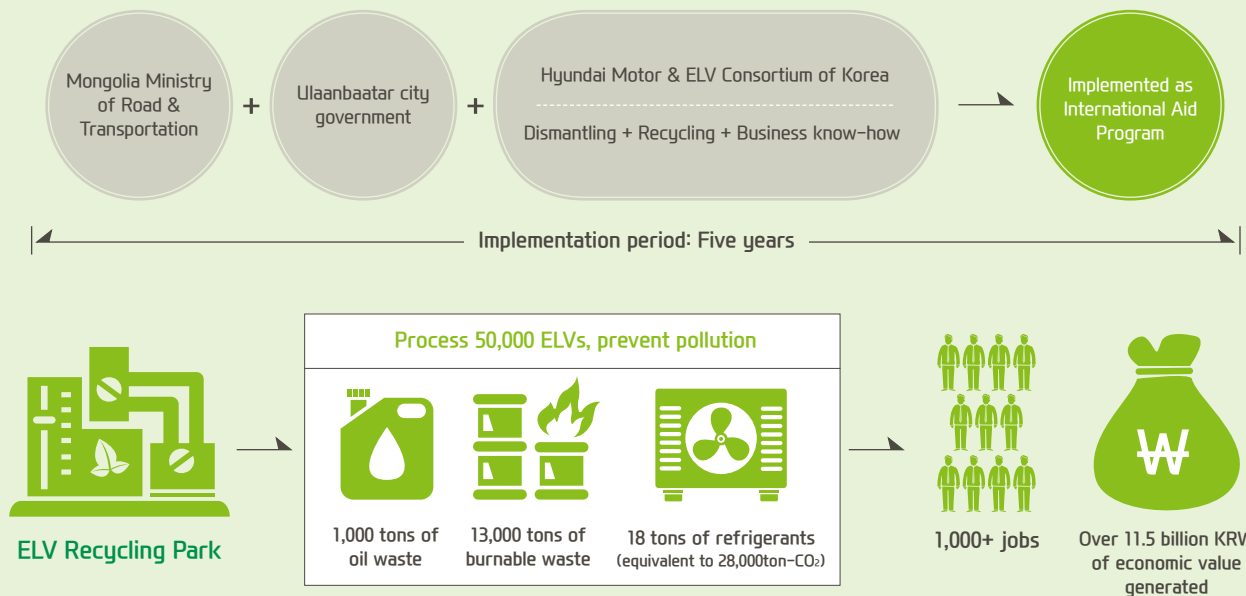
Establishing Ulaanbaatar ELV Recycling Park in Mongolia

Hyundai has formed a partnership with KOICA, the Ulaanbaatar city government, and Mongolian Ministry of Road and Transportation to transfer vehicle dismantling technologies, recycling, and recycling business know-how owned by the ELV Consortium of Korea. This international aid program will be implemented over a 5-year time period.

At the end of the five year project, the Ulaanbaatar ELV Recycling Park will be established on a 165,000 m² lot through a public-private partnership. The park will host a number of facilities that recycle parts and resources while also properly processing waste.

The park will have an annual capacity to process 50,000 automobiles per year which is expected to prevent 1,000 tons of oil waste, 13,000 tons of burnable waste, and 18 tons of refrigerants for air conditioners (equivalent to 28,000 ton-CO₂) from polluting the environment. When fully operational, the recycling park is expected to create 1,000 jobs and generate economic benefit of more than 11.5 billion KRW. The successful implementation of the project will set an innovative example in the promotion of sustainable development through an international aid program.

Hyundai-KOICA Ulaanbaatar ELV Recycling Park - Overview and Expected Benefits



INTERVIEW



BATTULGA Nergui

Director,
MINISTRY OF ROAD AND
TRANSPORTATION

Please tell us about your role in the Mongolian government?

I am responsible for the implementation of transportation policies and supervise application of laws, rules and standards. The department I am working for is highly specialized for the establishment of effective inspection and control of road vehicles, implementation of automobile service policies, establishment of new standards, manufacture of automotive parts, ELV recycling, and so on.

Can you give an overview of how Hyundai-KOICA Ulaanbaatar ELV Recycling Park came about?

Currently, we have approximately 650,000 automobiles registered in Mongolia, yet we suffer from almost a complete lack of automobile recycling capacity. So, we welcomed KOICA and Hyundai's plan for building ELV Recycling Park and gave it a green light.

What role does Mongolia government play in the establishment of the ELV Recycling Park?

The Minister of Road and Transportation has signed an MOU with the mayor of Ulaanbaatar for the collaboration for the ELV Recycling Park project, and two parties have been collaborating on the project since. The officials responsible for rules and regulations relevant to the project are benchmarking relevant Korean laws and regulations. The Mongolian government also plans to participate in the ELV Recycling Park as a shareholder.

What benefits to the Mongolian government and local communities do you expect from the establishment of the ELV Recycling Park?

We expect to not only address problems related to pollution caused from end of life vehicles but also address public health and environmental problems caused by aged vehicles still in operation. I also expect the ELV Recycling Park to bring economic benefits to the Mongolian economy.

Do you have any words for Hyundai Motor and the implementers of the projects?

About 30% of automobiles operated in Mongolia are made by Hyundai. The Mongolian government officials responsible for road transport recently had a tour of Hyundai's Ulsan plant in 2011. The experience gave us confidence to approve the ELV Recycling Park project. We hope the project to make progress quickly so we can have the Park in operation in nearest future possible.



2013 Sustainability Report
page.34

Please refer to "CSV Issue Recycling Automobiles" section on page 34 of the 2013 Sustainability Report.



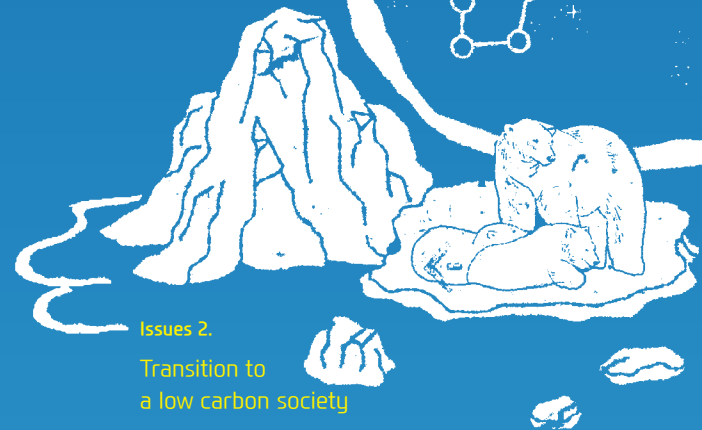
By creating shared value, Hyundai Motor and the global community are driving forward to a better future.



Issues 1.
Green vehicle
development



Issues 3.
Global human
resource
development



Issues 2.
Transition to
a low carbon society



Issues 4.
Legal compliance support
structure establishment



Issues 5.
Expanding business
overseas with suppliers

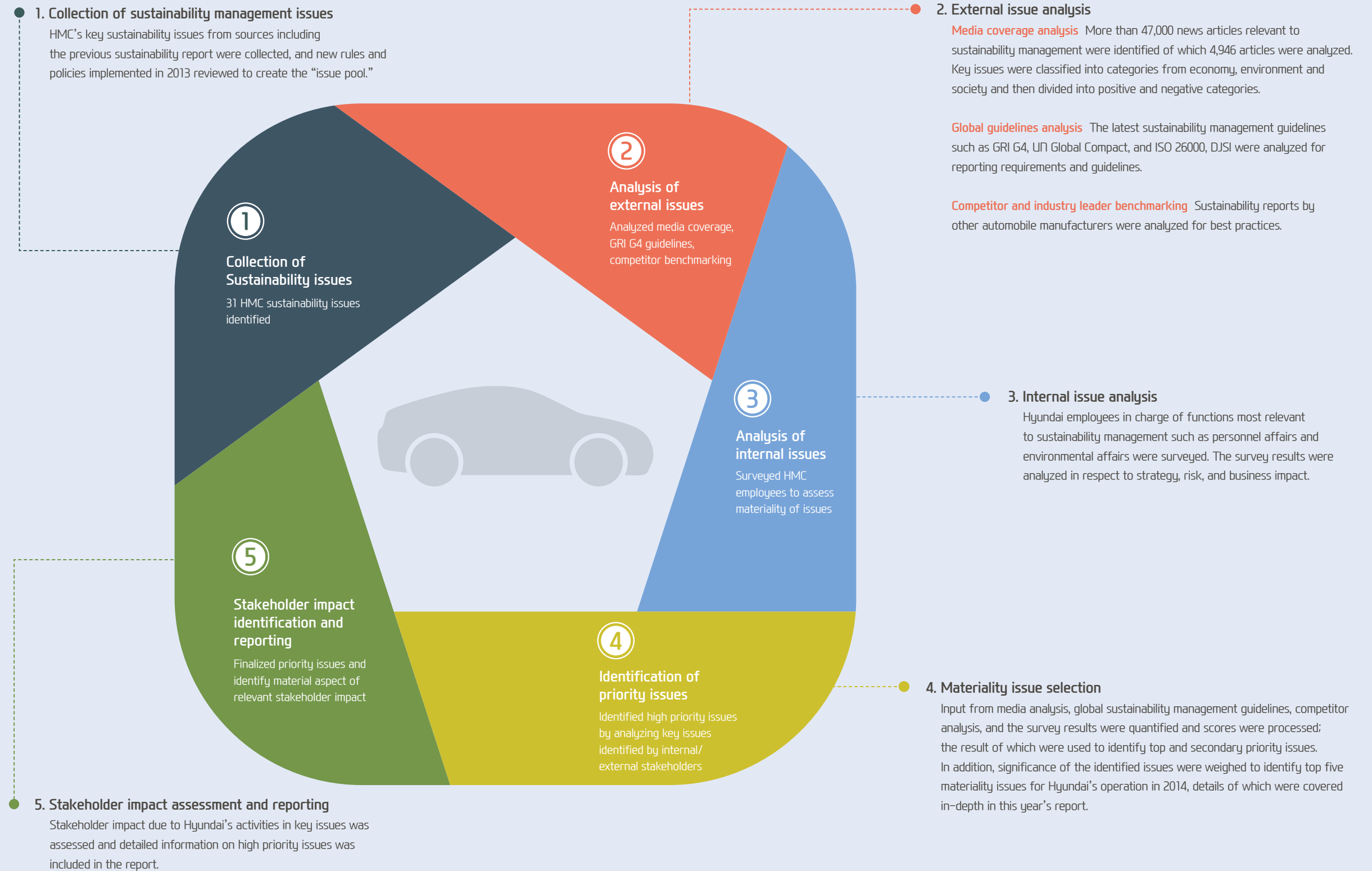
Top 5 Sustainable Management Issues

Hyundai Motor's sustainable business achievements can be summarized in five key priority areas which are "green vehicle development," "transition to a low carbon society," "global human resource development," "legal compliance support structure establishment," and "expanding business overseas with suppliers." Hyundai's achievements in the five areas have been created as a result of Hyundai's management philosophy and policies. The five priority issues are areas that are most relevant to our ultimate goal of creating a sustainable society for all.

Sustainability Management Materiality Test

Our sustainability report contains high priority issues identified through analysis of internal/external surveys and issues that are of high interest among stakeholders. In 2013, a survey was conducted to identify high priority issues with most material impact. The surveys were targeted at HMC staff in charge of management of key areas of sustainability management. We hope to continue publishing sustainability reports containing information on our achievements on issues regarded most important to our stakeholders. This will ensure maximum value of the sustainability report as an effective communication channel between Hyundai and its stakeholders.

Materiality test process

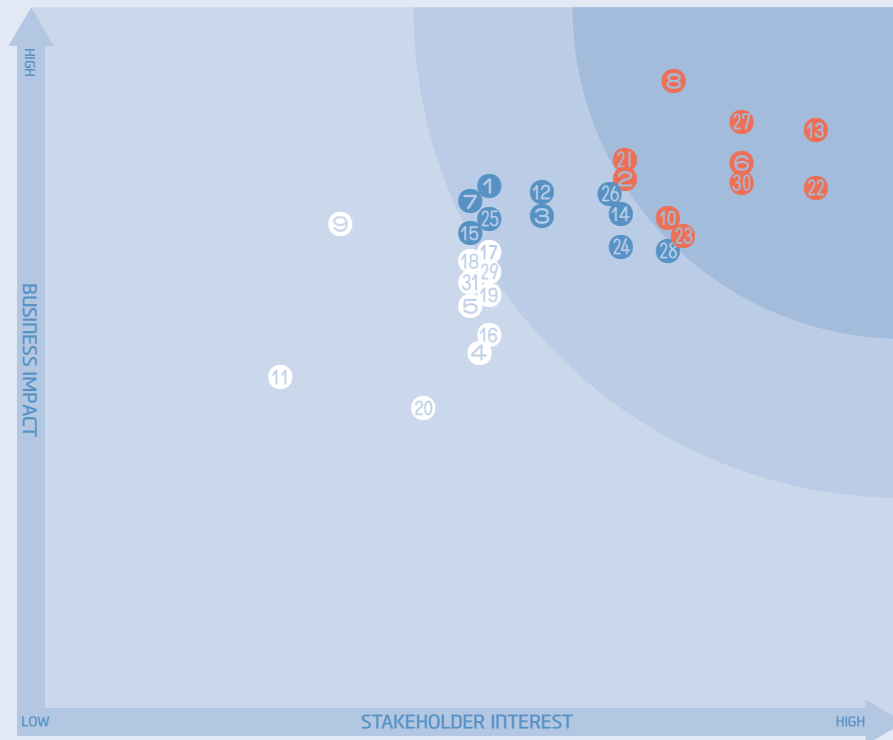


Hyundai Motor Materiality Test

A materiality test is a process that collects various stakeholder opinions, analyzes and identifies issues with the highest potential impact on Hyundai's operation. Issues with high materiality identified in the process are carefully managed as high priority issues.

Sustainability Materiality Test Result

Materiality issues of Hyundai Motor Sustainability Management for 2013 were selected based on business impact and level of stakeholder interest as the two main criteria. Among the 31 issues, the top 30% issues were categorized as top priority issues and issues that belonged to the next 30% were categorized as second priority issues. The final materiality results are as follows.

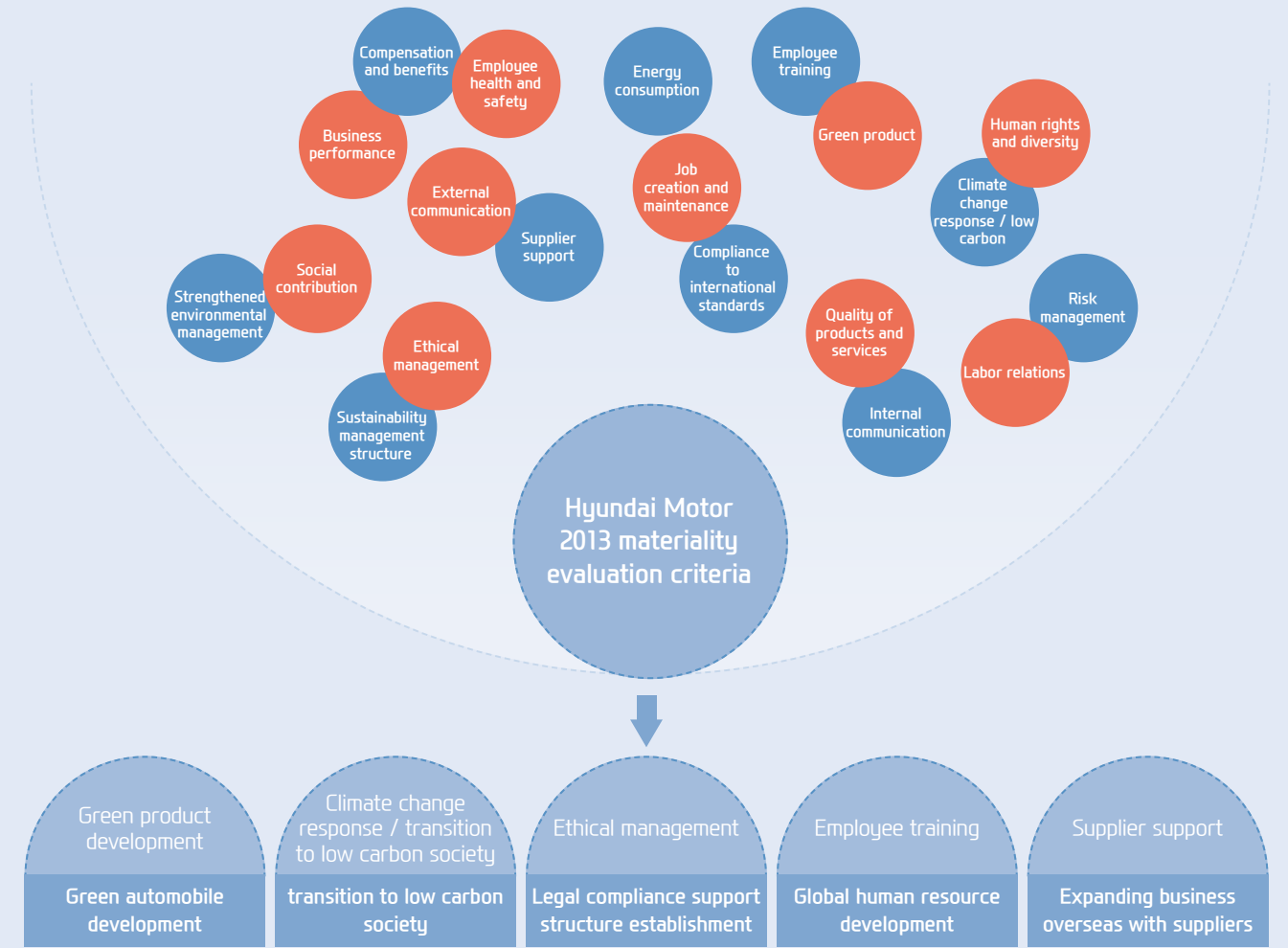


PRIORITY 1 - TOP PRIORITY 30%

1	Green vehicle development
2	Labor-relations
3	Quality of product and service
4	Employee human rights protection and need for greater diversity
5	Business performance
6	Social contribution
7	Ethical business management
8	External stakeholder communication
9	Employee health and safety
10	Job creation and maintenance

PRIORITY 2 - SECOND PRIORITY 60%

11	Supplier support
12	Employee communication
13	Energy consumption and efficiency improvement
14	Employee education and career development support
15	Strengthening of environmental management
16	Voluntary compliance to international standards
17	Sustainable management structure
18	Financial and nonfinancial risk management
19	Compensation and benefits
20	Climate change response / transition to low carbon society



2013 Hyundai Motor Sustainability Materiality Test Results

The five top materiality issues selected for Hyundai Motor' Sustainability Management for 2013 are "green vehicle development," "transition to low carbon society," "global human resource development," "legal compliance support structure establishment," and "expanding business overseas with suppliers." Hyundai's achievement in the top and secondary priority issues can be found in the sustainability management achievements section.

In addition, this year's report includes disclosure of the management approach to the top five issues, following GRI G4 guidelines.

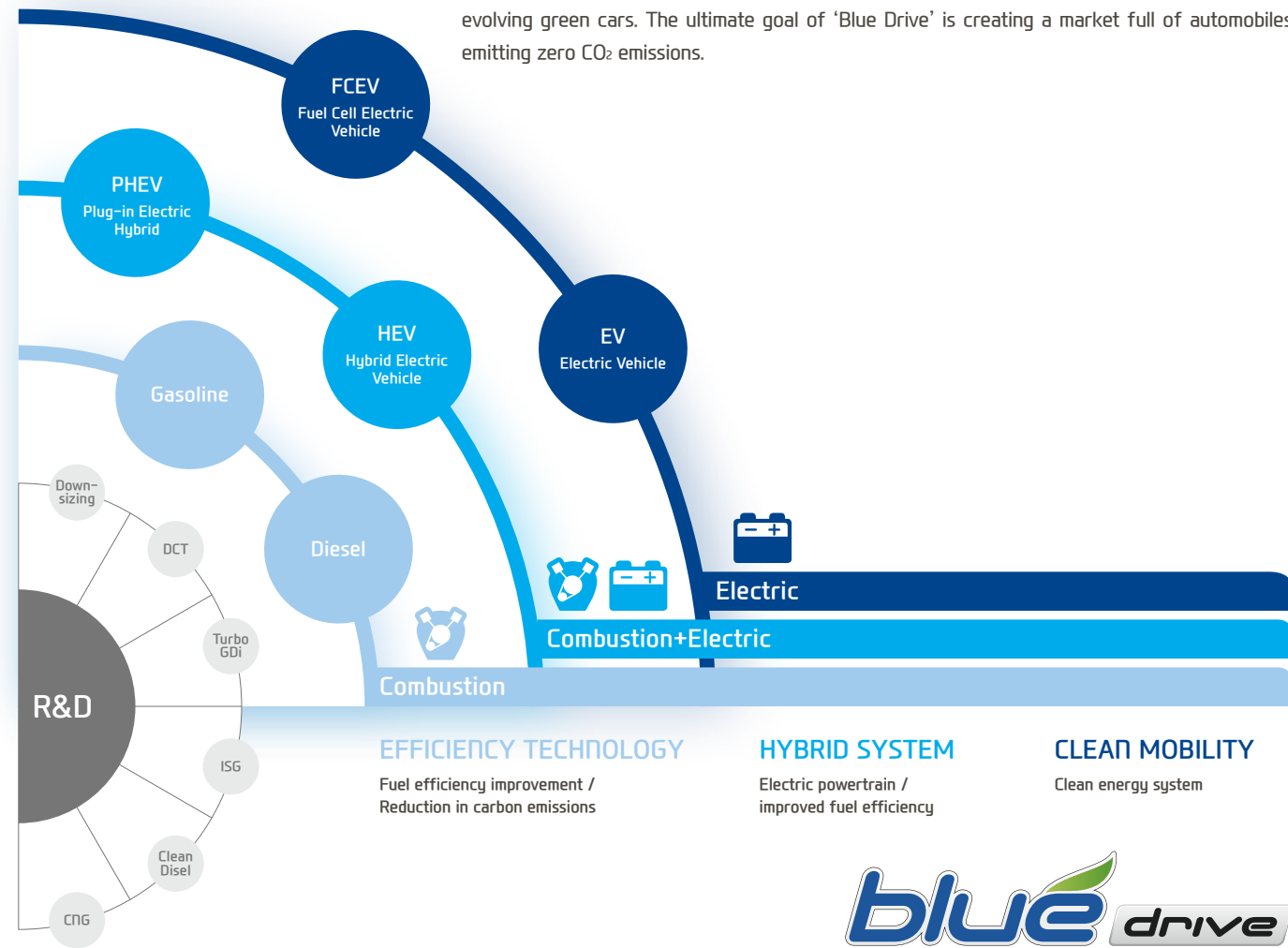
NO.	Five top priority issues	Stakeholder impact	Page
1	Green vehicle development	Employee, customer, government, suppliers, local communities	62~67
2	Transition to low carbon society	Employee, customer, government, local communities	68~71
3	Global human resource development	Employee, customer, government, local communities	72~74
4	Legal compliance support structure establishment	Employee, customer, government, suppliers, local communities, shareholders/investors	75~79
5	Expanding business overseas with suppliers	Suppliers, local communities	80~83

Green vehicle development

Disclosure on Management Approach (DMA)

CO₂ emissions from fossil fuel combustion accounts for more than half of global greenhouse gas emissions the cause of global warming. Most fossil fuels used are gasoline, diesel, and liquefied petroleum gas, all of which are consumed as automotive fuels. We are also aware of our responsibilities to address this problem because we only have limited the amount of fossil fuels.

