

2015

SUSTAINABILITY REPORT

This is the thirteenth Sustainability Report of Hyundai Motor Company encompassing the sustainability performance of the company

2014 HIGHLIGHTS

10 Highlights of Hyundai in 2014

CSV HIGHLIGHTS

Major issues on creating the shared value in the economic, social and environmental values

SUSTAINABILITY PERFORMANCE

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



The Road to Sustainability



NEW THINKING.
NEW POSSIBILITIES.

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About This Report

This is the thirteenth Sustainability Report of Hyundai Motor Company ("Hyundai") encompassing the sustainability performance of the company.

Reporting Scope

The reporting period is for calendar year 2014; however, the report also includes some data and information from outside that reporting period. This report covers all domestic operations (Hyundai headquarters, domestic sales offices, service centers, distribution centers, training centers, manufacturing plants and R&D centers), overseas operations (overseas manufacturing plants, sales offices, regional headquarters, overseas offices, overseas R&D centers), and other related companies (import companies, auto financing firms and advertising firms).

Reporting Framework

This report has been produced in line with the Global Reporting Initiative (GRI) G4 Core guidelines announced in May 2013. The materiality of the information contained herein was tested in accordance with the same guidelines, and key issues were identified accordingly. Performance indicators covering the last three years, from 2012 to 2014, are disclosed to show trends in performance; these indicators can be found on pages 108 to 114.

Assurance

An independent assurance service provider, LRQA, verified this report to ensure the reliability of the data on climate change. The assurances provided by LRQA are in the Third Party Assurance Statement on page 119.

Others

The organization's online channels were reorganized in June 2014, to provide stakeholders with the right communication tools.



Homepage
www.hyundai.co.kr

Blog
<http://blog.hyundai.co.kr>



Facebook
www.facebook.com/hyundaimotorgroup

Youtube
www.youtube.com/user/HyundaiLive



Instagram
https://instagram.com/hyundai_company

Interactive PDF

This report has been published as an interactive PDF, allowing readers to move quickly and easily to pages in the report, and including short-cuts to related web pages.



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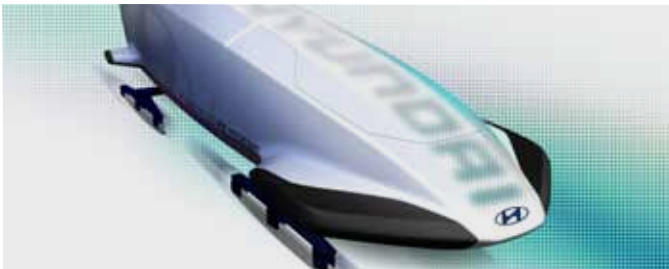


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027 Developing self-driving vehicles with perfect safety and the best technology



034 2020 strategy for eco-friendly vehicles to bring about energy sharing through clean mobility



SUSTAINABILITY PERFORMANCE

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Global Highlight _ Czech Republic (p.081)
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Global Highlight _ Korea (p.087)
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Message from the CEO

We constantly set our sights higher and create shared value for all by enriching the quality of people's lives through pursuit of premier mobility.



In 2014, a year marked by a global economic downturn, Hyundai Motor Company (“Hyundai”) sold 4.96 million vehicles worldwide, 4.9% more than in the year before. We believe the increase is a direct result of producing more diverse eco-friendly cars and introducing more models adapted to local market characteristics, which has raised our brand recognition. In addition to anticipating the demands of global markets and consumers, our efforts to enhance the brand value of Hyundai will continue toward the goal of being the world’s best in product quality.

The future automobile that Hyundai pursues is more than superior mobility; it is a “lifetime partner” that delivers the mobility of the highest possible efficiency and thus makes life more worthwhile and rewarding. In addition to automobile business, we will do our utmost to communicate with our stakeholders and address such social issues as natural resources, environmental protection, and traffic safety. Based on these goals, we direct all of our business activities toward creating shared value.

In product development, we have spared neither efforts nor resources to make Hyundai vehicles safer for both drivers and pedestrians. The new Genesis, launched in 2014, has become the world’s first to achieve perfect scores in all categories of the Insurance Institute for Highway Safety (IIHS) crash test, known for its highest standards in the world. Inspired by such a hard-won feat, we will firmly fix our R&D focus on being the world’s best in automotive safety. We are also working hard to lead the development of autonomous driving technology, one of the most talked-about topics in the automotive world, as the technology is sure to raise auto safety to a whole new level. To play a leading role in popularizing the next generation of smart cars, we are undertaking R&D with a focus on mass production. In fact, some of our latest models are already equipped with an advanced driver assistance system (ADAS), a technology that can bring fully self-driving vehicles closer to reality.

In addition, Hyundai has established its ‘2020 strategy for eco-friendly vehicles’ as part of its contribution to the creation of sustainable society. Through continuous R&D over the past 20 years, we have created diverse eco-friendly systems and succeeded in producing parts crucial to clean mobility. We have proved our eco-friendly vehicle technology with the launch of Tucson FCEV, the world’s first fuel cell electric vehicle successfully mass-produced. We plan to apply this innovative technology across our line-up, including electric and hybrid vehicles. We also plan to improve the fuel efficiency of our conventional internal combustion vehicles by 25% by 2020.

How these resolves will shape our future competitiveness depends on how we attract and nurture superior human resources. We will therefore expand R&D investments, increase cutting-edge research facilities, secure more talented engineers and strengthen our industry-academia collaborations.

Corporate citizenship has a prominent role in creating shared value. Based on our philosophy of win-win, we have established three key strategies of growing with our suppliers, forging stronger ties. We are also active in supporting and cooperating with various global communities in the areas of technology, education, arts and culture, in the hope of creating the future value.

With our new thinking and new action, we will strive to create environmental and social values based on economic performances, and share them with our customers. We look forward to your continued encouragement.

Thank you.

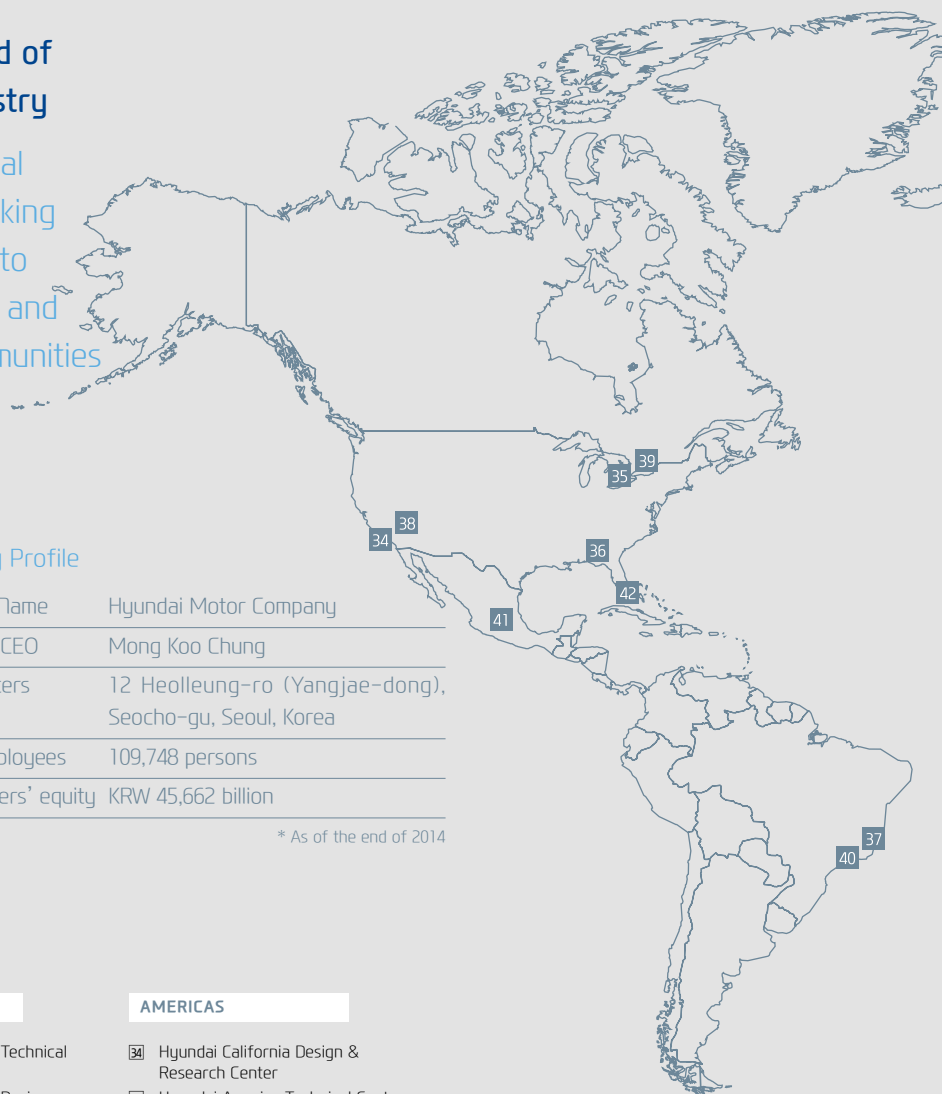


Choong Ho Kim
CEO, Hyundai Motor Company

Company Overview

Hyundai Motor Company: the vanguard of growth in the Korean automobile industry

Hyundai has established itself as a global brand, driven by its belief that new thinking creates new value. We will never cease to innovate and venture in new directions, and thus grow with our customers and communities as a lifetime partner.



Total Asset

KRW 61,343 billion

Sales

KRW 41,691 billion

Production Capacity

4,955,536 units

Company Profile

Company Name	Hyundai Motor Company
Chairman/CEO	Mong Koo Chung
Headquarters	12 Heolleung-ro (Yangjae-dong), Seocho-gu, Seoul, Korea
No. of Employees	109,748 persons
Shareholders' equity	KRW 45,662 billion