'Blue Drive' is our response to this great dilemma which needs to be addressed quickly. It is also a brand name for our line of green vehicles which will take us closer to a future with clean air. 'Blue drive' is not a static product but a self-evolving concept which is manifesting in ever evolving green cars. The ultimate goal of 'Blue Drive' is creating a market full of automobiles emitting zero CO₂ emissions.

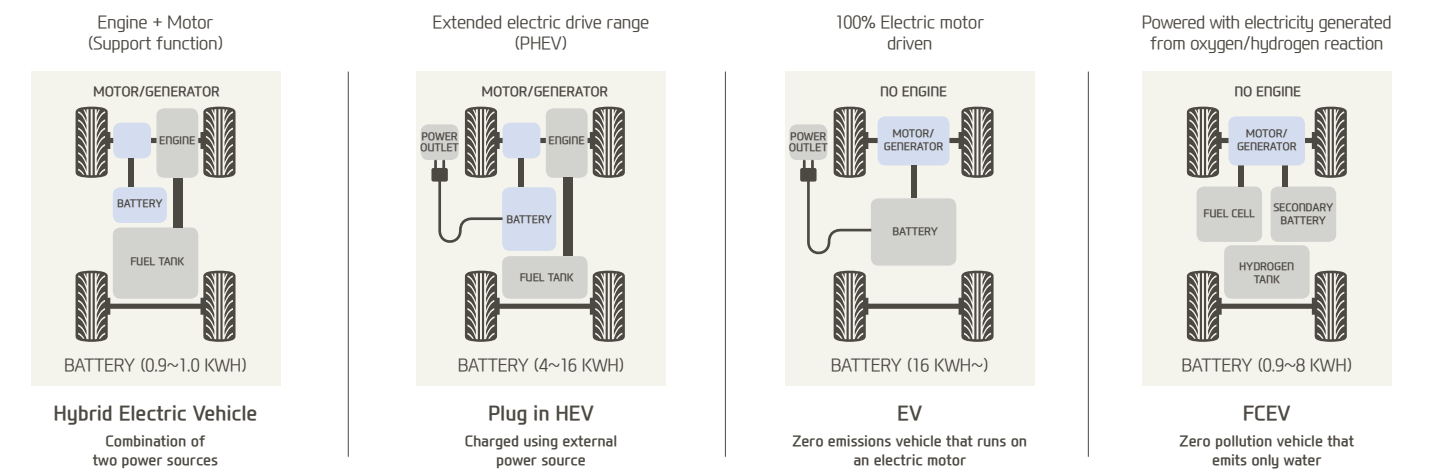


Blue Drive development history

Hyundai has been creating history starting with the development of its first electric vehicle in 1991, its first hybrid electric vehicle in 1995, and its first fuel cell electric vehicle in 2000. Hyundai believes in creating new technologies for the benefit of our consumers including reduced fuel costs and a cleaner environment for their children.

1991	Sonata EV
1995	FGV(Future Green Vehicle)-1, the first hybrid electric concept car
2000	Santa Fe EV / 1st generation Santa Fe FCEV
2001	Santa Fe EV demonstration program in partnership with Hawaiian government
2004	Click HEV / HEV Demonstration program (2004-2008) / 2nd generation Tucson FCEV North America FCEV demonstration program led by the U.S. Department of Energy (2004-2009)
2005	Hyundai Environmental Technology R&D center, Automobile Recycling Center / Verna HEV / European ELV collection network
2006	Established HMC Global Standard on four Heavy Metals
2009	Low carbon green technology strategy 'Blue Drive' / Avante LPi HEV / FCEV demonstration program in Korea (2009-2011)
2010	BlueOn EV / BlueOn demonstration program in partnership with Ministry of Environment / 3rd generation Tucson ix FCEV
2011	Sonata Hybrid
2012	The Yeosu Expo support - 9 BluOn EVs, 15 Tucson ix FCEV, 5 fuel cell electric bus Tucson ix FCEV to complete the cross-Europe demonstration drive / CNG hybrid electric bus 'Blue City'
2013	Begin production of Tucson ix FCEV, the 1st mass production FCEV / Grandeur hybrid launched

Green car systems comparison



HEV: combining force of two power sources

Starting up an engine is similar to waking up a person. Just as a person does not immediately become fully alert, it takes some time for the engine to warm up in order to realize its full potential. In contrast, electric Motor can furnish 100% of its power as soon as it is turned on. HEVs take advantage of both an engine and a motor giving it great performance and superb efficiency.

Grandeur Hybrid Hyundai 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 in 2005 produced the Verna Hybrid. Hyundai mass produced the world's first LPi HEV, the Avante (Elantra) LPi hybrid, for sale in the Korean market. In May 2011, we released the Sonata Hybrid, in both Korea and the U.S. It won the 2012 Autobytel & AutoPacific Consumer Awards as the highest rated hybrid car. The launch of the Grandeur Hybrid in December 2013 broadened consumer choice for those looking for a more upscale HEV. Thanks to its highly efficient TMED system, the Grandeur Hybrid earned the top rating for fuel efficiency. Hyundai plans to launch more hybrid electric vehicles in the future in order to increase its line-up.

Plug-in hybrid Hyundai is aiming to release a mid-size plug-in hybrid car in 2015. Plug-in Hybrids are HEVs with larger batteries which can be charged using an external power source, which allows them to be driven as an electric vehicle using the electricity stored in the battery. Once the battery is drained, it can be driven as an HEV using both the internal combustion engine and the electric motor system.

FCEV: Cleanest car that runs on pollution free fuel

Hydrogen can be produced using electricity made using renewable sources such as hydro-electric, wind or solar. An FCEV is an electric vehicle which runs on electricity generated when hydrogen (H₂) reacts with oxygen (O₂) producing nothing but pure water as a byproduct. An FCEV can be fully charged within 3 minutes of operation and provides much longer range than a battery electric vehicle.

Tucson ix FCEV Hyundai began development of its FCEV in 1998 and introduced the Tucson ix FCEV in 2010, which later became the world's first mass production FCEV. Mass production Tucson ix FCEV, which has a range of 594 km per charge and a top speed of 160 km/h, began in February 2013. Thanks to its strong performance and quality, the Tucson ix FCEV was selected for the EU FCEV demonstration program.

In Korea, the Gwangju city government became the first regional government to buy the FCEV. Hyundai also plans to start sales of the FCEV in the US market which will strengthen Hyundai's reputation as a technology leader.

Fuel cell electric bus Hyundai has been operating two hydrogen electric buses since December 2011. Consequently, some visitors to Korea actually start their journey on a hydrogen bus. The bus is equipped with fuel cells developed in-house. The bus, which was also used during the 2006 World Cup, the 2010 G20 summit, and the 2012 Yeosu Expo, has a maximum range of 500 km per charge.

*AutoPacific's 2012 Vehicle Satisfaction Awards are based solely on input from more than 75,000 owners of new vehicles with a focus on the overall ownership experience obtained through a survey of 48 questions on performance, quality, safety, and convenience.



Grandeur (Azera) Hybrid launched in December 2013



Hyundai opened the world's first FCEV manufacturing plant in 2013. This Tucson ix FCEV was produced in the dedicated FCEV production line at the Ulsan plant.

The Road to Sustainability

Sustainability Management: Philosophy and Foundation	4
Creating Shared Value	32
Top 5 Sustainable Management Issues	56
Sustainability Management Performance	84
Appendix	103

Top 5 Sustainable Management Issues

01. Sustainability Management Materiality Test	58	04. Issues 3. Global human resource development	72
02. Issues 1. Green vehicle development	62	05. Issues 4. Legal compliance support structure establishment	75
03. Issues 2. Transition to a low carbon society	68	06. Issues 5. Expanding business overseas with suppliers	80

02. Issues 1. Green vehicle development

Zero emission electric vehicles

An electric vehicle runs on an electric motor instead of an internal combustion engine, and therefore, does not emit any CO₂ while driven. It also generates almost zero noise and vibration, and it can be charged using a domestic electric outlet. Thanks to fast evolving technologies, recently released electric vehicles (EVs) have a longer range than before. However, most EVs have a much shorter range per charge and take much longer to charge than conventional vehicles or FCEVs.

Electric vehicle charging infrastructure status (Korea) In Korea, there are 959 EV charging points which were established with support from the Ministry of Environment. The ministry plan to increase the number of charging points to 1.35 million by 2020. For the foreseeable future, the bulk of EV sales are expected to come from car-sharing companies rather than individual consumers. However, a transition is expected soon after, and Hyundai is developing an advanced compact EV to ride the trend.

National Research Project on Compact EV Development HMC is participating in the 'Green Mobility System based on Next-generation Electric Vehicles' commissioned by the South Korean government, as one of 43 partners including large corporations, SMEs, universities and research institutes. The participants plan to invest a total of 84 billion Korean Won (KRW) between May 2011 and April 2014; 44.2 billion KRW from the government and 39.8 billion KRW from private sector participants. The ultimate goal of the project is to develop an affordable electric powertrain for a compact car. The team is striving to achieve a driving range per single charge of over 200 km, a 0 to 100 km/h acceleration time of 11.5 seconds, a charging time of five hours for slow charging and 23 minutes for rapid charging. HMC is aiming to launch a compact EV in 2016 that meets these project goals.

BlueOn EV Hyundai has released a number of EVs including the Sonata EV in 1991 and the first Korean highway capable BlueOn in 2010. The BlueOn EV is equipped with a lithium-ion polymer battery and a range of new electric drive components to provide top class performance. It has an incredible range of 140 kilometers on a single charge. The top speed of the BlueOn is 130 km/h and it can accelerate from zero to 100 km/h in 15.7 seconds. All of the core EV components were developed domestically, strengthening the foundation for continued improvements in EV technologies in Korea. HMC sold 257 BlueOn EVs between 2010 and 2012, nine of which were supplied as official vehicles for the Expo 2012 at Yeosu, attracting a lot of interest from visitors.



BlueSquare concept car-pioneering the future of green cars



Hyundai has been receiving life cycle assessments to assess total CO₂ emissions involved from the production of materials to the operation and disposal/recycling of the car following the Ministry of Environment's carbon footprint certification protocol. The Sonata Hybrid has 17.6 t-CO₂ of carbon footprint.

Low carbon product logo



Leading the low carbon transition forward with green cars

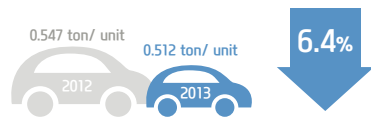
Average lifetime mileage of 120,000 km was used to calculate CO₂ emissions of an automobile over its complete life span. The Sonata Hybrid has the most advanced hybrid electric system developed by Hyundai which reduces its carbon footprint by 5.2 tons-CO₂. Hyundai is making a sustained effort to improve HEV technologies, improve systems to induce fuel saving behaviors, employ more bio-plastics, and so on in order to reduce carbon footprint associated with our products.

Product	Total CO ₂ /vehicle
5G Grandeur (2.4L Luxury)	27.1
Avante MD (1.6 Luxury)	21.9
Accent (1.4 A/T)	21.4
Veloster (UNIQUE, M/T)	22.9
Sonata Hybrid (2.0 Luxury)	17.6
i40 (2.0 Smart)	26.6
i30 (1.6 GL A/T)	23.0
i40 (1.7 VGT Modern A/T)	25.1
Santa Fe (2.0 Premium 2WD A/T)	26.8
Genesis (3.3 GDi 2WD)	34.8

Disclosure on Management Approach (DMA)

The South Korean government has set a legally-binding 2020 national GHG emissions reduction target to tackle climate change. The new policy on GHG emission reduction, which was implemented in 2011 and will stay in effect until 2014, will be replaced by an emission trading scheme starting in 2015. Hyundai has implemented a GHG emission management structure at all production plants, HQ, and R&D centers in order to comply with the new policies. The emissions from three production plants in Ulsan, Asan and Jeonju account for 85% of Hyundai's overall emissions from its domestic operations. We have identified five key reduction strategies and have been implementing relevant measures to achieve reductions. Some of our plants overseas are also subject to local GHG reduction policies and have been managing emissions following the same strategy.

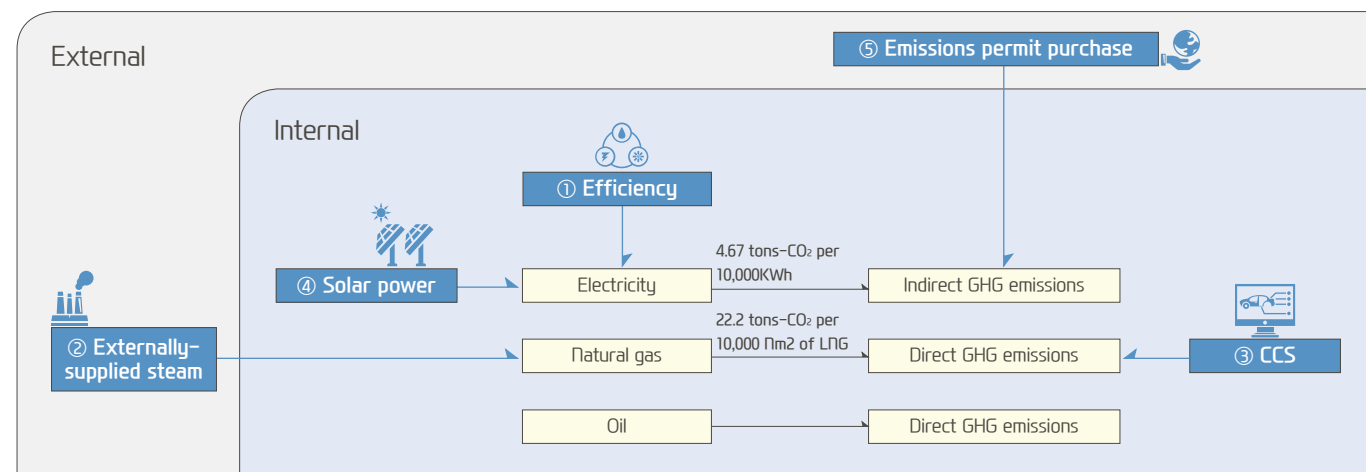
2013 GHG emission per vehicle produced



GHG emissions status

The overall production volume of Hyundai automobiles has increased by 8.4%, from 4,402,578 to 4,770,277, however, GHG emissions per unit has decreased by 6.4% from 0.547 ton/unit to 0.512 ton/unit. Overall GHG emissions in 2013 were 2,441,348 tons (domestic: 1,502,841 tons and 938,507 tons). Production volume at overseas plants has increased by 16.9% which contributed to the increase of GHG emissions by 9.9%. However, GHG emissions from domestic plants have increased by 1.4% due to a 3.2% decrease in production volume.

Hyundai Motor GHG Emissions Reduction Strategy



GHG Emissions activities at domestic plants



Ulsan plant

- High-efficiency boiler / air compressor / dehumidifier
- Pressure differential power generator / LED lamps
- Replacement of heat source for paint shop, Installation of inverters
- More energy-efficient kitchen equipment and operation

Asan plant

- World's largest rooftop solar power generator
- High efficiency LED lamps at select assembly lines
- Utilization of waste heat from paint shop
- Improved steam supply method for the environmental processing plant
- Installation of inverters and energy-saving circuits at the engine manufacturing plant

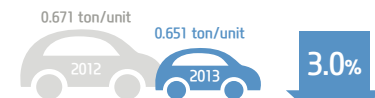
Jeonju plant

- Replaced 6,098 32-watt fluorescent light bulbs with 4,500 27-watt LED lamps
- Replaced two 140 kW dust collectors with one 200 kW unit with inverters
- New 40 ton/hr steam boiler equipped with an improved CO control unit and inverters
- Waste heat collection system
- Participate in electricity conservation initiatives

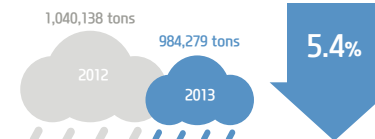
Namyang R&D Center

- High efficiency utility equipment
- Reduction in energy consumption of testing equipment
- Achieving top energy efficiency for all new buildings
- Utilize electricity generated during engine tests

Ulsan plant GHG Emissions Status



2013 GHG emission per unit



2013 Total GHG Emissions

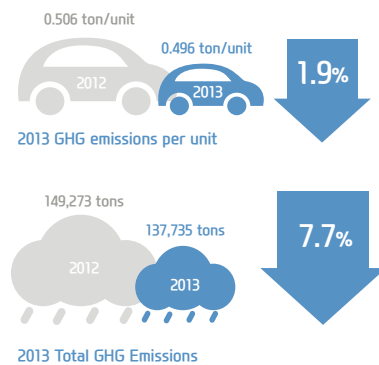
Ulsan plant A series of GHG emission reduction measures such as energy efficiency improvement, fuel switching, and process improvements were made which resulted in a 5.4% reduction in GHG emissions at 984,279 tons in 2013 compared to 2012. GHG emissions per production unit have decreased by 3% at 0.61 tons per unit. We plan to invest 7.7 billion KRW to install 11 high-efficiency boilers which are expected to reduce emissions by 1,311 tCO₂e. Energy-saving inverters were installed at seven engine/transmission production plants. Fuel-switching is made where possible to further reduce emissions. In 2012, the heat source for the paint shop was replaced from steam to an LNG boiler which resulted in significant reductions. An investment of 1.53 billion KRW was made to replace the boilers in plant #1 and #3 which resulted in 1,278 tCO₂e in emissions. Between 2014 and 2016, Hyundai plans to invest 12.5 billion KRW in 50 projects to reduce annual GHG emissions by 51,618 tCO₂e. An investment of 0.99 billion KRW will be invested in constructing a pressure differential electricity generator by July 2014. Process improvement is under way to further reduce emissions.

GHG Emissions*

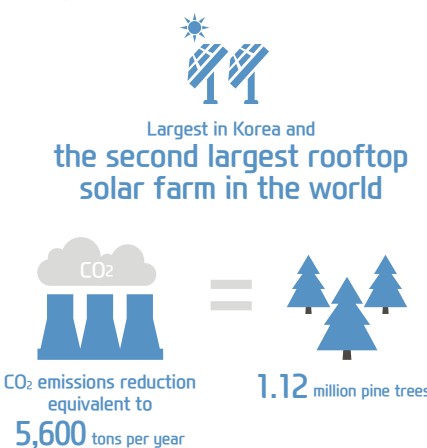
	2011			2012			2013		
	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total
Domestic	542,936	998,988	1,541,927	559,929	1,002,734	1,562,658	545,577	1,006,937	1,552,510
Overseas	222,363	432,526	654,889	261,445	459,687	721,132	326,992	527,053	854,045
Total	821,369	1,462,421	2,283,790	872,539	1,533,987	2,406,526	842,633	1,598,715	2,441,348

* The 2013 GHG emissions data included in the report has not been verified by a third party verifier and is, therefore, subject to change. Verified 2012 data will be included in next year's report.

Asan plant GHG Emissions Status



Asan plant solar farm



Asan plant In 2013, emissions reduction effort and decrease in production volume by 5.8% at 277,550 units, contributed to a significant reduction in emissions. The 2013 GHG emissions were reduced by 7.7% at 137,735 tons and GHG emissions per unit was reduced by 1.9% at 0.496 tons. A total of 770 million KRW was invested for a list of measures such as installation of 6,000 high-efficiency LEDs, reuse of waste heat from the paint shop, reductions in steam waste with the installation of small pipe boilers at the environmental treatment plant and the installation of inverters at the engine production plant and so on. We are also investing 3.2 billion KRW to replace the main boiler to comply with new NOx standards. We plan to install more efficient boilers as well as 4,000 more LED lamps, waste heat recovery units, and so on with expected emissions reduction of 2,340 tCO₂e per year.

Asan plant solar farm Greening of the automotive industry needs to be done at all levels including energy use at production plants, and we decided to walk the talk by installing a large rooftop solar plant at the Asan plant. The project involved the installation of 38,000 solar panels which spans more than 213,000 m² in area. Rooftop solar panels created the dual benefits of generating clean electricity without requiring any land use. The solar farm has an annual generation capacity of 11.5 million kWh which is equivalent to the annual electricity consumption by 3,800 households. The project is also expected to reduce CO₂ emissions by 5,600 tons per year which is equivalent to the CO₂ absorbed by 1.12 million pine trees.

Jeonju plant Many changes were made at the Jeonju plant to reduce carbon emissions. First, 6,098 32-watt fluorescent light bulbs were replaced with 4,500 27-watt LED lamps, contributing to a 26% reduction of CO₂ emissions by 141 tCO₂e. We also replaced two 140 kW dust collectors with one 200 kW unit equipped with energy saving inverters, reducing CO₂ emissions by 241 tCO₂e.

A high efficiency boiler with an improved CO control unit and economizer was installed in replacement of 40 ton/hr steam boiler. The CO control unit improves efficiency during idling. Also, inverters, which can save electricity by adjusting wind speed, were installed for increased energy efficiency and reduction in emissions. An economizer contributes to higher efficiency by recovering waste heat. Overall, the new boiler reduces emissions by 239 tCO₂e. However, the Jeonju plant ramped up production switching from one-shift to two-shifts, which resulted in 43% increase in energy consumption.

As a result, emissions from truck manufacture have increased by 2.2% to 136,888 tons. GHG emissions per unit of production were 2.279 tons which is a 2.1% increase from the previous year. We plan to decrease both the total amount and per unit emissions by implementing efficiency measures.

Namyang R&D Center In 2013, the Namyang R&D Center actively participated in an electricity consumption reduction initiative by the Korean government in order to avoid the risk of blackouts. Activities such as shifting of testing equipment operation time, installation of a cold storage air-conditioning system, and the use of emergency generators led to a reduction of peak electricity consumption by 11,307 kW. The reduction achieved was 13% which was four times higher than the 3% target. The Namyang R&D Center plans to achieve further reductions in GHG emissions by implementing high efficiency utility equipment, reduction in energy consumption of testing equipment, achieve top energy efficiency in all new buildings, utilize electricity generated during engine tests, and other innovative measures.

CO₂ capture and utilization

In 2012, HMC began the construction of a demonstration plant for CO₂ capture and utilization within the Namyang R&D Center. The plant has the capacity to capture and utilize 18 tons of CO₂ per year, and its test operation is scheduled to be completed by June 2014. If successfully commercialized, the plant will have a net effect of capturing 40,000 tons CO₂ if it captures 50,000 tons CO₂. HMC and other subsidiaries will not only achieve a reduction in CO₂ emissions but also utilize CO₂-derived materials in the manufacture of automobile parts, creating additional economic value.

Working within the Emissions Trading Scheme (ETS)

The number of countries implementing ETS has increased and is expected to increase further in the future. Hyundai Motor is focusing its effort to establish an effective system to operate within ETS.

European Union member states and part of the US already have ETS in place and some of the Hyundai plants are already preparing to cope within the new business environment. The Czech plant (HMMC) is already operating under EU ETS, and BHMC is also preparing to cope with ETS implemented by the Chinese government.

In Korea, an emissions trading scheme is scheduled to be implemented in 2015, and we are preparing an effective compliance plan. We plan to review a compliance plan for up to the year 2025. By the end of 2014, Hyundai will complete the implementation of an internal compliance system including an emissions trading/compliance process, a manual, human resources, organizations, and financial resources.

Hyundai has partnered with a local power company to install solar panels on the roof of the Asan plant for clean GHG-free electricity generation. It is the second largest rooftop solar facility in the world.



Disclosure on Management Approach (DMA)

The world is changing rapidly with more people moving across national borders, more people connected to one another, growing emerging markets, and an evolving single market global economy. The most prominent change in the automotive industry is the rising demand for more fuel efficient cars and increasing competition. Such changes in the business environment calls for people who are more proactive and willing tackle challenges.

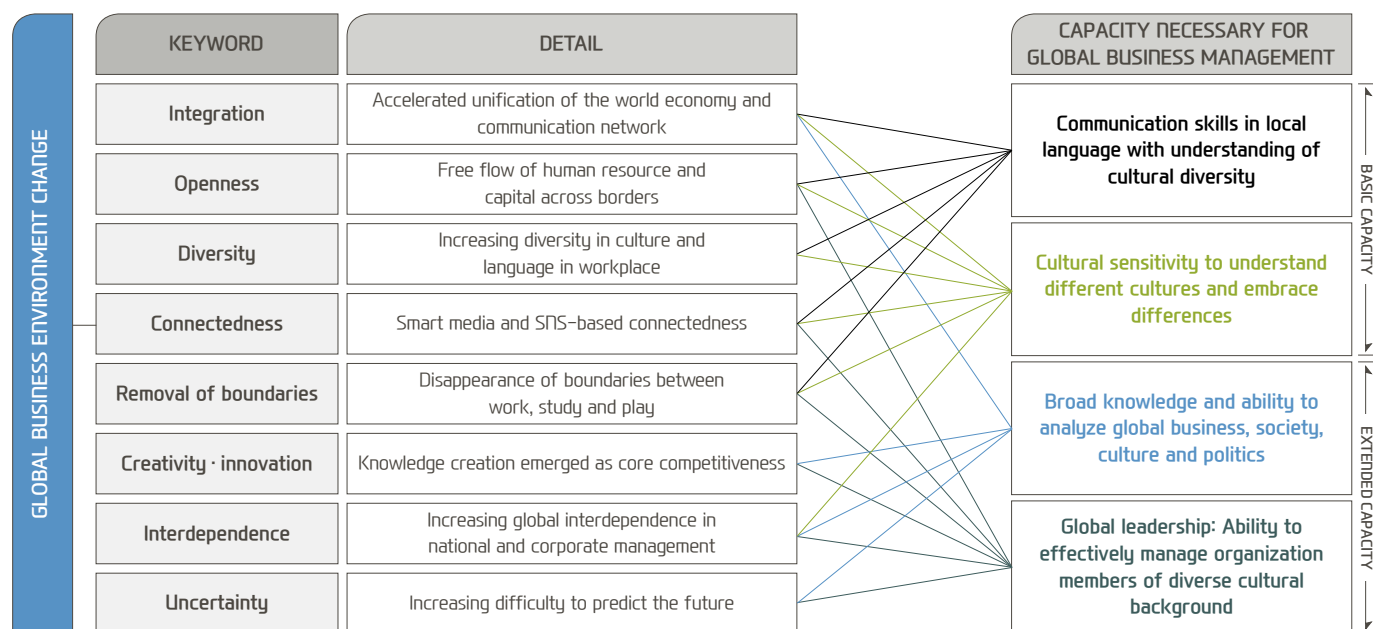
Hyundai's definition of 'Global capacity' is the 'ability to perform his/her role to produce results with the ability to communicate and understand other cultures'. Foreign language skills, understanding of cultural diversity, global leadership capacity, and international business skills are all an important part of the 'global capacity' which is the key to achieving strong business results. In 2009, a standardized training structure for overseas posts and training programs for Korea-based staff dispatched to overseas post was created.

Establishing Integration strategy for the creation of 'Global One Company'

Hyundai has established a global human resource development strategy which effectively links management strategy and human resource development. The strategy has three aims of fostering global business leadership, strengthening global communication capacity, and establishing an effective governance structure for human resource development structure.

As a first step, we plan to conduct an organization maturity test in order to assess the establishment of a governance structure and capacity building for overseas subsidiaries. The organizations assessed with lower than average capacity will be subjected to consulting support and provided with necessary support for building training capacity and resources. In 2012, Hyundai Motor India (HMI) received the consulting support, and there has been significant improvement in the overall training capacity including improvement in the training program structure. We have also been promoting diversity education programs and foreign language programs. Development of a new training structure for career development and global business capacity building programs are under development.

The global leadership program is a program designed to foster business leadership through creativity and strategic capacity. The leadership program, which has been designed in partnership with top universities, consists of three modules: a leadership course, an executive course, and action learning. Strengthening inclusiveness and identifying innovative new ideas are also objectives of the program.



Creative thinking training class




We are also conducting regional specialist training to prepare our staff for future business in emerging economies. In 2013, 22 staffs from China, Brazil, India and Russia participated in the training program and 66 staffs are expected to be trained in 2014. The program consists of local language training and a series of visits. Cultural experiences and a visit program are designed to provide learning experiences through active participation. We plan to offer regional specialist programs in the Middle East, Africa, and Southeast Asia.

Hyundai decided to establish regional Human Resource Development (HRD) centers in order to create better educational content and training courses. The Chinese and European HRD centers were established in 2013. The North America HRD center will be completed in 2014. Cultural diversity is an important area of training as an increasingly diverse workforce is necessary to deliver strong business results. In fact, all staff in the position of working with people of diverse backgrounds are required to receiving training on cultural diversity. The Korea-based staff dispatched to overseas plants and locally-managed managers are subjected to more intensive cultural diversity training to ensure more harmonious relationships with people they manage. We are also developing a diversity training program with the aim of building capacity to work with people of not just different race or culture but working with different generations and genders as well.

Disclosure on Management Approach (DMA)


Hyundai has achieved remarkable growth bolstered by business management with an emphasis on legal compliance and upholding key principles. As our business expands through fair competition, we are feeling an increasing need to ensure compliance to international standards and principles as a global corporate citizen which is the fourth largest automaker in the world. Compliance to voluntary initiatives and standards has also become increasingly important for international corporations. Hyundai established the HMC Ethics Charter in 2001 and introduced a legal compliance support structure in 2012 in order to help staff promote compliance activities in a more structured manner. As an international corporation with global presence, Hyundai is making a continued improvement of the internal decision making and business management structure to ensure full legal compliance and, therefore, prevent associated risks.

Interview with Global expertise training participant




“Before going on the training program, I had a job offer from a different auto maker. However, the global leadership training program assured me that Hyundai cares about helping its employees build a career. I also felt I would have an opportunity to advance my career. I declined the other job offer after the training, and I have been working with greater focus.”


“I participated in an action learning program with two other participants. The program made me think about what innovation we need to pursue in order to improve dealership operations. We ended up creating a solution by combining different people’s input. I took a leadership role and used my lessons from the leadership course to encourage participation of all members. As a result, we won the competition and, more importantly, I succeeded in influencing my top boss to change his mind.”



“It was a great opportunity to think about new innovative ideas on real-life issues.”



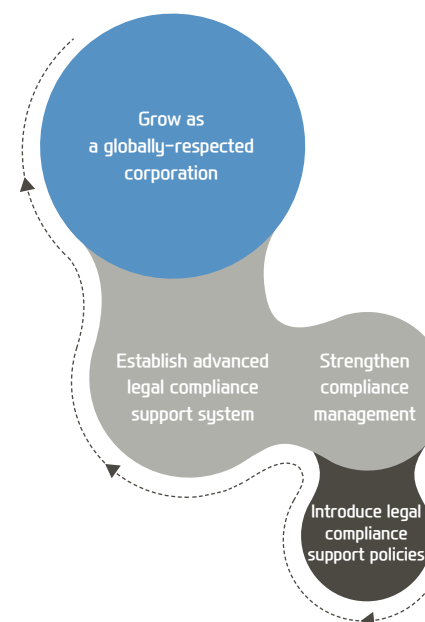
“It served as a great platform to have a discussion with people from diverse backgrounds.”



“Thanks to the training program, I now understand what customers really want.”



Evolution of Hyundai legal compliance support system



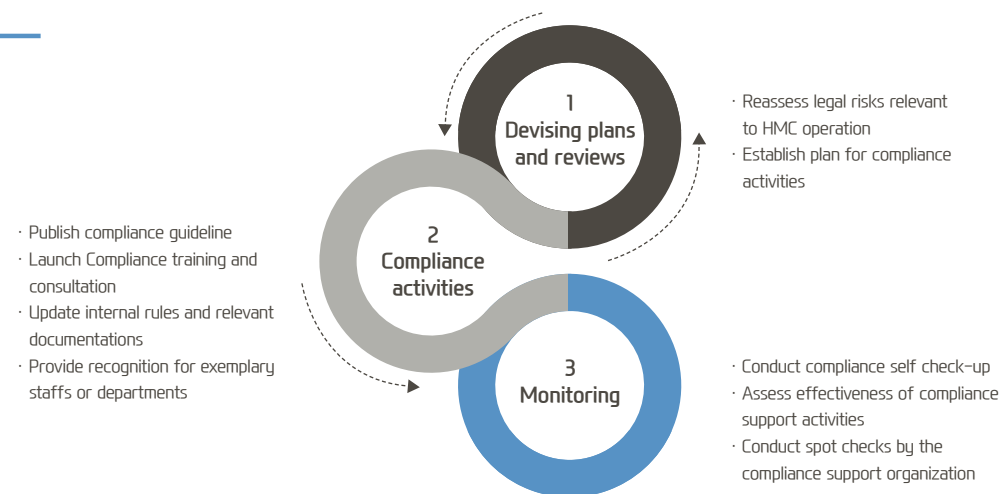
Legal compliance support roadmap

We are building comprehensive legal compliance support systems for all regions of our operation while taking the necessary time to ensure their effectiveness.

In 2012, we devised an overall plan for implementation and reviewed detailed plan for relevant subprojects in order to set a foundation. In 2013, a draft of the legal compliance guideline was made and compliance training programs were launched. These activities led to identification of issues within the existing system which were quickly addressed. The new support system was also promoted internally. Seminars on compliance to international regulations have been held since 2012 for information exchange and updates on new regulations. In 2014, a review of progress made over the past 1.5 years will be made, the results of which will be used to improve the system. A draft of legal compliance guideline on key regulatory risks will be produced as well. We also plan to launch online compliance training to be completed by every employee, distribute legal compliance self-check list for relevant staff, and other measures to further promote the compliance support system. A strong effort will be made to ensure legal compliance in overseas operation sites on issues including customer information protection and labor relations through publication and distribution of legal compliance guidelines.



Compliance support work cycle



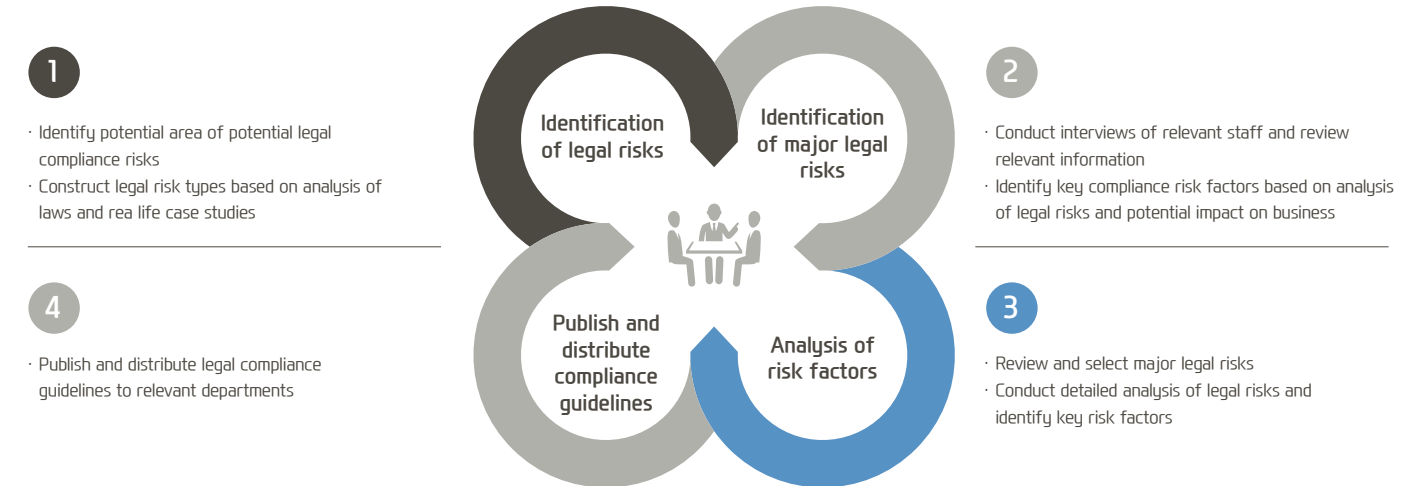
Legal compliance guideline

We have created legal compliance guidelines which contain information on why ensuring compliance is vital, what can be done to prevent non-compliance incidents, case studies on compliance-related incidents, how to identify legal compliance guidelines, and so on.

By the end of 2013, we have published 19 compliance guidelines on 21 regulatory risks spanning 8 legal areas: personal information protection; labor rights; business secret protection; commercial; capital market; subcontract transaction; criminal; and intellectual property rights. Compliance guidelines, which are focused on anti-corruption and anti-trust issues, were also published for overseas posts and were distributed to eight operation sites located in Germany, Russia, Brazil, India, China, and Turkey.

In 2014, we plan to publish and distribute approximately 20 legal compliance guidelines on fair trade laws, membership enterprise laws, and environmental regulations. We also plan to identify key areas of importance for compliance in overseas operations and publish compliance guidelines accordingly.

Legal compliance guideline cycle

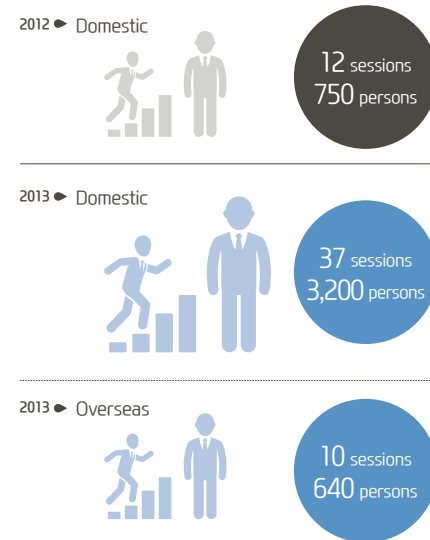


Tailored legal compliance training

We have created tailored legal compliance training programs and strengthened the overall effort on training and awareness-raising. In 2013, we conducted 37 compliance training sessions for 3,200 employees working at operation sites in Korea. More specifically, general training on legal compliance was conducted for new recruits at all levels and newly appointed executives to raise awareness on its importance. More specialized training sessions were also conducted for staff in relevant departments by request. We also conducted ten sessions on anti-corruption and anti-trust laws in addition to what can be done to ensure compliance for more than 640 employees at 8 operational sites.

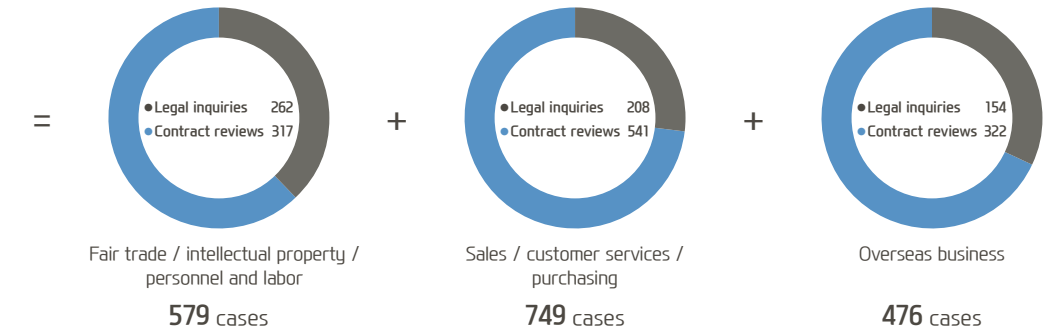
We plan to expand the training program in the future. In 2014, general training on legal compliance will be expanded, and a new on-line compliance training program will be launched. Compliance training on customer information management and labor issues will be conducted for international operation sites.

Tailored legal compliance training status



Hyundai Motor Legal Compliance Training Areas

Areas	Training contents
General legal compliance	· Three sessions on corporate social responsibility, importance of legal compliance management and etc
Fair trade	· Nine sessions on topics such as monopoly power abuse defined in the fair trade act, examples of fair trade non-compliance cases and so on · Four courses on topics including trend and changes in subcontract-related regulations
Corporate governance	· Three sessions on prevention of inside trading, unlawful use of privileged information, management and etc
Anti-corruption · Anti-trust	· Two sessions on legal risks on anti-corruption and anti-trust, management and etc
Personal information protection	· Two sessions on scope of personal information protection and other related laws
Business secret protection	· Three sessions on business secret protection and so on
Personnel affair · Labor	· Three session on labor laws, use of personal leave granted in collective bargaining and more



Legal compliance expert advisory service

Hyundai has implemented a legal compliance advisory service in order to prevent non-compliance and minimize associated business risks. In 2013, more than 1,200 contracts were signed after they were reviewed by experts from the legal affairs office. The expert team also provided advice on 624 cases.

Establishing a well-structured legal compliance system

We have been conducting a self-assessment using custom-made check lists in order to verify the effectiveness of a legal compliance support policy. One list has 49 items for checking progress on structure building and another list has 68 items for assessing the effectiveness of our operations. In 2014, we plan to create and provide legal compliance check lists for assessing legal compliance risks and potential causes at specific sites and functions. We also plan to expand the scope of the employee responsible for self-compliance check-ups in the future.