* As of the end of 2014

Global Network

ASIA PACIFIC

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

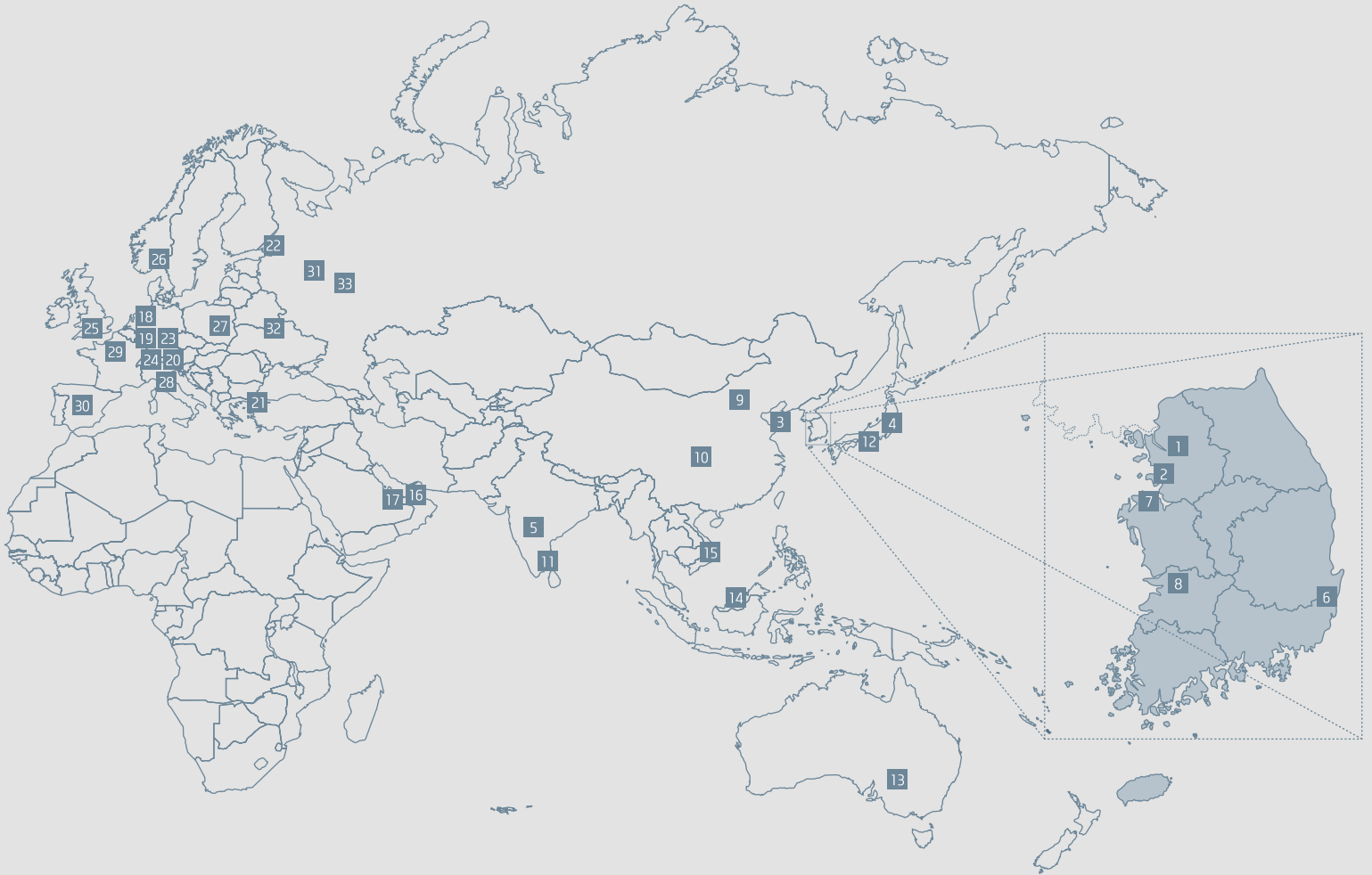
EUROPE

- 18 Hyundai Motor Europe Technical Center GmbH
- 19 Hyundai Motor Europe Design Center
- 20 Hyundai Motor Manufacturing Czech (HMMC)
- 21 Hyundai Assan Otomotiv Sanayi (HAOS)
- 22 Hyundai Motor Manufacturing Russia (HMMR)
- 23 Hyundai Motor Europe GmbH (HME)
- 24 Hyundai Motor Deutschland GmbH (HMD)
- 25 Hyundai Motor United Kingdom. Ltd. (HMUK)
- 26 Hyundai Motor Norway AS (HMN)
- 27 Hyundai Motor Poland (HMP)
- 28 Hyundai Motor Company Italy (HMCI)
- 29 Hyundai Motor France (HMF)
- 30 Hyundai Motor Espana, S.L. (HMES)
- 31 Hyundai Motor Commonwealth Independent States (HMCIS)
- 32 CIS & Central Europe Regional HQ
- 33 CV CIS & Central Europe Regional HQ (commercial vehicle)

AMERICAS

- 34 Hyundai California Design & Research Center
- 35 Hyundai America Technical Center Inc. (HATCI)
- 36 Hyundai Motor Manufacturing Alabama (HMMA)
- 37 Hyundai Motor Manufacturing Brazil (HMB)
- 38 Hyundai Motor America (HMA)
- 39 Hyundai Auto Canada (HAC)
- 40 Hyundai Motor Brazil (HMB)
- 41 Hyundai Motor de Mexico (HMM)*
- 42 Central & South America Regional HQ

* Newly established in 2014



928,438

709,505

540,202

471,711



Avante



Accent



Tucson



Sonata

Best-selling models

(Unit: Vehicle sold globally)

* As of the end of 2014

2014 Highlights

Hyundai believes that today's new thinking brings about new possibilities for a better tomorrow. When others talk about impossibility, we think of boundless possibilities. This is what has made us one of the world's leading global carmakers, with world-class manufacturing capability and the best in quality.

Despite uncertain global economic conditions in 2014, Hyundai has continued to grow through the spirit of challenge. As a lifetime partner, we have stood alongside customers throughout the world, providing value and a vision of new possibilities for the automobile. Based on these dedicated efforts, we were able to open a new chapter in the global automobile market.

new
thinking
new
possibilities





01 Hyundai sees global sales of 4.96 million vehicles in 2014

In 2014, Hyundai recorded domestic sales of 685,191 units and overseas sales of 4,278,265 units; total sales of 4,963,456 units reflected an increase of 4.9% over the previous year, boosted by the launch of new cars, strong sales promotions and focused marketing initiatives. We aim to increase sales to 5.05 million units in 2015 - 690,000 units in the domestic market and 4,360,000 units overseas. Although the market situation is challenging, due to continued slowing growth in emerging markets, volatility in exchange rates and fierce competition, Hyundai will continue to build foundations for future growth by responding quickly and flexibly to change.



page 52~53

new milestones



02 The new Genesis recognized for 'the Best Safety Performance'

The new Genesis has been designed to be the world's safest car, and to protect drivers in any emergency. This was confirmed by the results of the crash test conducted in the U.S. in 2014 by the Insurance Institute for Highway Safety (IIHS), one of the strictest safety tests in the world; the new Genesis became the first vehicle to achieve perfect scores in all 29 areas of the test, and has officially earned the IIHS Top Safety Pick+ award. After being recognized in this way for its cutting-edge safety technology, Hyundai will continue to be more committed to the protection and safety of its customers.



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ride of



03 Porter delivers prosperity to small business owners



Porter is a truck manufactured by Hyundai, and it is very popular with small business owners. We therefore strive to support small business owners, for example by maintaining the price competitiveness of the Porter, even absorbing price increases in raw materials or parts whenever possible. In addition, Hyundai has increased production capacity to minimize the average waiting time for delivery which used to take three months. Hyundai also focuses on the "Visiting Before Service" so that we support the livelihoods of small business owners who may depend greatly on their Porter. In addition, we undertake outreach campaigns, including "Gift Car" and "Moving the World Together" programs through which we donate Porters to the needy, helping them to start a business. Hyundai is committed to providing small business owners with hope and support through the Porter.

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Genesis



Avante (Export model name: Elantra)



04 Hyundai ranked top for quality in America and China

Hyundai received the highest ratings in various tests conducted by the renowned global market research firm, J.D. Power. In the U.S., the company topped the 2014 Initial Quality Study (IQS) and the 2014 Automotive Performance Execution and Layout (APEAL) Study among a group of 20 brands. In the IQS, Hyundai's Genesis, Accent, and Avante (locally named Elantra) all ranked first in their respective segments. With its wins in the APEAL, Hyundai became the first brand to top both studies in the same year.

In China, Hyundai received the highest results ever in the 2014 Sales Satisfaction Index (SSI) in China, earning top place among 43 carmakers. In addition, the company was second in the 2014 Vehicle Dependability Study (VDS) of cars sold in China, up 10 positions from last year.



page 63, 66

live

05

Hyundai Green Zone China converts desert into grassland

The Asian region is losing about 3,500km² of green land to desertification annually, especially in Mongolia and China. Hyundai has therefore undertaken the “Hyundai Green Zone China” project since 2008, to transform desert into grassland in Chakanor. During the first phase of the project, from 2008 to 2012, Hyundai provided CNY 6 million of financial support to plant local native plants that are resistant to alkaline soil conditions, helping to change desert into grasslands in the Chakanor West Lake area. 50 million m² of desert, or about 60% of the West Lake area, was successfully converted into grassland. Following on these successes, the company plans to complete the second phase of the project by 2017.