Comments from compliance management stakeholders



External auditor

“ Although the legal compliance support system was launched only recently, the number of requests for legal advice has surged in 2013. Requests for compliance training are also increasing. Such trends indicate the growing influence of the new support system with the rising awareness on the importance of legal compliance. I think implementation of the new system is a great success. ”



Compliance training participant

“ I think ensuring compliance is not a unnecessary hassle but a safety net that protects the company and myself from risks. I plan to actively use legal compliance advisory services and legal advisory guidelines. ”

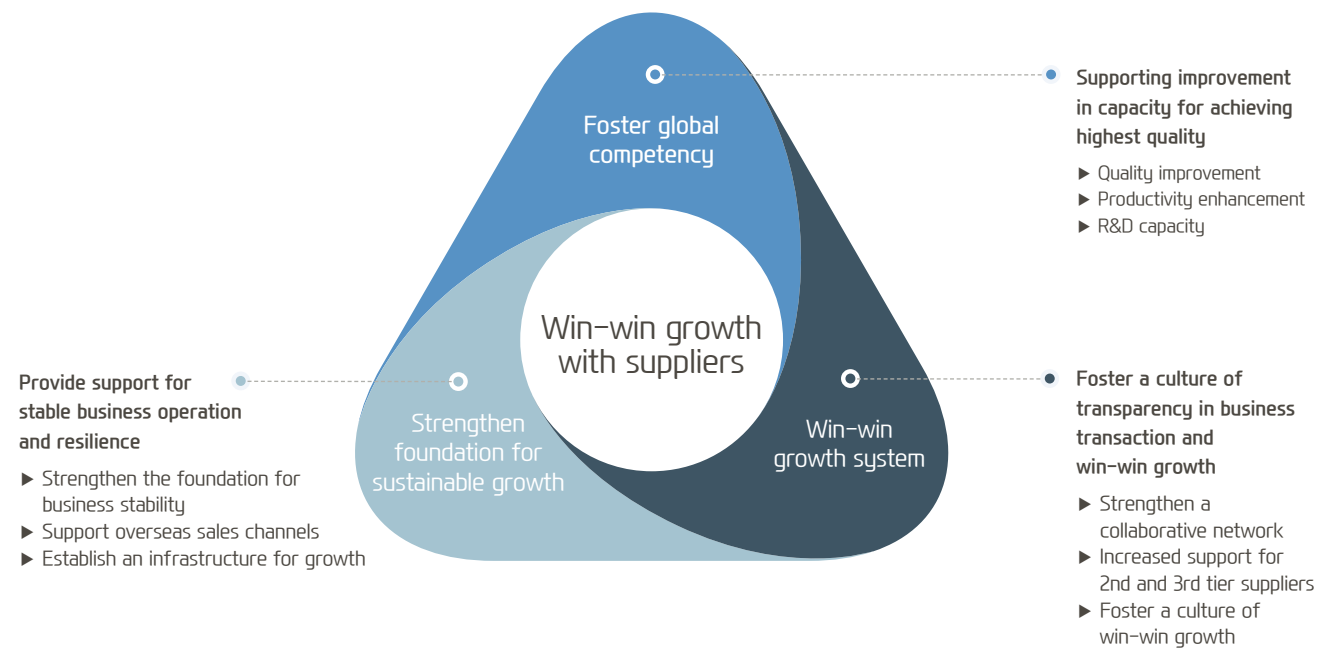
Expanding business overseas with suppliers

Disclosure on Management Approach (DMA)

Since Beijing Hyundai Motor Company (BHMC) was first established in 2002, it has achieved remarkable growth, producing and selling more than 3 million units by 2011. Currently, BHMC has the largest production capacity of 1 million annual units per year among Hyundai's overseas production network. The parts used in the production of Hyundai vehicles in international production plants are Korea-based SMEs. There are now 599 suppliers that have established operations alongside Hyundai's seven overseas plants. We have a series of support programs to help our suppliers to strengthen their business capacity.

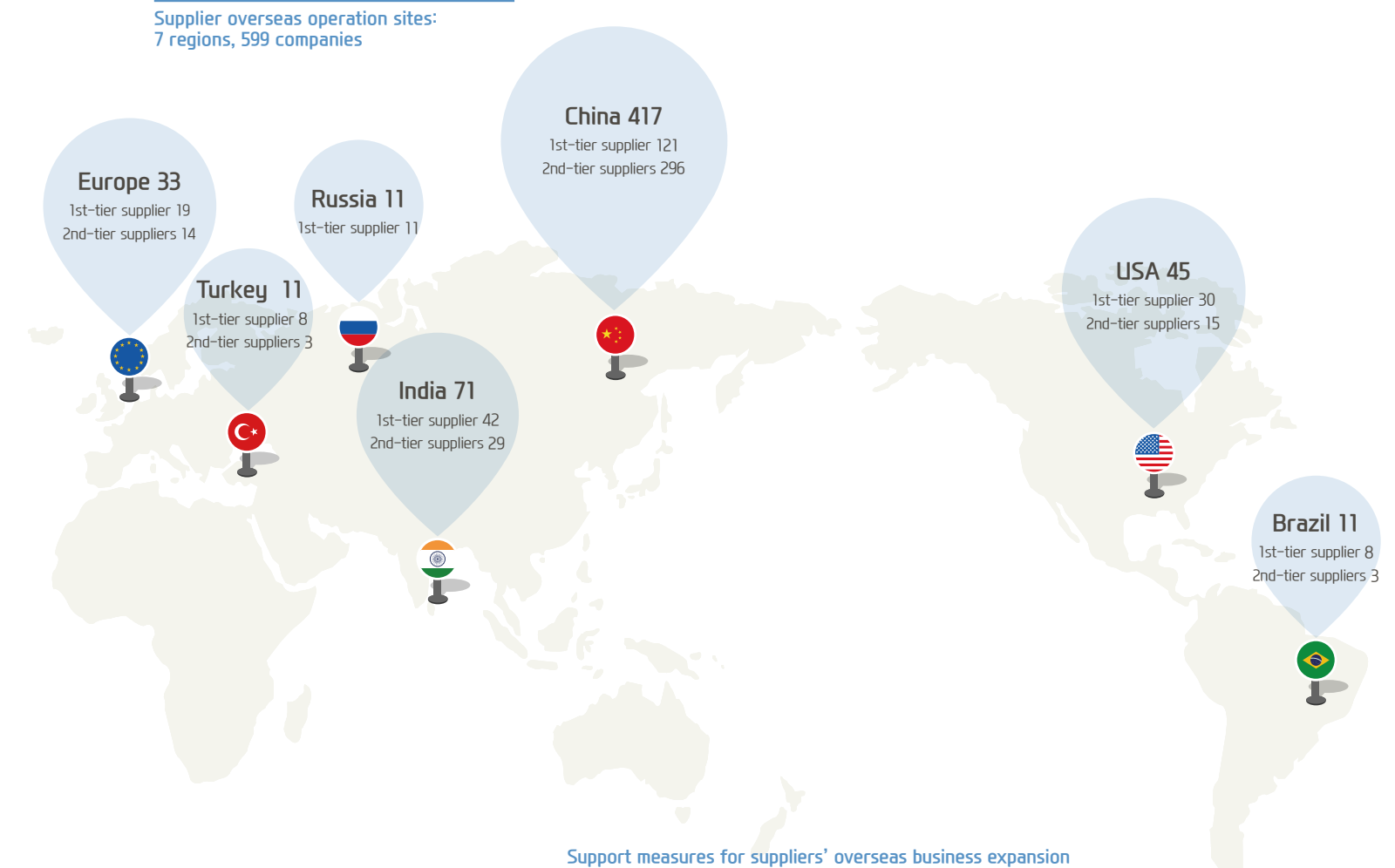
Win-win growth strategy for suppliers

Since early 2000, we have been supporting our suppliers to strengthen their competitiveness as they are the source of Hyundai's competitiveness. Our win-win growth strategy with suppliers focuses on strengthening of global competitiveness, strengthening the foundation for sustainable growth, and establishing a win-win growth system.



Overseas suppliers operation site status

Hyundai has been supporting the establishment of 1st and 2nd tier supplier production plants internationally. By establishing overseas operation sites near Hyundai plants, suppliers can enjoy business stability with steady demand. Hyundai also benefits with the steady supply of high quality parts.



Support measures for suppliers' overseas business expansion

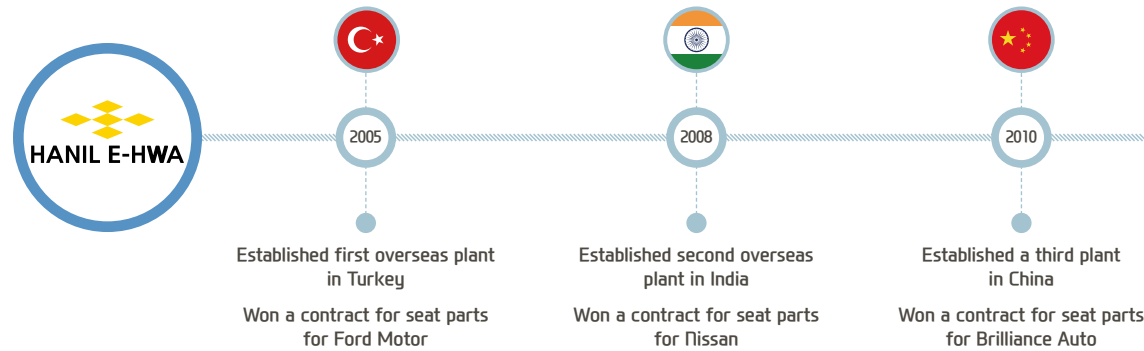
- Steady sales:** Guaranteed sales for suppliers establishing their operations along with Hyundai's overseas plants which reduces business uncertainty and minimize risks.
- Overseas business consulting service:** Provide consulting services for suppliers considering establishing an international operations base and support administrative process.
- Local license and operations support:** Provide various services for steps necessary in business establishment such as selection of operation site and construction of production plants, tax subsidies, etc.
- Supplier cooperative council support:** Provides various support such as information sharing and strengthening collaboration for regional network of suppliers.

Achievements made in supplier overseas expansion

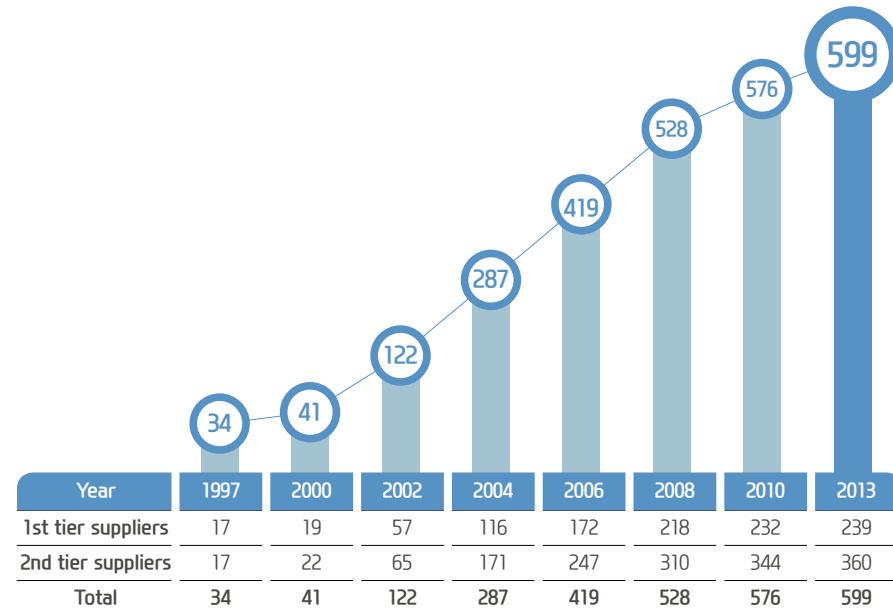
Suppliers are enjoying multiple benefits from strengthened competitiveness in product quality and increase in sales as a result of establishing their production base overseas. Some of the suppliers are also enjoying the benefits of finding new business opportunities by supplying parts to non-Hyundai brands.

Hyundai Motor's supplier's competitiveness in quality has led to a steady increase in business opportunities and sales. In fact, the average sales of suppliers have increased from 73.3 billion KRW in 2001 to 237.7 billion KRW in 2013. Annual sales from exports have increased by eight fold from 3.8 trillion KRW in 2002 to 30.1 trillion KRW in 2012. The increase in sales has contributed to other benefits including job creation and cost savings. Overall, Hyundai's expansion of production base internationally is setting the foundation for our supplier's growth as an international player in automotive industry.

Benefits of overseas expansion with Hyundai: An example



Number of suppliers with overseas operations



Supplier export support plan

Hyundai is committed to support the overseas business expansion of its suppliers, increase exports, and ultimately helped them grow as larger and stronger companies. Hyundai is also committed to identify new opportunities created by the Korea-US FTA and the Korea-EU FTA to help suppliers increase exports.

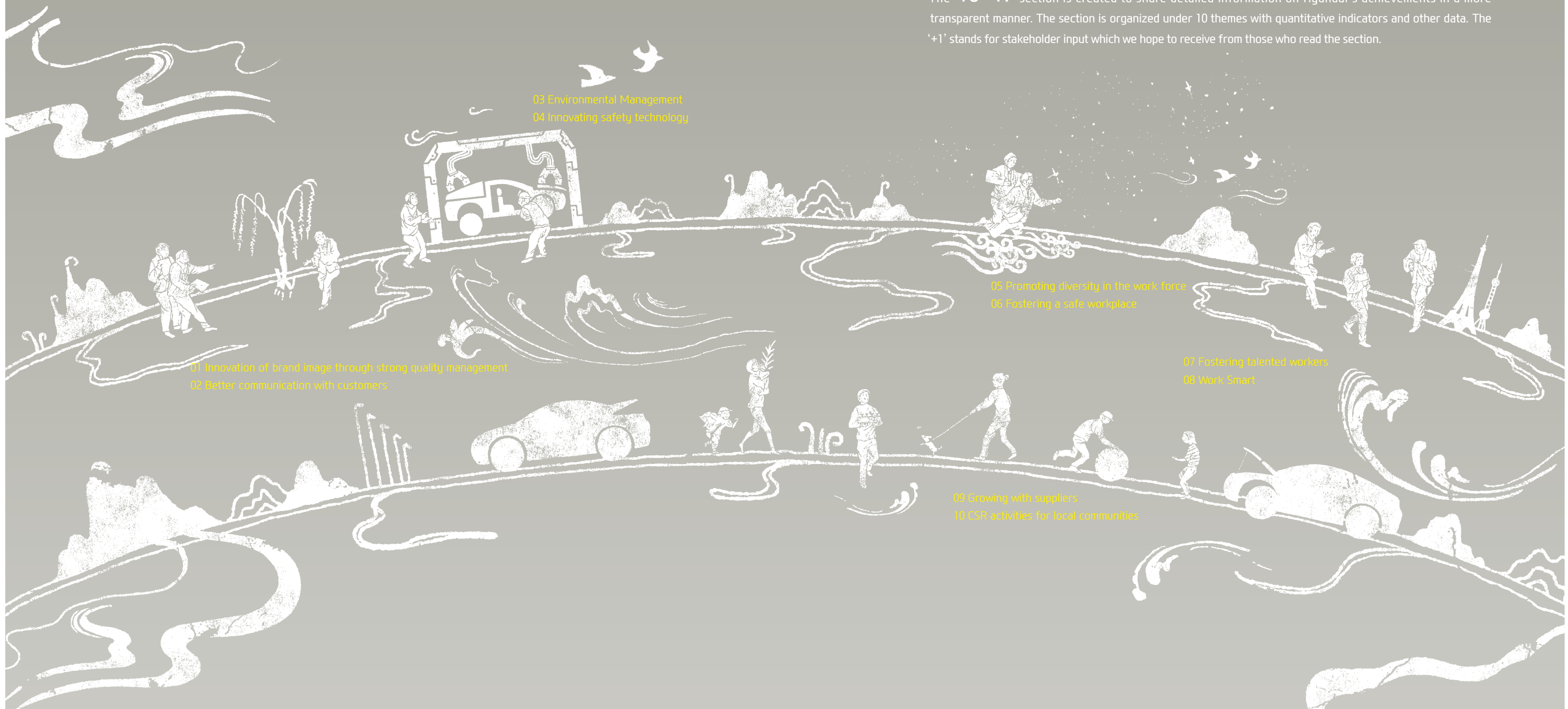
Export competitiveness support	· Support suppliers in quality improvement and technology capacity building
Overseas demand identification	· Supplier overseas road show · Further increase suppliers overseas expansion · Increased publicity events to introduce suppliers to other automakers
Export work support	· Share global logistics network and centers · Support establishment of certificate of origin for suppliers · Provide comprehensive support for export of supplier products
Export activities monitoring structure	· Identify and resolve issues that impede part export

Establishment of supplier operation sites where Hyundai's international plants are essential for stable operations. Photo: Tucson assembly line at Hyundai's Czech plant



Sustainability Management Performance

The '10+1!' section is created to share detailed information on Hyundai's achievements in a more transparent manner. The section is organized under 10 themes with quantitative indicators and other data. The '+1' stands for stakeholder input which we hope to receive from those who read the section.



01 Innovation of brand image through strong quality management
02 Better communication with customers

03 Environmental Management
04 Innovating safety technology

05 Promoting diversity in the work force
06 Fostering a safe workplace

07 Fostering talented workers
08 Work Smart

09 Growing with suppliers
10 CSR activities for local communities

01 Innovation of brand image through strong quality management

Ensuring the best quality for customer satisfaction

HMC began to seriously pursue quality improvement in 1999 with measures including an organizational overhaul and the establishment of a monitoring organization. For example the Global Quality Management Office was established for a timely response to any quality issues reported.

The office collects information from Hyundai's global production network and addresses issues that arise as needed. When a quality issue is reported, it is communicated to all relevant divisions and meetings are arranged to discuss solutions. An executive meeting, solely focused on quality management, is also held regularly to keep all business divisions involved. In 2013, top management renewed its commitment to quality under the slogan of "Innovation of brand image through strong quality management." All Hyundai employees made their best effort to improve brand image through improvement in quality at every possible point of contact with customers.

Delivering greater customer satisfaction

In 1999, we developed the Hyundai Customer Satisfaction Index to measure the satisfaction of customers who own our vehicles. The survey collects customer opinions in four areas: product quality (price), sales service, maintenance service and corporate image. The data is then analyzed to calculate an HCSI score and to identify areas for improvement. In addition to its use in improving specific business processes, the survey results are also used as a basis for policy decisions throughout our business practices.

In 2013, the HCSI score fell by 0.4 due to lower scores in the product quality/price area although scores were higher in all other areas. We also pay close attention to customer satisfaction surveys conducted by third parties including the National Customer Satisfaction Index (NCSI) by the Korean Productivity Center, the Korean Customer Satisfaction Index (KCSI) survey carried out by the Korean Management Association Consultancy (KMAC), and the Korean Standard Service Quality (KSSQ) Index

conducted by the Korean Standards Association. We set a new goal of providing top-tier '2015 Global Service Customer Satisfaction' and has begun making improvements in worldwide service centers. In 2013, our key objectives were the provision of 'smart services', the creation of a unique 'customer experience,' and 'improving our operations at point of contact'. We also launched a global customer service improvement initiative which resulted in significantly improved customer satisfaction in key countries.

© Customer satisfaction index

2011	2012	2013
82.1	81.5	81.1

© Global customer satisfaction (Year / ranking)

Country	2012	2013
China	13th	4th
India	3th	2nd
Brazil	2nd	3rd

Improving Customer Satisfaction on Quality

HMC scored 106 points on the Initial Quality Study (IQS) conducted by JD Power which was a one point improvement from 2012. HMC ranked 5th out of 21 brands. HMC performed respectfully especially considering that the overall industry average score dipped by 11 points. The IQS study, which measures problems experienced by the owners of 90 day-old vehicles, includes 233 different problem symptoms experienced per 100 vehicles (PP 100), with a lower score indicating higher quality. Established in 1968, the JD Power and Associates 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. The Genesis earned the best score in the mid-sized premium segment. The Accent, Sonata, Azera and Santa Fe also won segment awards. Two Hyundai models also won segment awards for the 14th Automotive Lease Guide (ALG) Annual Residual Value Awards in 2013. ALG is a very influential

company that provides residual value estimates for automobiles three years after purchase. Vehicles with high residual value have lower cost of operation and lease which makes them more attractive to consumers. In 2012, the Elantra, Azera and Santa Fe won segment awards. The Accent and Santa Fe won the segment awards in 2013 proving the lasting value of Hyundai models. The Elantra also became the Top Pick by Consumer Reports, the most authoritative consumer guide in the US. The Elantra won the Top Pick award five consecutive years starting in 2008. The Genesis also won the top spot in the Strategic Vision's Total Quality Awards beating out 350 other models. Hyundai was also selected as the Total Value leader for the Strategic Vision's Total Value Awards for the first time. The award evaluates a brand for both quality and value for money.

Recalls: Striving for better quality

Quality is Hyundai's top priority in our businesses. Hyundai undertook the restructuring of our R&D organization to realize our goal of 'Innovation of brand image through strong quality management.' Despite the effort, we had yet another recall in 2013. The recall was made in response to consumer complaints both in Korea and some overseas markets. We plan to carry out the recalls in a timely manner when quality issues are identified. Hyundai will endeavor to further improve quality of our products and actively respond to customer complaints on quality issues.

02 Better communication with customers

Customer services in Korean market

Keeping communication channels open

Everyone at Hyundai is keenly aware of the importance of innovating in our business with a focus on customers. Preventing complaints and responding to customers who do complain is an important part of our "Focus on customer" program. Maintaining strong communication channels is the vital foundation of the program. Currently, we are operating three types of communication channels, the customer center (on-line & telephone), SNS channels (ex. Facebook, tweeter), and face-to-face contact at sales offices and service centers. Voice of Customer (VOC) is one of the key communication channels for sales, maintenance, and marketing. Every day, the 10 most significant messages from customers are selected and displayed on the large screen at the service center HQ. The most noteworthy messages are also reported to the top management to keep relevant Hyundai staff updated on what customers want from Hyundai. Delivering the highest possible customer satisfaction is the top priority, and we understand that ensuring strong communication is the necessary first step.

Before service Before Service is an innovative service program which is aims to help maintain and prevent problems by providing free check-up services. The Hyundai technicians make visits to where customers are, perform service and also provide safe driving trainings. The technicians visit large companies, apartment complexes and parks during the weekdays. Before Services are provided at highway rest areas during holidays to provide service to customers driving long-distances. Starting in 2013, Before Services were provided at eight locations for an extended period of time and providing various services for more than 7,600 customers. We also collaborated with the 'Beautiful Store', used good sales chains for charity, as a part of our social contribution activities.

Home to Home Delivery Service Dropping off or picking up vehicles for service can be a hassle for customers with extremely

busy schedules. For such customers, Hyundai launched a new 'Home to Home' repair service in 2011, which collects vehicles at a time and location of the customer's choice and then, returns the vehicles when the repair work is completed. It is a premium service only available to Hyundai customers.

Blue Me service for female drivers

We established our first service center for female drivers. The center has experts who provide detailed face to face explanations, diagnostics, free delivery, rental car services and more, which makes it much more accessible for female drivers who may not be familiar with automobiles. The number of female drivers has hit the 10 million marks. The center also provides training programs to promote a better driving culture and to help female drivers stay safe on the road. Often, less-skilled female drivers are justifiably ridiculed and accused for creating havoc on the roads. Hyundai Motor is offering special training programs to help novice female drivers improve their driving skills in collaboration with partners including the Korea Transportation Safety Authority. We will continue to operate various programs to help support drivers in need of more training and promote a better driving culture as a part of our social contribution initiatives.