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The scene of the grassland changed from desert by the 'Hyundai Green Zone China'

brilliant



Official Partner of the 2014 FIFA World Cup Brazil™

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Social contribution campaign for the traffic safety in India

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06 Locally-oriented global strategy pays off in India and Brazil

Hyundai always takes into account the preferences of local customers, right from the initial stages of a vehicle's development. This helped the new i20 (locally named the Elite i20) to win the Indian Car of the Year (ICOTY) 2015 award, evaluated and presented by a jury consisting of Indian automotive journalists. The ICOTY, the most coveted award in the Indian automobile industry, plays a significant role in new vehicle purchases.

The HB20S, available exclusively in Brazil, won the Best Car 2014 award in the compact car sector. Launched in 2012, the HB20S was Hyundai's first locally-manufactured model in Brazil. Beginning with its victory in the 2013 Brazilian Car of the Year awards, it has now won ten Car of the Year awards in Brazil, including this latest success.

today

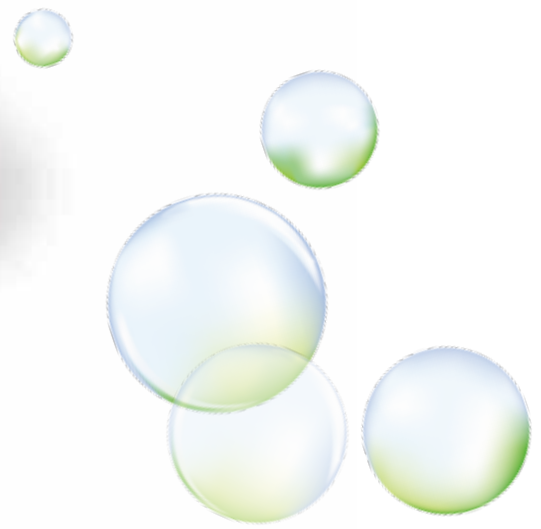
07 Social contributions recognized worldwide

Hyundai carries out social contribution activities worldwide under the slogan of “Moving the World Together”. In 2014, Hyundai received an award from the Ministry of Trade, Industry and Energy at the ‘Most Loved Company Awards’ for our CSR activities supporting education, children, and the environment in Russia. The company’s program to prevent desertification in China was recognized through the Korea-China CSV Management Award. In addition, Hyundai won the first CSV Porter Prize, organized by the Institute for Industrial Policy Studies and awarded by Michael E. Porter, who created the concept of CSV, for the establishment of the Hyundai-KOICA Dream Center in Ghana.

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<http://csr.hyundai.com>





08 Fuel cell hydrogen-powered electric engine recognized for its excellence

The Hyundai Tucson Fuel Cell's powertrain was chosen as one of the 2015 Ward's 10 Best Engines by WardsAuto, one of the best-known automobile journals in the U.S. It was the first time a fuel cell powertrain had ever received this coveted honor. WardsAuto stated that "The Hyundai Tucson fuel cell electric vehicle deserves to be recognized as a great engineering achievement and a giant leap for zero-emissions vehicles".

power

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09 Hyundai's global technology leads to a WRC victory

Hyundai won the German round of the World Rally Championship (WRC), one of the most popular championships in motor racing. This was not only our first victory since we began our participation in the WRC two years ago, but it was also the first win for a Korean carmaker in an international motor sports championship. The WRC uses mass production-based high performance cars. Hyundai raced the i20 WRC, a modified and tuned model of i20, in the championship. The i20 WRC was developed by the racing team at Hyundai's Namyang Technology Research Center and Hyundai Motorsport in Germany, with over 100 engineers participating. Hyundai plans to apply the technology learned from rallying and the prestige earned from the championship to the improvement of its mass-produced vehicles.

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10 Hyundai Motor Studio: a cultural and artistic space seen through the prism of the automobile

How can we talk about cars as a living space? The Hyundai Motor Studio is a brand experience space built with unique exterior designs and infrastructure to communicate with customers in a more creative, experimental way. The Hyundai Motor Studio Seoul opened in May 2014 and has so far welcomed more than 100,000 visitors.

In January 2015, we opened the Hyundai Motor Studio Moscow in Russia. Hyundai has a manufacturing plant in Russia where a model exclusive to the local market, the Solaris, is sold. With a car gallery, a brand collection zone, a library, a café and an event zone, the Hyundai Motor Studio Moscow promotes our brand performance and technology, and contributes to better communications with local consumers.



<http://motorstudio.hyundai.com>





& beyond

Hyundai Motor Studio Seoul

CSV Policy

Hyundai Motor Company pursues management activities that focus on Creating Shared Value (CSV), to seek both company success and social growth. Our CSV activities create both economic and social value because we believe that when those values work together, they can be a driver to change the world for the better.

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

“
We will create social value based on our business performance, and share it with our customers so that we can grow with them.”

Chairman **Mong Koo Chung**
From the CEO Message in the
2014 Sustainability Report of Hyundai Motor Company

“
Our goal is to be the most loved company, rather than just being a company that sells more automobiles.”

Vice Chairman **Eui Sun Chung**
During his speech at the 2015 Detroit Auto Show



Lifetime partner in automobiles and beyond

Provide new space to make a better life
by creating the best in mobility through
customer-centered, eco-friendly, innovative
technology and comprehensive services

Partner for a lifetime
Provide products and
services to support
customers at every stage
of their lives

Partner for everyday life
Provide the best customer
experience in the
automotive industry

Partner for happiness
Provide maximum comfort,
convenience and pleasure
by extending the concept
of an automobile to
a space for living

CSV Perspectives

Economic Value

Build a leading position in the automotive
industry by providing services for
customers' everyday lives



Social Value

Create value for our customers and wider
society and fulfill our responsibilities
as their life-long partner