International customer service activities

Improving customer service at the point of contact

Thanks to fast-growing sales internationally, listening to customer opinions in overseas markets is becoming increasingly important. Specifically, we have identified an increasing need for post sales communication and communication at point of contact. Responding to these growing needs, we established Hyundai Customer Care Centers (HCCC) in key markets. Unlike the existing customer centers, the HCCC have refined protocols to handle customer inquiries made via phone, Web sites, emails, FAX, SNS and so on. The HCCC is receiving strong feedback from customers about customer awareness, improved

accessibility, and a strong reputation for high quality service. Its high quality of service is recognized in the industry with HCCC having been selected as the best service provider in Russia and Turkey. HCCC in other countries are receiving favorable reviews for improved services which is contributing to enhanced brand awareness in the respective regions.

Capacity building for overseas dealers and service managers

We launched a new dealer training program in November 2013 to improve their competitiveness and boost customer satisfaction. Created for the regional dealer managers (DSPM) and service managers, the program is designed to help them engage with customers much more effectively and also improve profitability of their operation by helping to deliver higher customer satisfaction. We plan to also develop on-line training programs that can be accessed via tablets, smartphones and so on.

Providing high-caliber professional services

Hyundai is creating new value in customer service by fostering highly-capable technicians and by using cutting-edge remote diagnostics technologies. Ensuring the best maintenance/repair service is of the utmost importance and this is why we established the Global Service Support Center which provides remote diagnostic services and various other support measures for customers worldwide. Starting in 1995, we have been hosting a bi-annual internal service technician competition. The 10th competition was held at the Cheonan Technician Training Center in Korea with the participation of 143 maintenance technicians from 54 countries. We also held the first Global Service Advisor Championship in order to identify best practices and further improve their capacity. We also launched next-gen maintenance service centers which keep detailed service record of service processes using IT technologies to make maintenance service more reliable, efficient and hassle-free.



Environmental Management System

Environmental Management System Operation

All HMC plants located in Korea have received ISO 14001 environmental certification starting with the Ulsan plant in 1995 and followed by the Asan and the Jeonju plants in 1999. All HMC international plants received ISO 14001 certification between 2000 and 2013, completing the establishment of HMC's global environmental management system. All of our 1st tier suppliers have implemented ISO 14001 environmental management systems as well. We have established a comprehensive environmental management structure which encompasses our complete supply chain.

Environmental coordinator training program

We have conducted training sessions for the staff in charge of environmental management at all operation sites in Korea including the Ulsan, Asan and Jeonju production plants, R&D center, and service/dispatch center. The training program consisted of seven sessions on topics including understanding the revised ISO 14001 environmental management manual. The participants were briefed on case studies about chemical spills and other useful knowledge on the subject which was offered in the environmental coordinators manuals.

Environmental workshop for production site environmental managers

Environmental workshops are held on a regular basis for environmental managers of production plants, R&D centers, and service centers. Participants are briefed on new environmental regulations and share other relevant information. The managers also spend time on reviewing recent environmental accidents, discussing how to achieve regulation compliance in most effective manner, and minimizing pollution. The participants also share case studies on best environmental management practices and learn from each other's experience.

Environmental emergency response A new environmental emergency response manual

was compiled in the first half of 2013 in order to strengthen the existing environmental management structure. In the second half of 2013, the managers were trained in the emergency response manuals. The emergency response manuals and the training are designed to enhance management team's capacity to effectively contain accidents including chemical spills. A more comprehensive environmental emergency response structure will be first implemented at the Ulsan plant and other sites shortly after.

Strengthening Hazardous Materials Management

Global Environmental Expert Network Council (GrEEN)

The Global Environmental Expert Network Council (GrEEN) was established in early 2012 effectively share environmental compliance practices and to effect collaboration among environmental managers worldwide. In September 2013, the GrEEN held its fourth workshop and shared progress made and latest information on the environmental front. A total of 67 internal environmental experts from production plants, R&D centers, sales offices, and some supplier companies all around the world participated in the workshop.

A total of 21 presentations and discussions were held with a special focus on hazardous chemicals regulation compliance and the progress made by the internal task force. A special lecture on the latest update on Korean hazardous chemicals management legislation and the expected impact it will have on the regulation requirements. The workshop helped to foster a deeper understanding of what needs to be done to cope with new regulations more effectively.

Hazardous chemical management in parts

A comprehensive electronic database that tracks data such as the weight and materials information of automotive parts has been created, which is used to ensure compliance with the various environmental regulations. In 2004, HMC joined the International Material

Data System (IMDS) to enable more effective management of hazardous materials used in automobile parts and to ensure regulation compliance right from the vehicle development stage. In 2007, HMC developed a propriety chemical management system, 'e-Chemical Management System (e-CMS)', which creates a customized materials information database using the information collected using the IMDS system for all vehicle models produced since 2005.

* IMDS : International Material Data System

International Material Data System: an Internet based parts materials and weight information management system co-developed and operated by a group of participating automotive companies (www.mdsystem.com)

* e-CMS : e-Chemical Management System

An HMC propriety chemical management system, which verifies environmental regulation compliance and helps identify regulation compliant alternatives using the parts material information collected using the IMDS system.

Eliminating the Use of Four Heavy Metals

In 2006, we created a voluntary ban on the use of these four heavy metals with the announcement of the 'HMC Global Standard on four Heavy Metals.' We had already begun prohibiting the use of the heavy metals in all cars produced for sale in Europe since July 2003. From January 2008, all Hyundai vehicles sold in the Korean market were made free from 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 for sale in markets with relevant regulations. We plan to develop safer alternatives and to expand the scope to include all vehicles, even those sold to markets that do not have any regulations yet.

EU REACH regulation response process

The EU REACH policy became effective in 2007. REACH is enforced very strictly, requiring 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 the implementation of this

directive, HMC created a chemical substance management system and a database containing materials information in order to reduce not only the 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 (ODCs)

Since 1989, the US imposed strict regulations on the use of ODCs and placed a special tax on the use of these substances. The Korean government also instituted a ban on the use of chlorofluorocarbons (CFCs), halon and carbon tetrachloride (CCl₄) in 2010. The Korean government plans to institute a ban on the use of methyl chloroform (1.1.1-TCE) after 2015. 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 and have been maintaining full compliance with all relevant regulations.

Greening new models and environmental certifications

Hyundai has been conducting life cycle assessment based on the ISO 14040 standard, which calculates the carbon footprint of new models over the complete product life cycle which consists of production of raw materials for parts, part manufacture, vehicle manufacture, use and disposal of vehicles. In 2010, we received environmental certification for the Tucson ix (sold as ix35 and ix20 in Europe) from the TUV Nord and have since received certification for ten additional models.

Recycling of resources

Design for Recycling

Digital verification of recyclability Improving recyclability of a vehicle should be one of the top priority development objectives, and this is why we assess recyclability when we are developing new vehicle models. For example, our engineers evaluate the ease of dismantling for recycling using 3D design models. When a problem is detected, the engineers consult with the part designer and make changes to ensure highest recyclability for the new vehicle.

Ease of dismantling evaluation All new vehicles developed by HMC are evaluated for ease of dismantling. First, the vehicles are subjected to digital verification of recyclability when a 3D blue print is completed. Prototype models are built based on the blue print and verified for recyclability standard. The prototype model is then disassembled to verify the ease of dismantling, the results of which are compared to previously developed models. The results are then recorded and supplied to engineers working on the development of the next new vehicle.

Development of improved clamber for increased ease of dismantling

HMC is making design changes to parts which improved dismantling. The development of a new type of clamber is one of the key focuses of our design improvement. The new clamber is expected to reduce the cost of dismantling as well as the cost of repair services.

Greener end of life vehicle dismantling technology

Currently, removal of the airbag is one of the most time consuming steps in vehicle recycling, which increases the overall cost of vehicle recycling. The automotive industry developed an international standard on airbag deployment, the ISO 26021 after working together to reduce the time required for airbag deployment. Following the new standard, HMC developed a new airbag deployment device which can make removal of airbags much less time consuming. Technology has also been developed for using the deployed airbag in the manufacture of other automobile parts.

Participation in Advanced Automobile Recycling System Program

Since 2012, HMC has been participating in the advanced automobile recycling system program. In 2013, we partnered with 100 automobile recyclers to fulfill our target of recycling 132,000 end of life vehicles. Thanks to the partnership made, HMC is well position to achieve the 95% recycling target set for 2015.

Automobile Recycling Center

HMC is operating an Automobile Recycling Center (ARC) for the efficient recycling of vehicles and the development of vehicle dismantling technologies. The ARC has an eight step processing line designed to efficiently dismantle and recycle vehicles with over 95% of recycling rate. Over 4,000 prototypes and test vehicles built as part of new vehicle development are recycled at the center each year. New recycling techniques and resource recycling systems are developed at the center, which are then shared with external vehicle recyclers. We are also developing a low-cost vehicle dismantling system for use by third party automobile recyclers.

Sustainability Management: Philosophy and Foundation	4
Creating Shared Value	32
Top 5 Sustainable Management Issues	56
Sustainability Management Performance	84
Appendix	103

01. Innovation of brand image through strong quality management	86
02. Better communication with customers	87
03. Environmental management	88
04. Innovating safety technology	90
05. Promoting diversity in the work force	92

06. Fostering a safe workplace	94
07. Fostering talented workers	96
08. Work smart	97
09. Growing with suppliers	98
10. CSR activities for local communities	99

Improving safety

Vehicle Safety Rating Hyundai models have received exceptional safety ratings in tests. The Santa Fe Max Cruise received a five star rating in all five safety tests including offset collision tests, and it won a ‘2013 Safe Car of the Year’ award by the Korean Ministry of Land Infrastructure and Transport (MOLIT). In the US, the Elantra received an ‘Acceptable’ ranking in the new 25% small overlap collision test at high-speed. As a result, the Elantra was named a ‘Top Safety Pick’ by the Insurance Institute for Highway Safety (IIHS) once again for 2014. Thanks to the increased use of ultra-high-strength steel and improved vehicle body rigidity, the new Genesis also received top safety rating by the MOLIT. The new Genesis also earned five stars in the overall safety rating by the IIHS.

Unlike the existing moderate overlap frontal collision tests which had a 40% offset, the new small overlap test is designed to simulate a frontal collision with only 25% offset. Small overlap collisions are more likely to lead to serious injuries. The new Genesis received a ‘Good’ rating in the small overlap test, earning itself a prestigious ‘Top Safety Pick+’ rating.

Active collision prevention system

Autonomous emergency braking system There is a growing demand for active collision prevention system worldwide. In fact, the Euro NCAP Advanced is encouraging standard fitment of autonomous emergency braking system from 2014. HMC is developing an advanced braking system which makes a collision warning based on inputs from sensors installed on the vehicle, and autonomously apply brake when deemed necessary in order to protect drivers and the vehicle from possible collision. The onboard system can detect vehicles standing still, slow moving vehicle and pedestrians in front, which allows vehicle collision during low speed operation and reduce damage during high speed operation. Overall, Hyundai’s autonomous braking system is expected to significantly enhance safety.

Emergency Driver Assist System The introduction of the electronic vehicle control system led to improvements in sensor accuracy and overall vehicle performance. This has also led to development of active safety technology which can detect dangerous situations and make active adjustments. The Emergency Driver Assist System can analyze the location and speed of vehicles in the vicinity, detect the possibility of a collision, identify the safest route which will help avoid a collision and prompt the driver to maneuver the vehicle out of danger. The system also constantly analyzes information from all sensors at the front and rear end of the vehicle and analyzes the safest route out of the possible collision. The system also actively intervenes with steering and braking input from the driver, adjusting the input to effectively maneuver the vehicle and driver out of emergency situations.

Improving convenience

Integrating IT in automobiles ‘Blue Link’ is Hyundai’s global telematics service brand which utilizes a GPS system and cutting-edge mobile telephone technology. The ‘Blue’ represents Hyundai and ‘Link’ represents ‘connectivity.’ By utilizing information technologies, ‘Blue Link’ is designed to make driving more convenient and safer. It has advanced features including emergency support services in case of a crash, for example, as well as safety features such as remote vehicle diagnosis. It also has other convenience features including remote start, climate control, parking location guide, and more. Hyundai offered its first telematics service, ‘Mozen,’ in 2003. As Hyundai’s second generation telematics service, Blue Link offer much improved functionality using connectivity with smart phones.

The 2nd-generation Blue Link was introduced along with the 2nd generation Genesis in late 2013. The new Blue Link comes with many functions such as smart control, diagnostics and so on which are significantly refined over the previous version. It also has the ‘Concierge+’ service which runs automated self-diagnostics

and prompts the driver to visit the nearest Hyundai repair center when needed. A new ‘Blue Link Truck and Bus’ telematics service for use with the Trago Xcient, a heavy-duty truck, was also launched in 2013. The service, which allows driver to run various functions using a smart phone, is provided free charge for two years. The functions include diagnostics, security, and climate control as well as propriety Digital Tachograph which keeps a detailed of truck’s operation. Blue Link service was successfully launched in North America (2011) and China (2012) attracting an increasing number of customers. Hyundai has also launched a new service, ‘Connected Care,’ which has various safety and Car Care features including Automatic Collision Notification and SOS Emergency Assistance, Maintenance Alert and more. The new service enhances driver safety and convenience while providing some completely new services. In China, the ‘Connected Care’ service has contributed to an innovative image of the Hyundai brand boosting sales of SUVs and larger cars. We expect to advance in the area of IT which will lead to the development of even more advanced features. Additionally, Hyundai is committed to provide a more comprehensive advanced ‘Connected Care’ service with safety/security/vehicle maintenance focus. Integration of IT in an automobile is making an automobile smarter which creates a real difference in the way our customers benefit from automobiles. We will strive to create new and smarter services while creating new value for customers.

Clean vehicle technologies

Emission reduction technologies In response, the EU has adopted the Euro 5 standard, which requires new models to meet more stringent standards for PM (Particulate Matter) and NOx emissions. The Euro 6 standard, which requires a 56% cut in NOx emissions from diesel cars compared to Euro 5, will become effective in 2014. In the US, the Californian government is requiring auto makers to sell an increasing number of vehicles that meet the Zero Emissions

Vehicle standards. The Korean government also revised its Clean Vehicle standards imposing stringent NOx and PM emissions standards. We are developing new technologies to reduce harmful tailpipe emissions and made significant progress. Significant effort is being made in the reduction of tailpipe emissions technologies as the number of vehicles are increasing.

Improving gasoline engines with new technologies

Use of gasoline direct injection technologies is one of the most potent new technologies which can reduce both CO₂ emissions and other tailpipe emissions from gasoline engines. Use of gasoline direct injection technologies can boost the fuel efficiency of gasoline engines by 2 to 3%. It also boosts the performance characteristics of the engine as well. HMC is already employing gasoline direct injection technologies across its full range of vehicles from compact cars to larger models. In 2012, the improved Nu 2.0 CVVL engine was first introduced in the YF Sonata, contributing to an outstanding improvement in fuel efficiency, reduced CO₂ emissions and tailpipe emissions. There is now a new global trend of using a combination of downsized engines with turbochargers which are employed by US and European brands. The combination provides the same amount of power while reducing emissions and fuel consumption. Hyundai has been steadily increasing turbo-charged vehicles with the Sonata incorporating a 2.0 turbo-charged engine in 2010, and the Veloster with 1.6 liter turbo-charged engine in 2012.

Clean Diesel Engine Development

We have strengthened our NOx reduction technology research including the development of the LeanNOx Trap (LNT), and a Low Pressure EGR System (LP EGR), which in combination reduce NOx emissions by 56% from diesel engines. The new Santa Fe released in 2012 is equipped with a newly developed Euro 6 compliant R engine. Fuel efficiency was also improved by up to 30% compared to the gasoline engine model, reducing CO₂ emissions by as much as 20%.

A number of Hyundai cars and SUVs released earlier are equipped with various clean diesel engines that are compliant with the Euro 5 standard. We have already developed cleaner engines that satisfy the new Euro-6 emissions standard which comes into effect in 2014. All HMC diesel models will be equipped with Euro 6 compliant engines starting in 2014.

Improving fuel efficiency

High efficiency transmission HMC has released new types of transmissions with the same ease of use as an automatic transmission but with improved efficiency. For example, the dual clutch released in 2011 has 5 to 6% higher efficiency compared to an automatic transmission. The basic structure is identical to a manual transmission, but it is combined with a computerized shifting mechanism. Mass production of the Kappa CVT, developed in 2012, began and is now equipped in the new Accent. Designed for optimal energy efficiency and seamless operation at all speeds, the Kappa CVT significantly improves upon the fuel efficiency of small vehicles. In 2013, we began offering models equipped with vastly improved 6-speed and 8-speed automatic transmissions for not only larger vehicles but for compact vehicles as well.

Making lighter vehicles

Increased use of new, lighter materials A large number of methods are employed to reduce the weight of the body of the vehicle. Increased use of aluminum, high-strength steel, heat-resistant magnesium and carbon fiber-reinforced materials are some of the most common ways to achieve weight reductions. Recently, the use of advanced high-strength steel accounts for more than 50% of total steel use providing a lighter and safer body. We are also increasing use of parts made using hot-stamping methods. New and stronger aluminum alloys have been developed and efforts are ongoing to enable their use in mass produced vehicles. HMC is also making significant investment in developing parts using next-generation lightweight

materials including magnesium and carbon fiber-reinforced materials.

New manufacturing process HMC developed 3mm-class aluminum thin-walled casting technology and a new part manufacturing technology which can reduce the thickness of cast iron parts while maintaining their strength. For example, steel shafts were made using hollow casting methods achieving a significant reduction in weight. New manufacturing technologies are expected to deliver weight reductions of between 10% and 30% using existing materials.

Next-generation, lightweight technology development

HMC has been leading on the ‘Multi-material Mix Ultra Lightweight Vehicle Body Development’ project since 2010. This 13.5 billion KRW project, with 50:50 government and private funding, is scheduled to be completed in 2015 with the goal of identifying the optimal combination of materials for a lightweight vehicle body that is competitively priced and ideal for mass production in commercial vehicles. The project is expected to provide a new direction in lightweight vehicle design manufacture. HMC is aiming to employ a combination of high-strength steel, aluminum, magnesium, and carbon fiber-reinforced materials to develop a vehicle body that weighs 30% less than a comparable vehicle body currently in production. HMC is engaged in multiple research projects in order to build capacity for the development of various lightweight materials. A new metal forming research facility was recently created in order to conduct research on aluminum and magnesium materials. We plan to mobilize the R&D capacity of subsidiaries and suppliers to enable the commercialization of new materials by concentrating R&D efforts on new lightweight materials and new forming processes. Hyundai is committed to its leadership in lightweight technology.



Employee Status

Domestic and overseas workforce By the end of 2013, the total number of employees had increased to 104,731, a 6.5% increase from 2012. The 59.8% of employees (62,893) are based in Korea. Employees stationed at overseas operation sites have also increased to 41,838 up 9.2% compared to the previous year. The increase in the overseas workforce is due to employees hired for the new R&D center in China, increased production activities.

Increasing Local Hiring By end of 2013, the number of locally-hired employees has increased by 9.2% compared to the previous year. We are steadily hiring an increasing number of local staff thanks to HMC's expanding global production network. As a result, the number of employees in North America and Europe has increased by 702, to 6,873 and 6,031, respectively. The number of employees in China and India increased even more significantly by 8.6% compared to 2012.

Proportion of locally-hired executives Top management in charge of managing overseas

operation sites consisting of 83 based in Korea and 129 locally-hired executives. Thanks to the high proportion of locally-hired executives, each site can be managed more effectively with better cultural understanding and faster decision-making.

Equal Opportunities: hiring female employees

Due to the auto industry's labor-intensive job characteristics, the ratio of male and female employees is somewhat unbalanced at HMC. Therefore, HMC has been making an extra effort to attract female talent to create a more balanced and effective workforce. Thanks to these efforts, the number of domestically employed female employees has been increasing steadily and was 2,692 at the end of 2013. Benefits include ninety-day maternity leave and special monthly days off. Furthermore, childcare centers have been built at a number of sites for working mothers. At the end of 2012, the number of female employees overseas was 4,413.

© Domestic female employee status

2011	2012	2013
2,442	2,576	2,692

© Overseas female employee status

Type	No. of female employees	Proportion of total workforce	No. of female executives
North America	927	13.5	4
Europe	1,082	17.9	3
China	1,918	12.3	0
India	84	0.9	0
Other	402	9.1	0
Total	4,413	10.5	7

Hiring and remuneration

Open Recruitment Aiming to recruit the very best talent with creativity, R&D capacity, and the ability to understand the complex nature of today's business environment with insight, we are diversifying our recruitment channels. In 2013, we introduced a new recruitment process, 'The H,' which places a much stronger emphasis on assessing candidates based on 'personality' traits. The new process involved a 'group meeting among candidates' where HR managers participate over several sessions. The final screening is conducted through an interview. We expect the process to reduce the cost associated with the traditional recruitment process and help us recruit people who are a better fit for the company.

Reward system Base salary for all HMC employees is determined by their position and is not affected by the employee's gender. HMC's reward system has strengthened the links between business performance and rewards, ensuring that employees are fairly evaluated and rewarded in respect of their achievements. We have also established a standardized job performance evaluation system for increased transparency and fairness. Employees in managerial positions receive performance-based salaries in order to strengthen the link between

job performance and compensation. In addition, promotion criteria have been changed from the previous seniority-based system, which favored researchers with more experience, to a promotion point system that favors staff with significant achievements. We also conducted a 360-degree evaluation for team leaders and higher level managers to help senior management further develop their leadership capacity.

Improving Employee Satisfaction HMC has been assessing employee satisfaction for many years. In 2008, a customized employment satisfaction index, the Employee Satisfaction Index (ESI), was developed. In 2013, 19,821 employees stationed at the headquarters and R&D centers were surveyed, with a total of eighty seven questions in ten areas including job satisfaction, performance evaluation, promotion, compensation, and other benefits. The response rate was 52.3%. The results indicated a similar overall job satisfaction with slightly improved scores on 'communication' and 'teamwork'. The higher score on 'communication' and 'teamwork' is encouraging since 'communication and collaboration' is one of Hyundai's core values. This year's survey result indicated a higher level of satisfaction for employees at the manager or higher rank compared to those who are ranked at the assistant manager or lower rank. The result will also be used for employee satisfaction improvement activities.