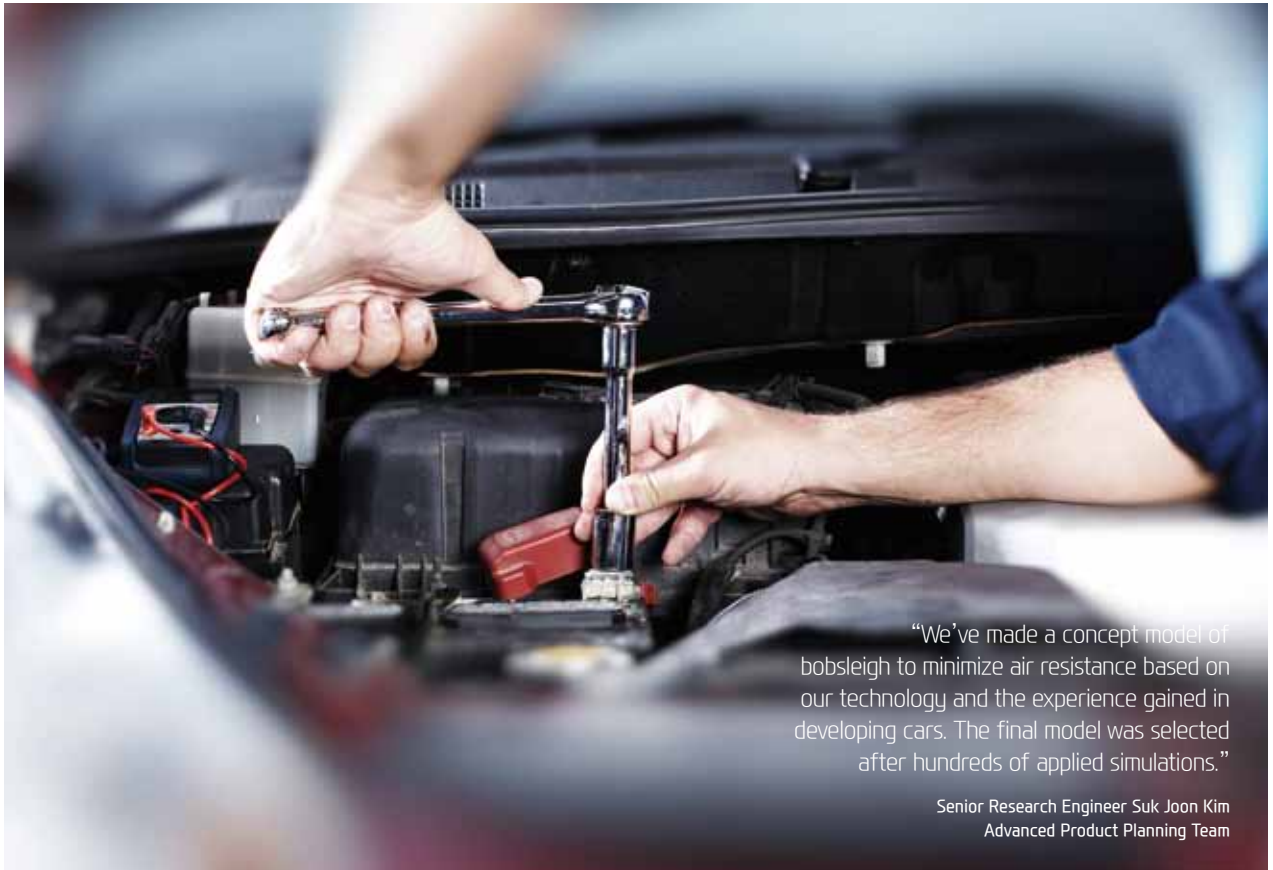
MA⁺DE by

Customized bobsleigh made by Hyundai

HYUNDAI

A 'race of possibilities' begins when the outstanding technological skills of Hyundai meet the passion of the Korean national bobsleigh team.

Hyundai is producing the first Korean bobsleigh to be used by the national team at the 2018 Pyeongchang Winter Olympics, and is fully supporting the team's new possibilities.



“We’ve made a concept model of bobsleigh to minimize air resistance based on our technology and the experience gained in developing cars. The final model was selected after hundreds of applied simulations.”

Senior Research Engineer Suk Joon Kim
Advanced Product Planning Team



“Nothing would feel better than winning a medal at the Pyeongchang Olympics with bobsleigh made with Korean technology.”

Coach Sik Kim (Left), Athlete Yun Jong Won (Right)
Korean National Bobsleigh Team



The 'Concept Bobsleigh' is bobsleigh that will be used by the Korean national team at the 2018 Pyeongchang Winter Olympics. This CSV activity will encourage company growth through the development of new technology to produce future-oriented, high-performance cars.

Length: 3,135mm, Width: 855mm, Height: 700mm



A signing ceremony with the Korean national team in September 2014



CSV perspectives for producing bobsleigh

Hyundai Value	Social Value
<ul style="list-style-type: none"> • Improving relevant technological skills • Applying automobile development technology 	<ul style="list-style-type: none"> • Contributing to the advancement of winter sports • Promoting bobsleigh games



Creating shared value for the future by applying Hyundai’s cutting-edge technology to bobsleigh

Creating shared value by producing bobsleigh for the Korean national team

‘Concept Bobsleigh’ is a concept model of bobsleigh to be used by the Korean national team at the 2018 Pyeongchang Winter Olympics. Hyundai signed an agreement with the national bobsleigh team in September 2014 to produce bobsleigh for the team. It is currently in the process of development at the Pamyang Technology Research Center. Hyundai’s cutting-edge technology will produce high-speed bobsleigh with maximum stability. We will continue to support the team so that it can achieve the best possible results.

The team has never had decent bobsleigh. They had to borrow bobsleigh from other countries in their first couple of games, and purchased used bobsleigh from the Netherlands and Latvia in 2012. However, bobsleigh tailored to the physiques of Western bobsledders were not right for the Korean team, and this was one of the main causes of their frequent injuries.

The margin of victory in bobsleigh can be as little as 0.01 seconds. Track conditions, the physical condition of players and the quality of bobsleigh can all make a vital 0.01 second difference. Despite having no arena or customized bobsleigh, the Korean national bobsleigh team reached the last four of the men’s bobsleigh at the Vancouver Olympics 2010, placed third at the America’s Cup in 2012, and won the first gold medals for the eighth and ninth competition at the 2013 America’s Cup.



In October 2014, Hyundai offered the national team its first customized bobsleigh, and the team used it in the World Cup series. Yong Lee, who, as head coach, led the team to fifth place in the International Bobsleigh and Skeleton Federation (FIBT) 2015 World Cup series, said that one of the factors that contributed to their success was the expertise in equipment management provided by Hyundai.

We hope that the production of bobsleigh for the national team will help the bobsledders improve their performance, and increase support for bobsleigh and other winter sports in Korea.



Hyundai supports the Korean national team's race of possibilities

Putting “New Thinking, New Possibility” into practice by applying automobile technologies to bobsleigh

Hyundai is developing high-performance new bobsleigh. As part of the efforts, we have conducted several tests with Korea's national bobsleigh team that recently finished the 2015 World Cup series.

It is essential to tailor our bobsleigh for the body shapes of the Korean athletes. Hyundai has therefore applied technologies such as aerodynamic analysis using a super computer, wind tunnel testing, and the application of composite materials. Weight should be reduced using carbon technology, and air resistance should be minimized, which then need to be optimized to the players. An aerodynamically optimal bobsleigh shape is being developed through wind tunnel testing by the Aerodynamic Development Team at the Namyang Technology Research Center, with data simulations

performed by the Vehicle Thermo-Fluid CAE Team using a supercomputer. 3D scanning technology will customize bobsleigh to the individual body shapes of the team members.

The ‘Concept Bobsleigh’ for the Korean national bobsleigh team at the 2018 Pyeongchang Winter Olympics was introduced at the Seoul Motor Show, Korea's largest auto show. It is designed with curved sides for optimized airflow, and the design also incorporates distinctive Hyundai motifs — for example, the frontal end wings feature the Hyundai logo. In addition, the black front and rear bumpers and front end are designed to be unique and eye-catching.

Starting with the Concept Bobsleigh, Hyundai will continue to develop bobsleigh, and plans to launch racing bobsleigh in October 2015. This will help the national team to lift its performance from the 2015/16 season onwards.

Developing technology for automobiles of the future by creating shared value

What shared values come from the production of bobsleigh based on Hyundai's technology?

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



TOWARD

Self-driving cars — perfect safety through innovation

ZERO

ACCIDENT

Technological innovation at Hyundai is focused on ‘people’. Hyundai continually innovates to provide people with more convenient and safer mobility. Self-driving cars with ‘perfect safety’ are the future of automobiles, and a target for Hyundai’s technological innovation.



“The Empty Car Convoy” video showcases Hyundai’s autonomous driving technology, making it possible for cars to be driven without human intervention, but still able to stop instantly in emergency situations.



“I devote myself to research in developing cars with the aim of caring for the family. The framework of our research is based on self-driving cars that are capable of self-parking. We also emphasize the family - what if a couple who both have jobs cannot pick their kid up after school because of busy work schedules? It would be so nice to have a ‘helper car’ in that situation. I think the truly ‘self-driving car’ will reflect the driver’s love for his or her family and desire to protect them and get them to their destination safely. This is the future for mobility that I’m working on.”

Senior Research Engineer Eui Yun Chung
ADAS Recognition Development Team

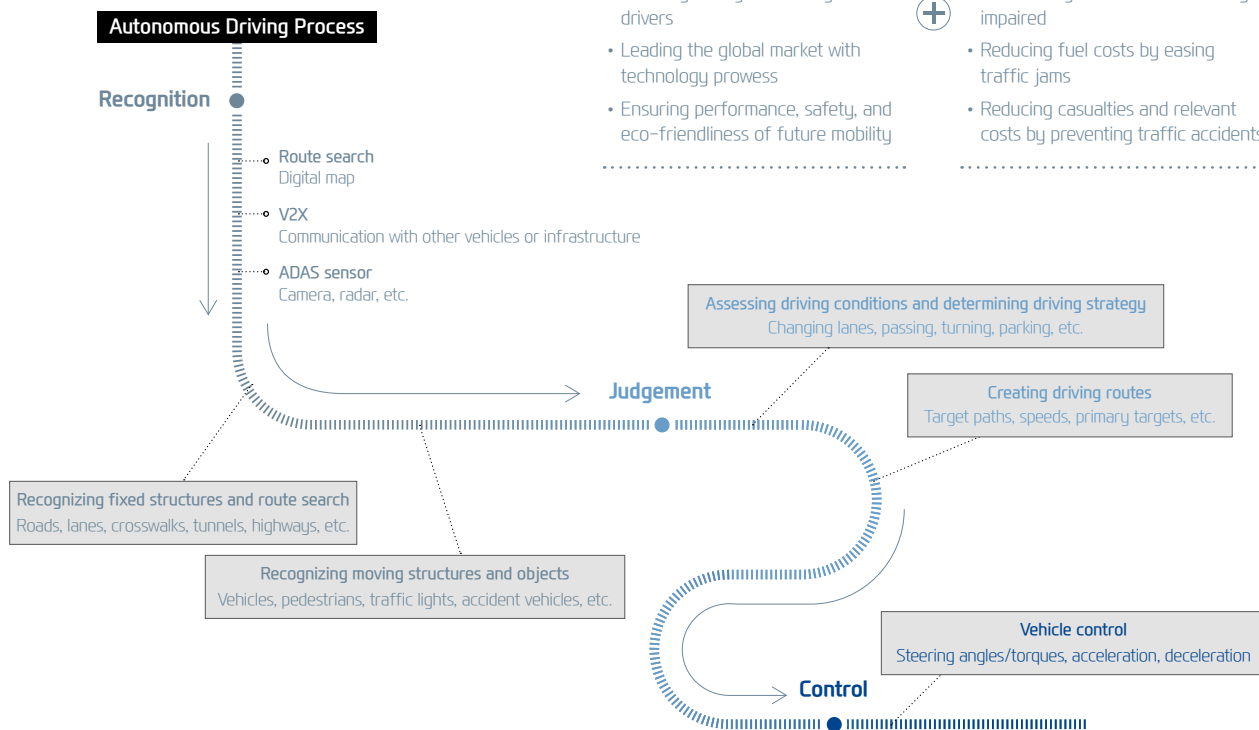
CSV perspectives for developing self-driving vehicles

Hyundai Value

- Enhancing technological competitiveness alongside partners
- Securing next generation growth drivers
- Leading the global market with technology prowess
- Ensuring performance, safety, and eco-friendliness of future mobility

Social Value

- Efficient use of driving time
- Enhancing welfare of the disadvantaged such as the visually impaired
- Reducing fuel costs by easing traffic jams
- Reducing casualties and relevant costs by preventing traffic accidents



Developing self-driving vehicles with perfect safety and the best technology technology prowess

Improving quality of life by developing self-driving cars

Faster and safer cars have become an integral part of our lives. The era of self-driving cars, where vehicles autonomously recognize driving conditions and drive to the destination without driver input, is right around the corner. Cars will be started remotely, recognize traffic lights and pedestrians, and quickly identify obstacles to change lanes. They have been made feasible through Hyundai's Advanced Driver Assistance System (ADAS).