Human Rights Protection We respect human rights and actively promote human rights in all our business conduct. We publicly announced the HMC Ethics Charter has included 'respect for which conveys our commitment to protecting the human rights of all members of Hyundai. We have selected 'Respect for People' as one of our new five core values. HMC is in full compliance with local regulations on human rights protection at all work sites.

Employee complaint consultation and sexual harassment prevention programs We are currently operating an employee complaint consultation center called 'Talk talk center.' Employees can receive professional consultation on all issues from family problems to work-related issues. A new online-based employee complaint center named 'Once Click HR' service was established on November 2011, for those who cannot make it to the center. During first half of 2013, 206 employees filed complaints with the center a majority of which were work related. A concentrated effort was made on sexual harassment prevention education. This year, courses were tailored for different business divisions with reference to specific situations. The courses were also conducted by an external instructor with new tools such as role-play scenarios. HMC also operates an employee complaint processing unit at its overseas sites and is making an effort to ensure full compliance with local laws and regulations.

Labor Relations Management

Labor Union HMC management fully recognizes the freedom of association, the right to organize, and the right for collective bargaining. In Korea, a total of 45,576 members of the total domestic workforce are members of the HMC Labor Union, which is a part of the larger Korea Metal Workers Union. The company communicates major changes in its management to the labor union as agreed to in the collective agreement or relevant legislation. The union and management discuss key issues through a management-labor council meeting to find solutions. The company also holds management briefings on a regular basis to keep the labor union up to date on the market situation and business practices. Hyundai Motor India (HMI) has its own labor union, and the Public Assembly of the Beijing Hyundai Motor Company (BHMC) represents BHMC employees. Employees of Hyundai Motor Manufacturing in the Czech Republic have formed a union which engages actively with management. Hyundai Motor Manufacturing Alabama (HMMA) employees are members of a larger regional union which actively works with HMMA management to resolve grievances and other issues.

Successful transition to a two daytime shift system Hyundai made a successful transition to a two daytime shift system starting March 4, 2013. The change alleviated problems associated with long-hours and also contributed to increased productivity creating a win-win result. The elimination of the night shift has contributed to not only better health but the provision of free time for families and personal activities leading to significantly improved job satisfaction. The HMC labor union published a report on the new shift system in October 2013 which reported that 76% of union members were content with the transition. Management also found the transition positive with improved product quality and prevention of potential problems associated with an aging work force. Overall, the transition was a significant success because it improved the quality of life as job satisfaction of Hyundai employees has increased.

© Domestic Workforce status by job types

Type	2011	2012	2013
Administration	11,502	11,755	11,453
R&D	7,700	8,240	8,743
Technical / Production & Maintenance	31,568	33,312	35,580
Sales	6,264	6,225	6,237
Others	269	498	880
Total	57,303	60,030	62,893

* Types of contract workers are classified into three categories

© Overseas Workforce Status by regions

Type	2011	2012	2013
North America	5,149	6,211	6,873
Europe	5,744	5,991	6,031
China	9,625	13,768	15,631
India	5,795	8,816	8,893
Others	2,057	3,532	4,410
Total	29,125	38,318	41,838

© Recruitment program

Global Top Talent Forum	Seminars are held to share HMC's research projects and recent achievements, as a means of recruiting talented students overseas universities.
Global Scholarship	Scholarships are provided as a potential means of nurturing future managers.
H Innovator	Interns are recruited with zero consideration to the names of schools or English test scores. It is a channel for hiring students with high potential but without impressive sounding resumes.
Job Fair	Pass over HMC recruitment process to students, hold mini interviews and explain different HMC jobs
The H	Job candidates are tested through various activities and evaluated on how their personality traits and characters

Employee safety

Safety Management System Each HMC manufacturing plants has a dedicated team in charge of environment and health and safety (EHS) management. A licensed medical doctor is hired at each site as the health manager and the H&S team, which consists of experienced experts who actively promotes the health of employees. Furthermore, the Industrial Health and Safety Committee, which is comprised of an equal number of labor and management representatives, makes decisions on the company's EHS policies and other key issues to better prevent safety-related accidents and to continue improving overall workplace safety.

Environment, Health, and Safety Management System HMC has the EHS system which meets the occupational health and safety management standards (KOSHA 18001, OHSAS 18001) implemented in all domestic operating sites. The Ulsan plant successfully received KOSHA/OHSAS 18001 renewal in April 2013. The Asan plant, which received KOSHA 18001 certification in 2000, received OHSAS 18001 in December 2012. The Pamyang R&D center has received both KOSHA and OHSAS 18001 certification, improving EHS management. The new EHS systems are interlinked with the existing integrated environment, safety and health system (i-ESH), which can be accessed via HMC's intranet (<http://iesh.hmc.co.kr>). The 'i-ESH' system collects information and data on safety, health and environment related issues. The data is then repackaged into various forms of statistical data to be used by employees working at the relevant work sites. The combination of two systems has proven to be effective in making positive changes. A comprehensive risk assessment is conducted once every three years to proactively manage the risks associated with new technologies and processes incorporated in each production plant.

© Industrial accident rate (%)

Domestic plants		
2011	2012	2013
1.22	1.22	1.00

Overseas plants

2011	2012	2013
0.82	0.51	0.40

*The 2012 industrial accident rate was updated by the inclusion of the Brazilian plant data.

Overseas plant safety management In 2013, we implemented a number of programs to increase safety management capacity and to enhance the related management systems. We also promoted OHSAS 18001 certification at all of our overseas operating sites and trained employees, which led to certification of two new plants with an improved decision-making system with stronger involvement of relevant local HMC staff in charge of safety management. Thanks to these activities, industrial accident rates at overseas manufacturing plants have decreased in 2013.

Employee Health

Free Health Check ups Free health check-ups are provided biennially to administrative and R&D workers and annually to plant workers. HMC is the first company in Korea to provide a Chinese medicine check-up program as an alternative to its regular medical check-up program. For employees over the age of 35, as well as their families, full health check-ups 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 that suits them. HMS also operates a health improvement center which is equipped with various exercise machines to help employees stay fit and healthy.

Industrial accident prevention measures and medical facilities HMC operates an industrial medical center and a medical clinic in every domestic manufacturing plant and at the Pamyang R&D Center. The centers are responsible for improving the health of employees as well as operating a comprehensive industrial accident prevention program. Each site also has a 24-hour emergency clinic in operation year-round. Our Industrial Medical Centers have

comprehensive 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 from preventive medicine to diagnosis and treatment. The center also conducts regular annual and special check-ups for employees working in hazardous environments and, based on the results, provides additional medical services as required. On average, approximately 100,000 visits are made by HMC and supply company employees to the Industrial Medical Center each year, most commonly for treatment of respiratory and digestive ailments.

Strengthening health care measures to protect a rapidly aging workforce

HMC is taking strong measures to address chronic diseases such as high blood pressure, dyslipidemia, diabetes, and other diseases that are becoming more prevalent especially among the older population. This is a serious concern for Hyundai as the average age of our employees is increasing, especially at the Ulsan plant which is also the largest plant in Korea. 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, ninety percent 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 6,890 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 work and off hours. A small number of workers have been identified officially as patients suffering from occupational injuries.

© 2013 Safety management activities at overseas operation sites

Country	Activities
US	· Tornado and fire emergency evacuation drills · Fire-fighting drill in partnership with the Montgomery Fire Station (twice a year)
China	· Safety inspection during Chinese New Year (Feb.) · Fire prevention and fire-fighting drills (on-going)
India	· General safety education / fire prevention education (on-going) · Safety education for suppliers (on-going)
Czech	· 'Safe Enterprise' certification (Oct. Czech) · OHSAS18001 certification (Dec. by DNV)
Russia	· Safety committee (monthly/hosted by CEO) · 24 hour monitoring by safety managers in three shifts (Feb.)
Turkey	· OHSAS18001 certification (Nov. by IQNet / TSE) · Earthquake evacuation drill (Jul. two groups, 2,305 participants total)
Brazil	· OHSAS18001 certification (Dec. by DNV) · Safety education in preparation for three-shift system (Aug.-Sept.)

© 2013 Overseas plant safety management enhancement program

Item	Special inspection and safety education for the prevention of serious disasters	OHSAS 18001 certification
Detail	<p>Key activities</p> <ul style="list-style-type: none"> · Accident prevention and on-site inspection of high-risk facilities and implementation of improvement measures (conducted on all seven sites) · Awareness-raising with education on safety regulations of different countries and case studies <p>Expected benefits</p> <ul style="list-style-type: none"> · Elimination of potential cause for serious accidents through thorough inspection of high-risk facilities and implementation improvement measures · Increased awareness of safety through special education sessions with top management participation 	<p>Purpose</p> <ul style="list-style-type: none"> · Establishment of strengthened health and safety management system for better management with added benefits of positive publicity <p>Certifications</p> <ul style="list-style-type: none"> · Turkey (HAOS) certification completed (by IQNet / TSE) · Czech (HMMC) certification completed (by DNV) · Brazil (HMB) certification completed (by DNV GL)
Time/region	July, Overseas operation sites	Turkey plant (HAOS): Nov. 2013 Czech plant (HMMC): Dec. 2013

Career development

Voluntary job rotation system HMC offers support programs and opportunities for development for individual employees. The career development support program is a flagship program which helps individual employees transfer from one department to another, provided that their career development plan requires such a move and the transfer can be managed internally without a gap in operational capacity. Between two to three thousand employees have made requests for transfer since the system was introduced and an increasing number of employees are transferring each year. The increase in the number of employees with multi-departmental experience has helped improved inter-departmental communication, ultimately leading to a more efficient operation. The program is also helping employee self-development.

Global Ex-change Program for top performing employees The program serves the dual purposes of boosting performance at HMC's overseas subsidiaries and strengthening HMC's global business management capacity. In first half of 2013, a total of 14 employees from 10 different overseas subsidiaries and 10 Korea-based employees from were selected. 16 employees from 12 overseas subsidiaries and 9 Korea-based employees participated in the program. The program has many other benefits such as strengthened communication between HMC HQ and participating overseas subsidiaries, more importantly boosting morale and capacity of highly talented HMC employees participating in the program.

© Employee training expense and time spent

	2011	2012	2013
Training expenses per employee (in 10,000 KRW)	64	77	75
Training hours per employee (in hours)	51	61	55
Total training budget (in 100 million KRW)	362	441	469

Building Global Expertise The Global curriculum focuses on increasing the global expertise of the trainees, internalizing core values, fostering global leadership, and enhancing the ability to communicate with staff and stakeholders from different cultures. The strategy has three aims in fostering global business leadership, strengthening global communication capacity, and establishing an effective governance structure for human resource development structure, with 10 projects for implementation. The new integrated human resource development program will help Hyundai to better prepare both Korea-based and locally-hired staff working at overseas operation sites. An increased number of foreign language courses are also offered as need for communication in non-Korean languages is increasing with Hyundai's expansion into international markets.



page. 72

More detailed information 'fostering of talented workers' can be found on page 72 of this report.

Employee benefits

Employee Benefits for family members Hyundai employee benefits include tuition support for children and medical expense support for family members. The 'Hu' portal was created to provide guidance on benefits to which employees are entitled. The portal site also offers information on Hyundai's employee benefits, travel/hobby information, child education activities, and more. The portal also incorporates an online shopping mall where employees or their family members can shop with special credits provided by the company.

Housing Support and Other Benefits HMC provides employee housing and dormitories for employees with do not own a home. Long-term, low interest housing loans are available as part of the HMC benefits package. HMC also operates employee assistance centers that provide free legal advice and other administrative support such as issuing various legal documents.

Supporting Leisure Activities Maintaining a balanced between work and life is an important foundation for a good quality of life. Additionally, Hyundai is operating programs that can contribute to the healthy living of its employees. First, we support employee club activities which contribute to building positive dynamics among colleagues in the work place. We also provide education programs for married couples and an English camp for children. Paid extended service leave is offered to qualified employees who can travel overseas with their spouses. Other leave options are available including 'Refresh Vacation' which allows employees take some time away from their work and come back refreshed, positive, and more productive. Hyundai has secured memberships to high-quality resorts and hotels which can be rented by employees at low rates for their vacations. We also set up special recreation/camping centers on some beaches for our employees and family members during summer vacation seasons.

Work Hard? Work SMART!

The world is changing with signs of limits to growth, cross-breeding of different industries, and fundamental changes in the automotive industry worldwide. The changes are calling for transition to a new way of working. The recent OECD labor productivity study results indicated that Korean workers are working significantly longer hours but have significantly lower productivity compared to average American or European workers. Long hours do not lead to high productivity or high efficiency. The study result calls for a need for a transition to a 'Work Smart' culture that grants a healthier balance between work and life.

Changing the way we work. WorkSMART

Understanding the changes in the business environment and the need for a healthier work and life balance, Hyundai has launched a new 'WorkSMART' initiative. The four key cultural elements to be promoted are 'collaboration,' which calls for perseverance in implementation of shared objectives; 'spirit of challenge and creativity,' which calls for proactive working with passion; 'sustained self-development,' which calls for building capacity to cope with changes; and 'trust and respect,' which calls for sense of community and kinship among colleagues. We believe great synergy can be created if the four elements can be incorporated into our corporate culture.

WorkSMART: How it is implemented?

We have identified five key areas for implementation of the WorkSMART program: 'People', 'Process', 'IT', 'Time,' and 'Place'. We are encouraging all divisions and teams to increase collaboration in order to quickly build a 'WorkSMART' culture. For example, we implemented an innovative new document management system which creates the foundation for increased collaboration. The system was designed to break down barriers and 'silo'-culture.

In 2013, the WorkSMART campaign was launched with an aim of building a consensus and make actual transition toward a new way of working. Activities included the announcement of WorkSMART guidelines and a series of other activities to encourage a change in behavior. In 2014, the Smart Agents, who are in charge of managing transition, will encourage voluntary initiatives, make changes in physical environment, promote shared meeting rooms, launch WorkSMART Day campaign, and so on.

WorkSMART implementation guidelines

A clear set of practical guidelines was provided to promote the WorkSMART culture. Some of the recommendations included in the guidelines are: Do your homework before meetings to keep them short and effective?; Write down clear instructions/action for maximum clarity; keep reports to one page; use e-mail for reporting; promote collaboration; approve in a time efficient manner; and so on. The implementation guidelines were posted in meetings and other relevant workspaces to encourage adoption.

Developing WorkSMART indicators

We have developed a set of WorkSMART indicators to check the status of implementation and measure its progress. The indicators have developed assessment criteria defined within the WorkSMART Framework. A total of 63 indicators of measurement changes in the work culture, the people, and the infrastructure. The indicators were selected to check the status of implementation, analyze the strength and weakness of different organizations involved, promote long-term improvement activities, and set the direction of long-term transition to the WorkSMART culture. In 2013, we conducted a company-wide survey in order to check progress and develop a clear sense of where we need to go in order to firmly implement the 'WorkSMART' culture. Among all 21,298 employees surveyed, 11,300 (53.1%) participated in the survey. The overall score was 60.2 point with high scores for the staff's

willingness to participate in the initiative but low on infrastructure. We plan to conduct a survey every year in May to monitor changes and identify areas that needs improvement.

WorkSMART case study

The global messenger system A global messenger system is in development as a part of 'WorkSMART' activity. The global messenger system is a new communication system, which integrates various existing communication systems in one, enabling collaboration easier. The new system is expected to boost productivity and contribute to the quality of services and products Hyundai provides. The system will be first introduced in operation sites in Korea and introduced to other regions such as Europe, the US and India in sequence. The new system will support many standard functions including chat, message, file transfer, and multi-language support. It will also have integrated functionality in links with email, video-conferencing, and so on.

© Overseas exchange program for top performing employees

Induction program	Overview of business environment and HMC's long-term management strategy, Seminar on HMC values, HMC operation site visits, Training program for Korean language and culture
Work program	Project implementation and establishment of communication channel between HMC headquarter and overseas subsidiaries (Programs vary by team)
Mentor system	A mentor is assigned to each participating employee throughout the whole program
Weekend program	Cultural programs on traditional and contemporary Korean culture

We firmly believe that competitive suppliers are the source Hyundai Motor's competitiveness. This is why we have been supporting our suppliers with dedicated organizations including Foundation of Korean Automotive Parts Industry Promotion. Our win-win growth strategy for suppliers focuses on strengthening of global competitiveness, strengthening foundation for sustainable growth, and establishing a win-win growth system. Helping suppliers achieve quality improvement, higher productivity, and stronger R&D capacity is the key to making them more competitive and we have many initiatives in place for support.

Strengthening global competitiveness

Foundation of Korean Automotive Parts Industry Promotion In 2002, Hyundai founded the Foundation of Korean Automotive Parts Industry Promotion in partnership with Kia Motor and Hyundai MOBIS. The Foundation provides training on quality management as well as effective business management practices. The Quality Improvement Support team and Supplier Support Corps, members of which consists of experienced retired engineers and experts, are stationed at supplier companies to resolve issues and provide training support. The majority of these programs are offered to 2nd-tier suppliers instead of larger 1st-tier suppliers.

(unit: times)

Implementing organization	2012	2013	total
Quality Improvement Support team	111	103	1,059
Supplier Support Corps	44	43	299

Supporting R&D capacity building We held a series of education programs and seminars to help suppliers build R&D capacity. In 2013, a total of 132 training programs were held and 15,380 supplier company employees participated. We plan to continue offering high quality training courses and to expand its scope to offer similar support to supplier companies located overseas. The Guest Engineer program is a collaboration-

based support program. By working with Hyundai R&D employees, the engineers of supplier companies can build their capacity which also leads to reduced development time. In 2013, 317 engineers were dispatched to the Hyundai R&D center for collaborative R&D.

Building a foundation for sustained growth Support supplier business expansion overseas

Many 1st- and 2nd-tier suppliers establish their operation base overseas when Hyundai builds a new plant. By establishing international operation sites, suppliers can enjoy business stability through steady demand for their products. Hyundai also benefits from a steady supply of high quality parts.



page. 80

More detailed information on 'expanding business overseas with suppliers' can be found on page 80 of this report.

Helping suppliers recruit top talent HMC held its first 'Supplier Job Fair' in 2012, which was the first event of its kind in Korea, designed to help suppliers recruit talented workers. In 2013, a total of 348 suppliers participated in the job fair which was held in multiple locations. By working with Hyundai, the suppliers can boost their profile and attract stronger candidates. We have also established a 'recruitment website' for suppliers to continue to support their recruitment activities and improve publicity.

Establishing a win-win growth system

Supplier network We are actively communicating changes in purchasing and quality-related policies. We have also established a 1st-tier supplier council to promote fair business relationship with the 2nd- and 3rd-tier suppliers. The council serves as a facilitator of information exchange and communication channel for collecting suggestions and grievances from 2nd- and 3rd-tier suppliers.

Fostering a win-win growth culture The Ulsan plant has been offering EHS training programs for 1st-tier suppliers located near the plant. More than 500 working level employees from 150 companies participated in the program over an 8-year period. In 2013, 68 employees from 58 suppliers received training. The training program consisted of sessions on EHS accident response plans, success cases on EHS management, CSR programs, and so on. We are also encouraging our suppliers to obtain relevant certifications to help each improve their management and image.

Environmentally-friendly parts supply agreements

Since 2007, HMC has signed environmentally-friendly parts supply agreements with our 1st-tier suppliers in order to comply with regulations and to fulfill our social responsibilities. In 2012, all suppliers based in Korea signed the agreement, and we are now seeking to sign agreements with suppliers based overseas.

OHSAS18001 certification We have begun to encourage our suppliers to receive OHSAS 18001 certification in order to help strengthen their health and safety management systems and implement prevention measures. We also actively campaign for industrial accident prevention in addition to promoting better safety through certification. In 2013, all of HMC's Korea-based suppliers received OHSAS 18001 certification, and many of our overseas suppliers are preparing for certification.

Supplier satisfaction survey

Hyundai has been conducting supplier satisfaction survey on an annual basis. The survey collects information on the level of satisfaction in areas including fairness in business transactions, transparency, 2nd-tier supplier management, and shared growth program. The 2013 survey results indicated improved satisfaction in three areas of work processes, purchasing policies, and a win-win growth program compared to 2012. Hyundai will continue to monitor supplier satisfaction and address their concerns.

Hyundai Motor has been conducting a number of CSR activities as a leading global automaker. We are committed to promoting the welfare of people and achieving a sustainable future through improving our environmental performance. Our CSR activities are strategically selected following the CSR Roadmap established in 2003. As a company with long-term experience in CSR activities, we are making an effort to make a positive impact by implementing innovative CSR activities that are most impactful and fitting for an automobile manufacturer.

CSR Activities in Korea

Safe Move Automobiles should be both fun to drive and convenient, however, those characteristics are of secondary importance compared to ensuring the safety of people. Hyundai has been supporting activities including traffic safety training and automobile pre check-up services designed to promote traffic safety.

- The Robocar Poli Children's Traffic Safety Education
- The Three-Leafed Clover' campaign
- Donation of pedestrian walk mat for traffic safety education
- Happy Way Drive campaign
- Distribution of angel wing-shaped "boarding/unloading" stickers
- Traffic safety quiz competition
- Children's safety experience center exhibition

The Three-Leafed Clover campaign This campaign is a CSR program created to support children of traffic accident victims. We believe this is one of the most fitting CSR programs for an automaker such as Hyundai Motor. Beneficiaries receive financial support and are invited to various programs. The traffic accident victim support program has many components including 'make-a-wish'-type support among others. In 2013, 80 students between the 1st and the 12th grade were give support of up to one million KRW.

In 2013, we launched a new sub-program named, 'Pursuing my Dream', a mentoring program for career development as a part of the existing campaign. The sub-program consists

of developing various talents of the selected children and providing them with mentoring advice to design their future plans. In 2013, 20 middle and high school students were selected to receive support of up to 2.8 million KRW. In July 2013, a 'make-a-wish' camp was held for beneficiaries of the three-leaf clover campaign. All beneficiaries, 100 in total, participated in the camp which was organized by 20 college student volunteers. The camp is designed to help the children cope with the difficulties they were facing due to the absence of their parents. We plan to continue supporting the children and provide them hope.