The development of self-driving cars by Hyundai has begun to innovate technology and, more importantly, to meet an important social demand. A self-driving car operated by intelligent systems could analyze

traffic flows in real time, thereby drastically reducing traffic jams and accidents. Fuel efficiency would be improved by avoiding unnecessary driving, which can help preserve the environment. It will also help people with limited mobility, and even the visually impaired will be able to use a car. Self-driving cars will make time spent in a car more efficient, and thus they will contribute to improving people's quality of life.

Not a fantasy film. It's for real — scenes of Hyundai's self-driving cars

Since the development in 2010 of its first autonomous self-driving car, the Tucson ix, Hyundai has pushed ahead with further development of self-driving cars. The company currently applies ADAS, the basis for



Hyundai has tested self-driving cars since 2010.

its autonomous driving technologies, to major mass-produced cars. In 2014, this technology was applied to the new Genesis, to showcase its partial autonomy feature, and then filmed in a video entitled “The Empty Car Convoy”, which went viral on the Internet. It attracted 2,570,000 hits within ten days and became a worldwide sensation.

Simulating the human body — where we are in the development of self-driving cars

ADAS similar to the human body

ADAS is an essential technology for self-driving cars. It is based on three types of technology — recognition, judgement, and control. The ‘recognition’ technology detects the surroundings using a sensor or camera,

and is equivalent to the human eye. The ‘judgement’ technology is similar to the human brain — it processes traffic lights and determines the movement of the vehicle using a controller. The ‘control’ technology, equivalent to a human’s blood vessels, muscles and nerves, directly controls acceleration, deceleration, and changes in direction.

Hyundai is developing self-driving cars which still allow the driver to intervene. This means that drivers can enjoy driving their vehicles while ensuring their safety in emergency situations. We plan to expand our autonomous driving capabilities, especially in electric and control technology, and work together with Korean auto-parts manufacturers to play a leading role in popularizing the next generation smart cars.



The Smart Parking Assist System (SPAS) is a smart technology that helps drivers to park easily.



The Blind Spot Detection (BSD) system detects other vehicles and obstacles in blind spots and gives a warning to the driver.



The Forward Collision Warning System (FCWS) gives a warning signal to the driver when a potential collision is detected.

Q&A

Talk about self-driving vehicles, the future of automobile technology

Everything about autonomous driving cars

Tech & Talk Q&A with Hyundai engineers at the 2015 Seoul Motor Show

QUESTION 1

When will autonomous driving technology be commercialized?

ANSWER

Autonomous driving technology is rooted in ADAS. Technologies, such as autonomous emergency braking, lane keeping assist, and parking assist system, have been applied to Hyundai's vehicles. This shows that some autonomous driving technology has already been commercialized. The commercialization of a completely autonomous driving system that does not require a driver may rely more on laws and changes in the social system than any technical difficulties.

QUESTION 2

Is it legal to drive a self-driving vehicle on the road? Can I sit in the back seat? What happens if there is an obstacle while driving autonomously?

ANSWER

An authoritative interpretation of relevant laws is needed before autonomous driving technology can be fully commercialized. It is possible, from a technical standpoint, to sit in the back seat, but legal and social expectations need to be managed first. For example, autonomous driving can only really be fully commercialized if there is a system in place to enable the driver to drive the vehicle in an emergency.

Self-driving cars handle obstacles in the same way a driver does. They detect the location and movement of obstacles using a camera or sensor, equivalent to the human eye. Based on what they 'see', the car could then either decelerate or change directions by controlling its brakes, accelerator, and steering.

QUESTION 3

How advanced is Hyundai's autonomous driving technology compared to that of other companies?

ANSWER

Carmakers, including Hyundai, are working on creating self-driving technology not unmanned vehicles. Our direction of development is different from that of IT companies — for instance, IT companies develop systems using sensors or IT technology, whereas we aim to apply our new technology in mass production. We therefore focus on developing technology to be used in sensors and vehicle systems that can be fully commercialized, and must also ensure their reliability and durability. It is thus quite hard to make a straight comparison.

QUESTION 4

What about the risk of mechanical malfunctions? Would the driver be able to take action immediately? It is scary to imagine being in a self-driving car. I saw the Genesis commercial where the car stops by itself — will it actually do so without the driver's input?

ANSWER

ADAS monitors the status of all vehicle control systems, including brakes, steering, engine function, and every other system. If there is a mechanical malfunction, there is a warning light so that the driver is aware of the situation and can take over the driving. The same applies to sensors that recognize the car's surroundings. The more automated the system is, the more sensors are used to ensure multiple verifications of the information, and this ensures the reliability of the recognition technology. Furthermore, we have focused not only on the functional features of ADAS, but also on its ability to respond to different scenarios, including weather and road conditions. Reliability and safety are the top priorities when it comes to the development of self-driving vehicles.



ADAS A to Z

Everything to know about ADAS

1 Entering expressway

2 High-speed driving

HDA

Highway Driving Assist

Hyundai vehicles from 2015 will have an HDA system that integrates a lane-keeping assistance system, advanced smart cruise control, and navigation features to enhance driver ability to respond to driving conditions on the highway. It can automatically maintain a set distance from the vehicle ahead, help the car stay in the correct lane, and work with the navigation system to control driving speed by recognizing speed limits and speed limit zones.

3 Recognizing and pulling over for designated passengers

4 Recognizing intersection condition and passing

TJA

Traffic Jam Assist

A TJA is being developed, to supplement the HDA, taking account of complex urban traffic with a target date of 2020. The TJA will operate during low-speed driving, and will help drivers to stay in the correct lane and maintain a safe distance from other vehicles even on complex, busy urban roads. More importantly, the system will provide a partially autonomous driving function by using a camera and radar to recognize surrounding vehicles and objects in situations where lanes are not recognizable.

5 Following a vehicle ahead

6 Recognizing falling objects from a vehicle ahead and pulling over

ASCC

Advanced Smart Cruise Control

Cruise control has advanced from a system that simply maintains a steady cruising speed to a smart system that follows the vehicle ahead, and then onto the ASCC system that maintains a safe distance from the vehicle ahead, brakes when the vehicle ahead stops, and resumes driving without the need for the driver to operate the pedals. This system also includes a function that automatically accelerates to the preset speed when stopping and then resuming driving.