Easy Move HMC strongly believes in providing mobility for everyone. Moreover, we strongly believe that access for mobility should be provided equally for the disabled, the elderly, children, and others. In our drive to improve their mobility, HMC supports a number of initiatives designed to enhance the mobility of those who are limited in their movement and to, in turn, help them interact more freely with the rest of society.

- Moving the World Together projects
- Provide special vehicles for handicapped
- Enhance mobility of the handicapped
- Provide free vehicles for a job training school for the disabled
- Provide special bicycles for health management of the disabled
- Support operation of a playroom for disabled children

Moving the World Together projects HMC's 'Moving the World Together Projects' are created to provide support for welfare programs designed by specialist institutes and organizations with expertise in relevant areas. The program was launched in 2005, and it has been supporting people in need in the most effective way possible. Project proposals are submitted through a competition and then reviewed by a committee made up of experts who specialize in supporting people of all ages with disabilities. The committee selects

the projects with the highest potential and grant funding for one year. HMC also provides project management support, expert advice for successful implementation, and capacity building. In 2013, we have launched a new 'Welfare shuttle support' program for people in remote villages. One of the projects for the program was the 'Happy dream car' which would perform multiple functions including a movie night, a health check-up, and a karaoke class. We also established the 'Yuko Garden' which conducts gardening projects led by mentally disabled workers. We plan to expand the 'welfare shuttle support' program and tailor our projects to make them more distinctive and effective for beneficiaries.

Green Move Protecting the environment is an act of self-preservation and also about giving the next generation an opportunity to live a better life. HMC protects endangered species and supports environmental awareness education initiatives. More importantly to help protect the future of our planet, we are developing green vehicles such as electric cars and hybrid-electric vehicles.

- Support for the Korea Road Kill Prevention Association
- Hyundai Green Zone Project
- Eco-hybrid forestation
- 'Eco-Korea' campaign
- Global Eco-leader Environmental Camps
- Restoration of Geumkang River ecosystem
- Ulsan's Taehwa River restoration support

Support for the Korea Road Kill Prevention Association Hyundai Motor is supporting the operation of 'The Korea Road Kill Prevention Association' which is the first organization dedicated to prevention of the road kill problem. It is estimated that more than 300,000 animals are killed by vehicles in Korea each year, and there is a rising number of automobile accidents associated with cars hitting animals. As a leading automaker, we recognize our responsibility for the increasing road kill and related auto accidents related to this problem. Hyundai will

The Road to Sustainability

Sustainability Management: Philosophy and Foundation	4
Creating Shared Value	32
Top 5 Sustainable Management Issues	56
Sustainability Management Performance	84
Appendix	103

Sustainability Management Performance

01. Innovation of brand image through strong quality management	86	06. Fostering a safe workplace	94
02. Better communication with customers	87	07. Fostering talented workers	96
03. Environmental management	88	08. Work smart	97
04. Innovating safety technology	90	09. Growing with suppliers	98
05. Promoting diversity in the work force	92	10. CSR activities for local communities	99

work with our customers to prevent road kill in a sustainable manner.

© The Korea Road Kill Prevention Association: poster and logo



Happy Move Hyundai has been conducting various volunteer activities to support our neighbors in need and fulfill our social responsibility to make the world a better place for all. Our volunteer group does not only consist of Hyundai employees but college students as well. The Happy Move Volunteer Corps will continue to make an effort to provide warmth to people in need.

- The 'One Company One Farming Village support campaign'
- H- Volunteer Designer
- H- Family Volunteer

- H- Family Workcamp
- H- Volunteer Festival
- Happy Move Global Youth Volunteer program

H- Volunteer Designer The H-Volunteer Designer program is a unique CSR program which allows volunteers to design their own project from the ground up. This program allows interested employees to submit a project plan, including an activity plan and beneficiaries, which is then reviewed by CSR managers and relevant NGOs. One project is given the green light each month. The projects implemented this year include: 'H-Service Center' which provides free vehicle maintenance for the disabled; Korean lessons and child labor support for immigrant women; a Soup kitchen for the poor; Lunchboxes and Kimchi for the elderly in single a household; Environmental education for senior citizens which includes a green crafting workshop, and more. Hyundai wants to promote innovative new approaches in volunteer activities in addition to supporting traditional activities. We plan to expand the H-Volunteer Designer program to support personal creativity

and talent in our volunteer activities.

© Social contribution status

Country	2011	2012	2013
Social contribution expenses (unit: 100 million KRW)	752	742	689
Number of Employee volunteers (in persons)	33,679	31,862	33,262

Overseas CSR Activities

Children's traffic safety campaign with 'Robo Car Poli' Hyundai collaborated with Roi Visual, the creator of the Robo Car Poli animation series, and produced a children's traffic safety animation series designed to provide effective traffic safety education for children. After a successful run in Korea, we launched the series in China, Israel, and Russia in 2013.

China BHMC produces and sells more than a million automobiles per year in China, and we take Hyundai's corporate social responsibility in China very seriously.

In 2013, we launched the children's traffic safety campaign with 'Robo Car Poli', a popular computer animation which enjoyed significant popularity in Korea. The first season was released in 2013 on the CCTV-14, a network for children operated by the Chinese government. The campaign was well received with positive viewer reaction for its educational content on traffic safety. It also generated positive publicity for the Hyundai brand. Thanks to the popularity of the first season, CCTV aired the second season between January and April 2014. We also plan to launch large scale offline traffic safety campaigns.

Russia In 2013, the series was launched in Russia shortly after its launch in China. We also launched an offline traffic safety campaign while the series was aired on the CTC channel. All 26 episodes were dubbed into Russian and aired over seven weeks. It had an average rating of 9.7% which is very high for a children's program. The biggest 'Robo Car Poli' traffic safety campaign was held on September 7, Moscow City Day. The offline campaign activities included in-visit classes and experience center exhibitions.

Israel The Robo Car Poli traffic safety campaign was launched in the 2nd half of 2013 when the first episode of the animation series aired on the nation's most popular children's channel in October. Promotional activities included 'Cool

Hanukah with Nick' by Nick Jr. An educational puppet show based on the animation was also created and performances were held in 22 shopping malls and department stores.

We plan to launch Robo Car Poli campaigns in other countries starting with India and Brazil in the near future. We also plan to make the series available for on-line users through the home page (<http://poli.hyundai.com>) and on YouTube.

Hope on Wheels 'Hope on Wheels' is a pediatric cancer patient support program launched by Hyundai Motor America (HMA) in 1998. All Hyundai dealers contribute to the program by donating 14 dollars for each car they sell. A total of 72 million USD had been collected by the end of 2013 which was then donated for pediatric research support.

Celebrating the 15th Anniversary of Hope on Wheels The 2013 marked the 15th anniversary of the Hope on Wheels initiative. We celebrated the 15th anniversary in April 2013 which also doubled as the annual launching of the campaign. CJ George, who overcame cancer with the support from the Hope on Wheels fund, participated in the event as the Hope on Wheels ambassador. Some dealers as well as representatives from Colombia University Medical Center and New York City officials also participated and gave their blessing for continued success of Hope on Wheels.

Hyundai Scholarship The Hyundai Scholarship program grants funding for young researchers in the Children's Oncology Group who have made significant contributions in pediatric cancer research. In 2013, 42 researchers received grants in the amount of 3.15 million USD. We have allocated 10.25 million USD to 41 pediatric hospitals donating a quarter million USD to each hospital.

Pediatric Cancer Month Awareness-raising Activity Understanding then importance of awareness raising, Hyundai has been launching a number of activities every September since it is

Child Cancer Awareness Month. We held a 'Hope on Wheels' cross country run in twelve cities. Thousands of people participated in the event in support of Hyundai's effort to fighting cancer in children.

Online campaign In 2013, we launched our first social media campaign to raise awareness of pediatric cancer. The campaign was named 'Every Handprint Tells a Story' which had stories on struggles of American children fighting cancer. The campaign generated significant interest for 'Hope on Wheels' and pediatric cancer patients with more than 5,000 messages. We also created short videos on the story of children fighting cancer.

US Congressional Childhood Cancer Caucus In 2013, Hyundai was once again invited to the US Congressional Childhood Cancer Caucus. This was the fourth year since Hyundai Motor was first invited to the event. The event is held annually to raise awareness on the fight against pediatric cancer. 'Hope on Wheels' has gained mainstream attention thanks to Hyundai's continued promotion of the issue which is receiving growing attention from high-profile stakeholders. The Korean ambassador to the US, Hoyoung Ahn, pediatric cancer research experts, patients, and their family members participated in the event as well. Some case studies on successful treatment were presented and discussion was held on the need for new legislation to provide more support for patients. It also generated positive publicity for Hyundai's contribution.

Skill for the future 'Skills for the Future', developed in partnership with JA-YE Europe (Junior Achievement-Young Enterprise), is a three-year program starting this year. Launching in five countries first - Germany, UK, Italy, Spain, and the Czech Republic - it will give approximately ten thousand (10,000) vocational school students in 15 countries across the European Union the chance to try their hand at enterprise and learn valuable skills.

Special topic

Sonata: The Brilliant Sound Project

Our campaign for a 'Brilliant World' is not really about creating a better society as a whole overnight. Yet, I think we can get closer to making the world better by making one customer at a time happier. This philosophy has served as the basis for implementing Sonata: the brilliant Sound Project.

The goal of this project was finding a way to provide people who were most deprived of the joy of music an opportunity to enjoy music. We found a solution in the Sonata Touchable Music Seat. The Namyang R&D center and Seogang Graduate School of Media collaborated for the development which was built on the fact that sound was something that could not just be but felt through the skin.

The speakers convert digital or electrical signals and generate audible sounds which can be processed though our ears. By contrast, Sonata's seats have three speakers in the seat, one for the back and two for the hands, to allow hearing impaired children to feel the rhythm and different pitches of sound. When development was completed, we sought ways to maximize the benefits

to the children and recruited volunteers and called for the participation for the manufacture and distribution of the seat. We are committed to manufacture and donate one seat for every 1,000 participants and ended up donating 10 Sonata brilliant Sound Project systems, each with five special seats, to 10 schools for the hearing impaired.

We also set up a number of experience centers at large cafes in Seoul to raise awareness and encourage participation in the initiative.

We also created a Sonata Brilliant Sound Zone with 15 touchable music seats at a concert hall and invited hearing-impaired children to try the seats out allowing them to experience a music concert for the first time in their lives. We are proud to have set an example of providing a never-before-possible experience with new technologies.

We think projects like this are what make life brilliant. Hyundai plans to continue expanding the program to allow more people benefit from touchable music seats and find new projects for the future.

- Sustainability Management: Philosophy and Foundation 4
- Creating Shared Value 32
- Top 5 Sustainable Management Issues 56
- Sustainability Management Performance 84
- Appendix 103



- 01. Innovation of brand image through strong quality management 86
- 02. Better communication with customers 87
- 03. Environmental management 88
- 04. Innovating safety technology 90
- 05. Promoting diversity in the work force 92

- 06. Fostering a safe workplace 94
- 07. Fostering talented workers 96
- 08. Work smart 97
- 09. Growing with suppliers 98
- 10. CSR activities for local communities 99

The students will be exposed to a variety of learning-by-doing approaches, like creating and managing their own technical micro-companies. As well as being a formative introduction to entrepreneurship, the program will also nurture softer skills like teamwork, management and organization.

Classroom visits The classroom visit brings professionals from different Hyundai departments into schools where students can interact with them directly. The employee volunteers lead 90 minutes learning activity and discussion based on a Hyundai Business Case Study. So far, more than thirty visits have been made in four countries totaling more than 600 students.

Technical Mini-Companies Over the course of the school year, students create and manage their own real enterprise. It is likely their first experience in entrepreneurship, and they gain valuable skills such as teaming and organization in addition to learning the basics of business. They are supported by trained teachers and a mentor from Hyundai. These mini-companies will develop products and services related to the automotive industry. In 2013, we sponsored 15 companies created in 15 schools and more than 100 students have participated in the program.

Hyundai Award The best idea for an automotive service/product will be awarded every year with the Hyundai Award. Each team is evaluated on multiple criteria which include profitability/competitiveness, feasibility, innovativeness of product/service, sustainability of business model, teamwork, and so on. In 2013, the Italian team won the final award for their achievement in improving safety.

Online quiz An on-line test named 'Skills for the Future quiz' was created to check the level of understanding of the students. The test is designed to evaluate what students know about the automotive world and what skills are needed. Participants need to score higher than

80% in order to receive a certificate. Quiz is available in English, Italian, Spanish, and German.

Teacher-volunteer Workshop The Skills for the Future's 2013 workshop was held for teachers and volunteers participating in the project. The event took place in Brussels, Belgium with 75 participants including Hyundai Motor coordinators including Allan Rushforth, Senior Vice President and COO of Hyundai Motor Europe. The event was followed by a discussion session held at the European Parliament with participants including the Deputy Director General of DG Education.

The panel discussion reiterates the importance of public-private education collaborations in tackling the skills gap in Europe's job market and how to prepare young people for the changing market environment. We've seen the value of using our insights and resources to support educators and empower young people, and we're expecting even greater results in the coming year.

Hyundai-KOICA Dream Center Completed in December 2012, the 'Hyundai-KOICA Dream Center' is a technical high school in Koforidua City, Ghana, which was established in collaboration with KOICA, the Plan Korea and other partners. The center offers free training program to foster young students becoming skilled auto repair/maintenance technicians. Hyundai developed the curriculum and actively participates in the operation of the school to ensure the highest quality education. The second Dream center was established in Indonesia. The construction work began immediately after the signing of agreement with KOICA and Plan Korea, which took place in April 2013. The Indonesia Hyundai-KOICA Dream center has capacity of 240 students and has a goal of achieving employment rates for graduates at an 88% minimum. At least 100 students are granted with internship opportunities.

Happy Move Global Youth Volunteer Corps

Hyundai founded the Happy Move Global Youth Volunteer Corps in the summer of 2008 with the aim of carrying out CSR activities. Hyundai has been supporting 1,000 students in their international volunteer activities during summer and winter vacations. As of end of 2013, a total of 5,500 students including the 1,000 student volunteers in the summer of 2013, participated in the program. The student volunteers travel to various regions such as China, India, Malaysia, Indonesia, and others for volunteer activities in medical, environmental and other fields. The twelfth volunteer group was launched in January 2014.



csr.hyundai.com

Please refer to csr.hyundai.com and 2013 Social Contribution Activities Whitepaper for more information on Hyundai's social contribution activities.

APPENDIX

01. Sustainability performance	104
02. Reporting guideline index (GRI G4 CORE)	106
03. Third party assurance report	110
04. Hyundai Motor vehicle history	113
05. Membership and Sustainability report publication history	114
06. Sustainability Management Highlights in Braille	115
07. Epilogue	123
08. Credits	124



Sustainability performance

Economic performance

Economic performance indicators (HMC operation results only)

Indicators		2011	2012	2013
Asset indicators	Total assets (in million KRW)	50,236,010	53,945,929	57,714,177
	Total debt (in million KRW)	17,714,376	16,926,273	15,761,966
	Total capital (in million KRW)	32,521,634	37,019,656	41,952,211
Sales indicators	Sales (in million KRW)	42,774,077	43,162,401	41,691,171
	Operating Profit (in million KRW)	4,684,413	4,297,228	3,721,008
	Net Income (in million KRW)	4,740,886	5,273,448	5,181,546
Business stability indicators	Current ratio (%)	144.7%	176.2%	204.2%
	Debt ratio (%)	54.5%	45.7%	37.6%
Profitability indicators	Operating profit to net sales ratio (%)	11.0%	10.0%	8.9%
	Net profit to net sales ratio (%)	11.1%	12.2%	12.4%

Environmental Performance

Environmental Management indicators

Indicator	Scope	2011	2012	2013
Energy Use (TJ)	Domestic	30,083	31,475	30,236
	Overseas	17,821	16,606	19,271
	Total	47,904	48,081	49,507
GHG emissions (tCO ₂ e)	Domestic	1,562,658	1,552,481	1,502,841
	Overseas	721,132	854,045	938,507
	Total	2,283,790	2,406,526	2,441,348
GHG emissions per unit of production (tCO ₂ e/vehicle)	Domestic	0.826	0.815	0.812
	Overseas	0.330	0.342	0.321
	Total	0.561	0.547	0.512
Air pollutant emissions (ton)	Domestic	536	458	372
	Overseas	718	734	857
Water use (ton)	Fresh water use	20,113,342	21,337,534	23,379,599
	Recycled water use	1,602,151	987,928	1,883,321
Waste generated (ton)	Overall volume	665,757	718,786	658,295
	Recycled volume	633,058	690,892	617,556
Hazardous chemicals used (ton)	Domestic	1,796	1,595	1,611
Hazardous chemical related accidents (case)		0	0	0
VOC emission (ton)	Domestic	8,798	9,093	8,193
Organic solvents recovered (ton)	Domestic	2,987	2,840	2,861
Product environmental certification*(case)	Domestic	8	8	1
	Overseas	2	5	2

* Product environmental certification includes domestic carbon footprint labels. A number of HMC products have received Life Cycle Assessment labels and Design for Environment labels from overseas certification agencies.

Social performance

Customer value management

Indicators		2011	2012	2013
Vehicle Dependability Study (point)		132	125	146
Initial Quality Study (point)		108	107	106
Customer Satisfaction Index (point)		82.1	81.5	81.1

Employee

Indicators	Scope	2011	2012	2013
Domestic workforce (in persons)		57,303	60,030	62,893
Overseas workforce (in persons)		29,125	38,318	41,838
Female employees (in persons)	Domestic	2,512	2,576	2,692
	Overseas	unaccounted	3,830	4,413
Industrial accident rate (%)	Domestic	1.22	1.22	1.00
	Overseas	0.59	0.39	0.40
* Accident rate = No. of employees affected / No. of total employee x 100				
Total training expenses (in 100 million KRW)		362	441	469
Training expenses per person (in 10,000 KRW)		64	77	75
Training hours per person (in hours)		51	61	55

Suppliers

Indicators		2011	2012	2013
Payment to suppliers (in billion KRW)	Materials and parts	26,054	26,411	25,844
	Outsourcing expenses	537	590	533
Proportion of supplier payment to sales (%)		62.2	62	62.6

Social contribution




Indicators		2011	2012	2013
Social Contribution Expense (in 100 million KRW)		752	742	689
No. of Employee volunteers (in persons)		33,679	31,862	33,262
















Reporting Guideline Index

GRI G4 CORE

G4	No.	Indicator	Page No.	Note	
STANDARD DISCLOSURES					
Strategy and Analysis	G4-1	Statement from the most senior decision-maker of the organization (e.g. such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	4-5	●	
Organizational Profile	G4-3	Name of the organization.	8-9	●	
	G4-4	Primary brands, products, and services.	8-9, 113	●	
	G4-5	Location of the organization's headquarters.	8-9	●	
	G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are relevant to the sustainability topics in the report.	8-9	●	
	G4-7	Nature of ownership and legal form.	8-9	●	
	G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	8-9	●	
	G4-9	Scale of the organization, including: Total number of employees Total number of operations Net sales (for private sector organizations) or net revenues (for public sector organizations) Total capitalization broken down in terms of debt and equity (for private sector organizations) Quantity of products or services provided	8-9, 22-27	●	
	G4-10	a. Total number of employees by employment contract and gender. b. Total number of permanent employees by employment type and gender. c. Total workforce by employees and supervised workers and by gender. d. Total workforce by region and gender. e. Whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Significant variations in employment numbers (such as seasonal variations in the tourism or agricultural industries).	92, 105	●	
	G4-11	Percentage of total employees covered by collective bargaining agreements.	93	●	
	G4-12	Organization's supply chain.	80-81, 98	●	
G4-13	a. Significant changes during the reporting period regarding the organization's size, structure, ownership, or supply chain, including: Changes in the location of, or changes in, operations, including facility openings, closings, and expansions Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) Changes in the location of suppliers, the supply chain structure, or relationships with suppliers, including selection and termination.	80-81, 98	●		
	G4-14	Whether and how the precautionary approach or principle is addressed.	114	●	
	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	114	●	
G4-16	List of memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: Holds a position on the governance body Participates in projects or committees Provides substantive funding beyond routine membership dues Views membership as strategic	114	●		
	Identified material Aspects and Boundaries	G4-17	a. List of all entities included in the organization's consolidated financial statements or equivalent documents. b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	About this report	●
		G4-18	a. Process for defining the report content and the Aspect Boundaries. b. How the organization has implemented the Reporting Principles for Defining Report Content.	58-61	●
	G4-19	List all the material Aspects identified in the process for defining report content.	58-61	●	
	G4-20	Material Aspect Boundaries within the organization	58-61	●	
G4-21	Material Aspect Boundaries outside the organization	58-61	●		
G4-22	Effect of restatements of information provided in previous reports, and the reasons for restatement.	24-25	●		
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	58-61	●		
Stakeholder Engagement	G4-24	List of stakeholder groups engaged by the organization.	19	●	
	G4-25	Basis for identification and selection of stakeholders for engagement	19	●	
	G4-26	Approach to stakeholder engagement, including frequency of engagement by type and stakeholder group, and whether any of the engagement was undertaken specifically as part of the report preparation.	19	●	
	G4-27	Key topics and concerns raised through stakeholder engagement, and how the organization has responded to them, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	19	●	
Report Profile	G4-28	Reporting period (such as fiscal or calendar year) for information provided.	About this report	●	
	G4-29	Date of most recent previous report (if any).	About this report	●	
	G4-30	Reporting cycle (such as annual, biennial).	About this report	●	
	G4-31	Contact point for questions regarding the report or its contents.	About this report	●	
	G4-32	In accordance' option the organization has chosen. GRI Content Index for the chosen option (see tables below). Reference to the External Assurance Report, if the report has been externally assured. GRI recommends external assurance but it is not required to be 'in accordance' with the Guidelines.	About this report, 106-109	●	
	G4-33	a. Organization's policy and current practice for seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	About this report	●	
Governance	G4-34	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	12-14	●	
Ethics and Integrity	G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	15-17	●	

G4	No.	Indicator	Page No.	Note	
Disclosures on Management Approach					
Disclosures on Management Approach	G4-DMA	a. Why the Aspect is material and what impacts make it material. b. How the organization manages the material Aspect or its impacts. c. Evaluation of the management approach, including: The mechanisms for evaluating the effectiveness of the management approach The results of the evaluation of the management approach Any related adjustments to the management approach	Sustainable Management Issues pages (58-83)	●	
Economic					
Economic Performance	G4-EC1	Direct economic value generated and distributed	22-27	●	
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	62-71	●	
	G4-EC3	Coverage of the organization's defined benefit plan obligations	27	●	
	G4-EC4	Financial assistance received from government	-	●	
Market Presence	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operations	92	●	
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	92	●	
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported	40-43	●	
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	22-27	●	
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	98	●	
Environmental					
Materials	G4-EN1	Materials used by weight or volume	-	●	
	G4-EN2	Percentage of materials used that are recycled input materials	51-52, 89	●	
Energy	G4-EN3	Energy consumption within the organization	104	●	
	G4-EN4	Energy consumption outside of the organization	-	●	
	G4-EN5	Energy intensity	-	●	
	G4-EN6	Reduction of energy consumption	-	●	
	G4-EN7	Reductions in energy requirements of products and services	-	●	
Water	G4-EN8	Total water withdrawal by source	-	●	
	G4-EN9	Water sources significantly affected by withdrawal of water	-	●	
	G4-EN10	Percentage and total volume of water recycled and reused	104	●	
Biodiversity	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	●	
	G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	-	●	
	G4-EN13	Habitats protected or restored	-	●	
	G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	-	●	
Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	98	●	
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	98	●	
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	-	●	
	G4-EN18	Greenhouse gas (GHG) emissions intensity	104	●	
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	104	●	
	G4-EN20	Emissions of ozone-depleting substances (ODS)	89	●	
	G4-EN21	POx, SOx, and other significant air emissions	104	●	
	G4-EN22	Total water discharge by quality and destination	-	●	
Effluents and Waste	G4-EN23	Total weight of waste by type and disposal method	104	●	
	G4-EN24	Total number and volume of significant spills	104	●	
	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	-	●	
	G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	-	●	
	Products and Services	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	67	●
		G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	-	●
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	-	●	
Transport	G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	-	●	
Overall	G4-EN31	Total environmental protection expenditures and investments by type	-	●	

Fully reported 
 Partially reported 
 Not reported 

G4	No.	Indicator	Page No.	Note
Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	-	
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	-	
Environmental Grievance Mechanisms	G4-EN34	The Indicators under this Aspect are presented below. By clicking on a blue Indicator icon or "More details" link you can access the full details and Guidance for an Indicator.	-	
Social				
Labor practices and decent work				
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	92~93	
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	92~93	
	G4-LA3	Return to work and retention rates after parental leave, by gender	-	
Labor/Management relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	93	
Occupational healthy and safety	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	94	
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	94	
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	94	
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	94	
Training and education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	105	
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	72~74, 96	
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	92~93	
Diversity and equal opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	92~93	
Equal remuneration of men and women	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	92~93	
Supplier assessment for labor practices	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	-	
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	-	
Labor practices grievance mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	-	
Human rights				
Investment	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-	
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	93	
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	-	
Freedom of Association and Collective Bargaining	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	93	
Child Labor	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	-	
Forced or Compulsory Labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor	-	
Security Practices	G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	-	
Indigenous Rights	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	-	
Assessment	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	-	
Supplier Human Rights Assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	-	
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	-	
Human Rights Grievance Mechanisms	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	93	

Fully reported 
 Partially reported 
 Not reported 

G4	No.	Indicator	Page No.	Note
Society				
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	99~102	
Anti-Corruption	G4-SO2	Operations with significant actual or potential negative impacts on local communities	-	
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	-	
	G4-SO4	Communication and training on anti-corruption policies and procedures	78~79	
	G4-SO5	Confirmed incidents of corruption and actions taken	-	
Public Policy	G4-SO6	Total value of political contributions by country and recipient/beneficiary	-	
Anti-Competitive Behavior	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	-	
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	-	
Supplier Assessment for Impacts on Society	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	-	
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	-	
Grievance Mechanisms for Impacts on Society	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	-	
Product Responsibility				
Customer Health and Safety	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	86	
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	-	
Product and Service Labeling	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and service categories subject to such information requirements	-	
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	-	
	G4-PR5	Results of surveys measuring customer satisfaction	86	
Marketing Communications	G4-PR6	Sale of banned or disputed products	-	
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	-	
Customer Privacy Compliance	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	-	
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	-	

Third Party Assurance Report

We were engaged by Hyundai Motor Company ('HMC') to provide independent assurance on the information presented HMC's 2014 Sustainability Report ('the Report'). HMC is responsible for preparing the Report, including the identification of stakeholders and material issues. Our responsibility is to provide an opinion on the Report.

Context and scope

Our engagement was designed to provide limited assurance on whether:

1. HMC has applied the "GRI Principles for Defining Report Content"
2. The information in the Report is fairly stated in all material respects, based on the reporting criteria set out in 'About This Report'

The scope of our engagement conforms to the KPMG Sustainability Assurance Manual™(KSAM™)¹, including the aspect of "materiality".

With regard to the financial data stated on pages 25, our procedures were limited to verifying that they were correctly derived from HMC's audited financial statements. To obtain a thorough understanding of HMC's financial results and position, the audited financial statements of HMC for the fiscal year ended 14 March 2014 should be consulted.

Criteria

The report was prepared in accordance with Global Reporting Initiative(GRI) G4 guideline (Core option)

Assurance standards

We conducted our engagement in accordance with the ISAE3000².

Among other things, these standards contain requirements regarding the independence and competency of the assurance team

Independence, impartiality and competence

We conducted our engagement in compliance with the requirements of the IFAC (International Federation of Accountants) Code of Ethics for Professional Accountants which requires, among others, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence, due care, confidentiality and professional behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence.

We conducted our engagement with a multidisciplinary team including specialists in stakeholder engagement, auditing, environmental, social and financial aspects, and similar engagements in the related industries.

Work performed

Our work included the following procedures:

- An evaluation of the results of HMC's stakeholder engagement process
- An evaluation of HMC's process for determining material issues
- Conducted media analysis and internet search for references to HMC during the reporting period
- Site visit of headquarter, R&D center and Ulsan factory to verify qualitative and quantitative data during the reporting period
- Review of internal documentation and data base, including the aggregation of data into information as presented in the Report
- With regard to the financial data included in the key figures on pages 25, verified that they were correctly derived from HMC's audited financial statements

During our engagement, we discussed the necessary changes to the Report with HMC and reviewed that these changes were adequately incorporated into the final version.

1. To improve assurance quality of Sustainability report, KPMG developed standard methodology in accordance with ISAE3000, on the basis of the expertise of accounting firm
2. International Standard on Assurance Engagements 3000 : Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by International Auditing and Assurance Standards Board

Opinions and conclusions

● On the GRI Principles for Defining Report Content:

In relation to the principle of Stakeholder Inclusiveness:

- HMC operates communication channels with customers, employees, suppliers/dealers, shareholders/investors and local community through the stakeholder engagement process.
- We are not aware of any key stakeholder group which has been excluded from dialogue in the Report.

In relation to the principle of Sustainability Context:

- HMC presents 'Creating Shared Value(CSV)' as a business model in the Report that contributes to solving social challenge, while fostering related core businesses areas.
- We confirmed that HMC recognizes sustainability comprehensively and applies it to management and stakeholder communication.

In the relation to the principle of Materiality:

- HMC conducts a materiality test in determining material issues.
- We are not aware of any material aspects concerning its sustainability performance which have been excluded from the Report.

In relation to the principle of Completeness:

- HMC applies reporting scope, boundary and temporal criteria.
- In terms of criteria mentioned above, we confirmed the Report is suitable for stakeholders to assess the sustainability performance.

● On the content of the report

In order to suggest our limited verification opinion of the Report, we reviewed the following 2013 non-financial information.

Overall Sustainability Management

- Structure and activities of Social Responsibility Committee
- Status of legal compliance
- Quality assessment result in Chinese market

Creating Shared Value

- Development of smart cars
- Online recruiting system for suppliers
- Operation of 'Dream Center'
- Features of electric and hydrogen fuel cell electric vehicles
- Development status of automobile recycling system in Mongolia

Material Sustainability Issue

- Status of compliance program
- Global human resource development program
- Oversea business development support for suppliers
- Green House Gas ('GHG') reduction effects of green vehicle
- GHG reduction and efficient use of energy in key manufacturing facilities

Sustainability Performance

- Oversea customer satisfaction survey
- Oversea customer service activities
- Workforce status
- Result of 'WorkSMART' program
- Environmental management certification for all global operation sites
- Result of vehicle safety assessment
- Industrial accident prevention measures and medical facilities
- Global Social Contribution Activities

● **Conclusions**

Based on the above work, we conclude that the information in the Report does not appear to be unfairly stated in terms of principles for defining report content..

Recommendations

Without prejudice to our conclusions presented above, we believe the following matters can be considered for improved sustainability reporting of HMC:

- HMC is performing stakeholder communication in defining material issues. It is recommended to review current communication channels and implement an integrated approach for more effective management.
- HMC is disclosing sustainability performance for key areas through the report. It is recommended to show the detailed performance management framework by reporting performance against targets, specific time-bounds of targets and measurement methodology used and so on.
- HMC is explaining how core business areas are being utilized to contribute to solving social challenges through the Creating Shared Value (CSV) Model. We expect HMC to present the CSV model in conjunction with cases where value has been created for customers and the company itself.
- HMC has applied the GRI G4 guidelines for its sustainability reporting. It is recommended to invest more on planning the report in order to provide more useful and transparent information to stakeholders in an effective way.

We have discussed the reporting process and observations with HMC. They were receptive to our comments.



Seoul, March 2014

KPMG SAMJONG Accounting Corp.
CEO Kim, Kyo Tai

Kyo Tai Kim

Hyundai Motor vehicle History

Sedans
22 models



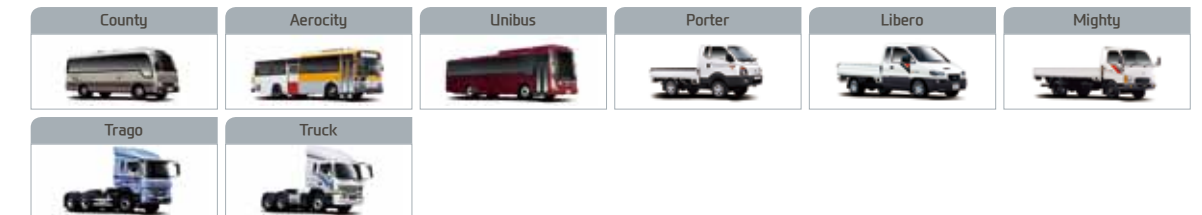
Sport cars
4 models



SUV 11 models



Bus & Truck
8 models



Concept car
12 models



image source : <http://tour.hyundai.com>

Membership and Sustainability report publication history

Membership of Sustainability-related Organizations

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



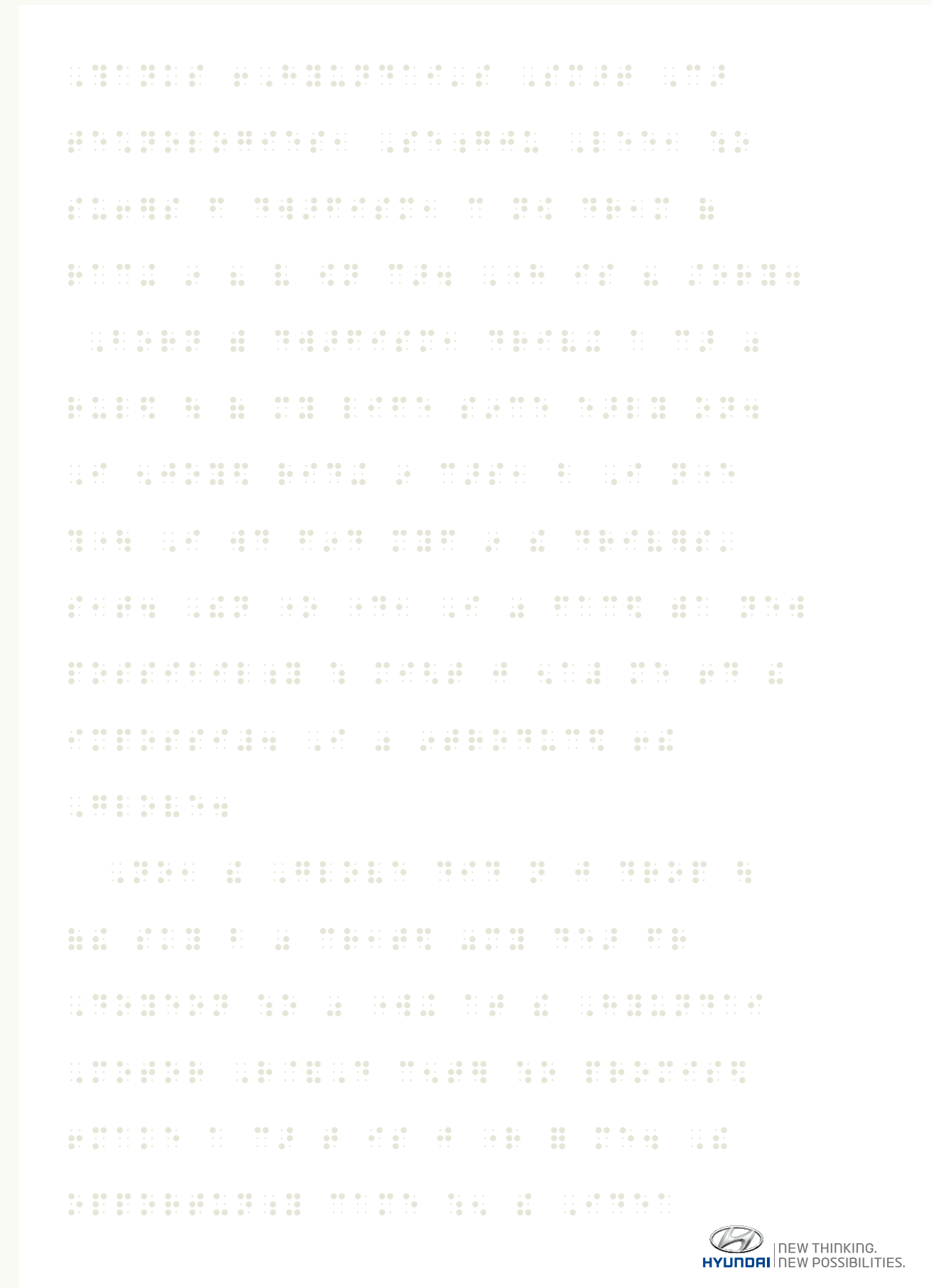
In 2008, we joined UN Global Compact, declared our commitment to abide to its ten principles and disclose our performance in our sustainability report.

Publication History

Sustainability Report



Social Contribution Activities Whitepaper



Smart car,

Serving as wings for the disabled

Thanks to Hyundai’s Smart Car technologies, Sungju Lee, who suffers from dwarfism, can now dream of racing in his very own car. Here is his story.

Born with dwarfism, driving a car was ruled out of my life since early on. I enjoyed riding in cars, but I never thought I would find myself in the drivers’ seat. Then one day, I was faced with a new possibility which might just enable me to do the impossible. I was introduced to the Glove.

I was born with dwarfism, and driving a car was ruled out of my life since early on. I enjoyed riding in cars, but I never thought I would find myself in the drivers' seat. Then one day, I was faced with a new possibility which might just enable me to do the impossible. I was introduced to the Glove.

The Glove is a smart car technology that allows people with physical disabilities to drive a car. It is a small, compact car that is designed to be easy to get in and out of. It also has a lot of safety features, like air bags and a roll-over protection system.

I was very excited when I first saw the Glove. I had always dreamed of driving a car, and now I had a chance to do it. I was introduced to the Glove by a friend who had used it himself. He said it was a great car and that it was perfect for people like me.

I decided to give it a try. I went to a driving school and learned how to drive the Glove. It was a bit tricky at first, but I got the hang of it. I was able to drive around the block and even to the store.

Now I can drive wherever I want to go. I can go to work, to school, and to the store. I can even go on a road trip. The Glove has really changed my life.

I am very grateful to Hyundai for creating the Glove. It has given me the freedom to drive and to live my life on my own terms.



I made another visit to the R&D center one month before the festival day for my first introduction to the Glove. At first glance, I was not hugely impressed with a go-kart like structure with a glove-control unit located where my left hand is. However, I felt a great sense of liberation as I turned left and right going forward and backward. It was a dream car with a one of a kind control mechanism.

이 글은 2014년 11월 14일 작성된 글입니다.
이 글은 2014년 11월 14일 작성된 글입니다.
이 글은 2014년 11월 14일 작성된 글입니다.

Before the Glove, I had never thought that Hyundai Motor would have such an impact on my life. I always suffered from limitations in my mobility and thought I would never be a customer of an automobile company, but the Glove team taught me that I might just be a Hyundai owner in future; an exciting thought. This year's Idea Festival fulfilled my personal wish; I hope the Idea Festival lives on and provides similar great joy to many more people.

EPILOGUE

This year's report marks our 12th sustainability report.

Thirteen years have passed since we published our first sustainability report. As we began preparing for the 2013 Sustainability Report, we decided to review our past reports and overhaul the way it is organized. We consulted with top management, various divisions, and consultation agencies and concluded that we must never forget that this report is a communication channel.

More specifically, we decided to organize this year's report not as a 'report' but a 'book'. The 2014 report does not completely depart from previous reports, but significant changes were made to enhance our communication with stakeholders.

First, we decided to maintain a 'Creating Shared Value'-centered perspective. By maintaining the CSV-focused organizational structure, we can report progress made in a consistent manner from an objective perspective in a transparent manner. We also made an effort to feature honest opinions of stakeholders.

Second, we decided to report on how high-priority issues were identified through a 'Materiality test', taking into account Hyundai's and other stakeholders' priorities. We placed strong emphasis on making this year's report more than a mere collection of data, so we included detailed information on Hyundai's activities, achievement, future plans, and the philosophy behind them.

Third, we gave much thought to how we cover activities that do not fall into either CSV or top priority issues. Most importantly, we felt that CSR activities should be well covered in the report since they are an important part of our sustainability management.

We also deliberately used a dry, and matter of fact tone for the sustainability management achievements and CSR activities sections.

In terms of layout design, we employed the design theme of the 2013 report, which employed blue and constellations, for consistency in the way we communicate our corporate identity and philosophy.

When we first introduced CSV activities in the 2013 Sustainability Report, we thought that we would not see rapid progress in some of the areas. However, we realized that there is actually a significant possibility of making visible progress if we focus our efforts over a sustained period of time. We are committed to making a sustained effort in CSV activities, that reflects Hyundai's management philosophy and corporate identity, and CSR activities.

March 2014
Technical Management team, Hyundai Motor

* The lead contributors to publishing of 2014 Sustainability Report are Uk Seo, Jinyoung Kang, and Jaeyeon Kang (Samil Pricewater House Cooper); Seunghyun Lee, Hyunyoung Yang, Donghee Son, and Hansem Lee (Wow Image); and Ahnkang Kim and Suyong Jo (Hyundai Motor).

Thanks to

(in alphabetical order)

Bokgyo Yu	Hyunjae Jang	Kiyoung Kwak	Sungwon Choi
Bongkyu Lee	Hyunsik Baik	Kwangil Cho	Sunho Lee
Byeonkwon Hong	Hyunwoo Nam	Kwangyeon Kim	Sunhyung Cho
Changhee Kan	Il-sang Jung	Kyubo Im	Sunkyoo Han
Changho Yoo	Inchul Baek	Manjoo Hwang	Sunok Hwang
Changyoung Kim	Jaegi Sim	Midol Yu	Sunyoung Kim
Daeil Jeon	Jaeho Jung	Mijin Na	Taeun Park
DeokYoun Kim	Jaehyun Jung	Min Kim	Tae-hoon Kim
Dohoon Kim	Jaemin Shin	Minkyu Park	Taejung Lee
Donghyeok Son	Jawoo Han	Minyoung Jung	Wonje Jung
Donghyun Park	Jeeyoung Park	Namjun Song	Yongho Lee
Doonam Moon	Jeongmin Lee	Sae-hoon Kim	Yonghyun Chung
Duhun Hwang	Jeongmoon Jin	Sangkeun Bang	Yongjae Lee
Euiwoon Jang	Jeumsub Kim	Sangmi Han	Yongjoon Park
Eunj-in Choi	Jina Kim	Sehoon Hur	Yongmin Kim
Eunj-in Seok	Jinkwang Kim	Seokgab Oh	Yongsic Jang
Gyeongyeop Baek	Jonghun Lim	Seokhwan Hwang	Yoonbok Hwang
Gyohoon Jung	Jongwook Hwang	Seongho Park	Yoonjung Lee
Haedo Lee	Joohyuk Kwak	Seunghoon Baek	Youngdeok Ko
Hosun Eo	Juhyun Kim	Seungkyun Kim	Youngeun Park
Hoyeol Ryou	Juhyung Ryu	Sicheol Roh	Younggi Kim
Hwayeon Kim	Jungae Hwang	Soonjung Jeong	Younghoon Kim
Hyeondeok Lim	Jungchul Lim	Soontek Lee	Youngil Lee
Hyeongryul Lee	Junghwan Lee	Sukhun Choi	Youngin Yoon
Hyoil Park	Jungkyu Seo	Sukin Ahn	Youngsuk Yoon
Hyokjin Chong	Jungsuk Lee	Sukjoon Kim	Younman Jung
Hyoyoung Chung	Kisung Lee	Sunghyun Ahn	Younseob Ko

CONTACT INFORMATION

Hyundai Motor Company
Technology Strategy Planning Team, Corporate Planning Office

12 Hunreung-ro (Yangjae-dong)
Seocho-Gu, Seoul, Korea

TEL : 82-2-3464-2161

FAX : 82-2-3464-8796

EMAIL : HMCSR@hyundai.com

WEBSITE : www.hyundai.com



This report was printed on environmentally-friendly paper using soybean-based ink