FCWS

Forward Collision Warning System

A vehicle equipped with a Lane Departure Warning System (LDWS) that recognizes dangerous situations ahead and gives drivers a warning has a windshield-mounted camera. An FCWS uses the signals sent from the camera used by an LDWS to detect lanes and vehicles ahead and helps drivers avoid accidents by setting off alarms and vibrating the steering wheel.

AEB

Autonomous Emergency Braking

This system is triggered and applies the brakes in emergency situations if the driver does not respond in time. An AEB system automatically monitors the proximity of vehicles ahead and detects potential collisions, and then responds by applying the brakes to avoid the collision and protect the driver.

Entering expressway

1

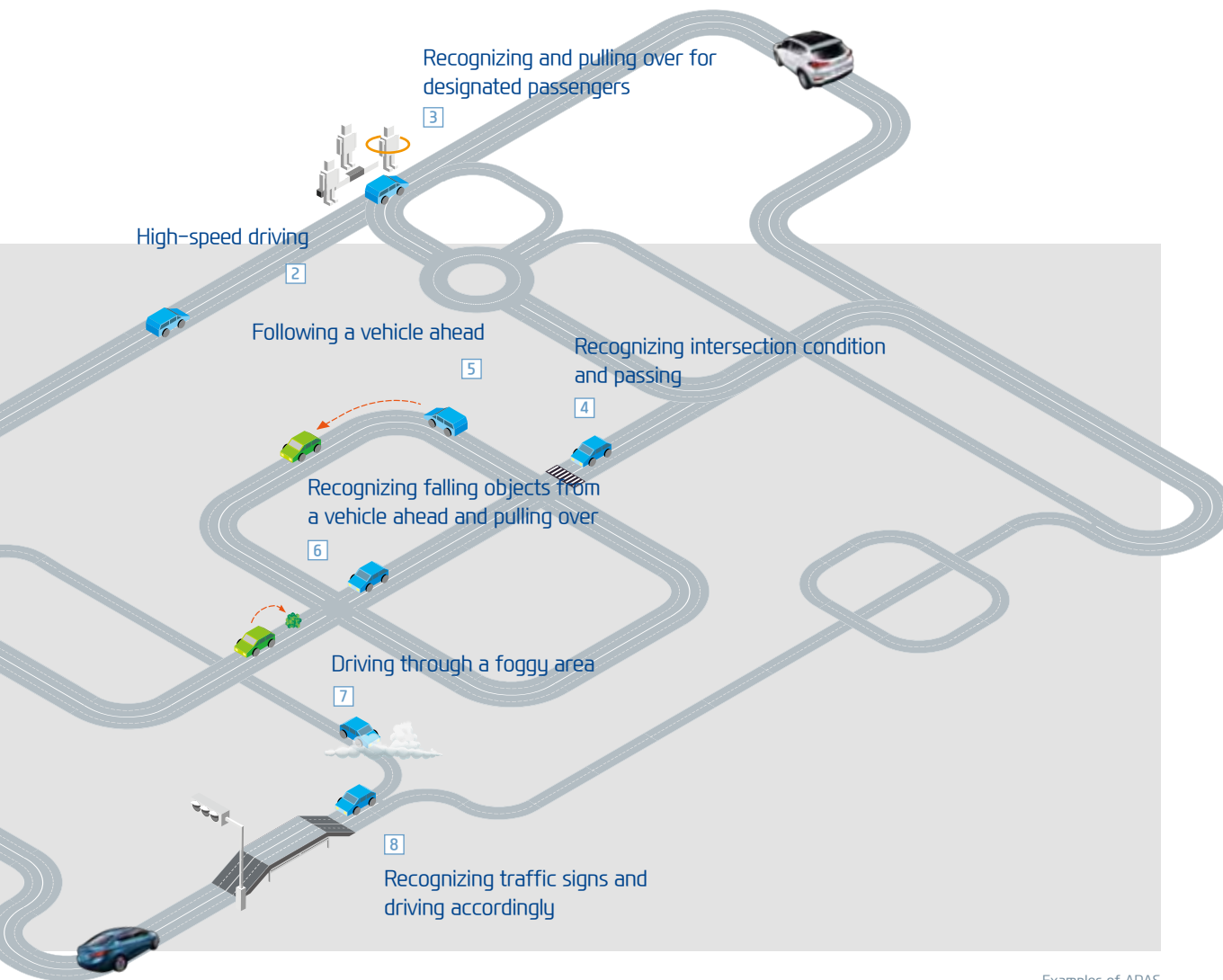
9 Recognizing parking space and parking

7 Driving through a foggy area

VSM

Vehicle Stability Management

Cars can lose traction when braking on wet and slippery roads, icy roads, or on sharply winding roads. VSM enables the vehicle to maintain maximum stability and safety when driving in such conditions. The VSM system detects surroundings using a speed sensor, a yaw-rate sensor, a lateral acceleration sensor, and a steering angle sensor, to understand driving conditions. This proactive safety technology maintains stability by using a vehicle dynamic control device and an electronic steering device.



Examples of ADAS

8 Recognizing traffic signs and driving accordingly

LKAS

Lane Keeping Assist System

An LKAS scans the road ahead using a windshield-mounted camera to recognize lanes and ensure a vehicle to stay in its correct lane if it begins to move out of lane without using a turn signal. This is a more advanced and proactive version of the LDWS that just warns the driver with warning lights and alerts.

BSD

Blind Spot Detection

It can be hard to see cars approaching from the right rear corner of the vehicle, and this can cause accidents. A BSD system detects vehicles and obstacles in the blind spots and gives the driver a warning. Two radar sensors mounted in the rear bumper sense approaching vehicles, measure their speed and location, and warn the driver with a visual alert installed in the side mirror.

HAC

Hill Start Assist Control

If stopped on a hill, a vehicle can potentially roll backwards as it resumes driving. To prevent this, drivers are sometimes required to press hard on the gas pedal. The HSC system prevents the vehicle from rolling back by automatically applying the brakes for about three seconds when the car resumes driving after being stopped on a hill.

9 Recognizing parking space and parking

SPAS

Smart Parking Assist System

An SPAS senses surrounding obstacles using exterior sensors, and then automatically controls the steering wheel to help the driver park — all the driver has to do is control the brakes by following a voice command. This is an upgraded version of Hyundai's existing PAS that sounds an alert when parking or reversing — in addition, SPAS assists parallel parking, un-parking, and perpendicular parking.

CSV Highlight III



A dynamic splash of water in shades of blue and white, with many small droplets scattered around, set against a light blue and white geometric background.

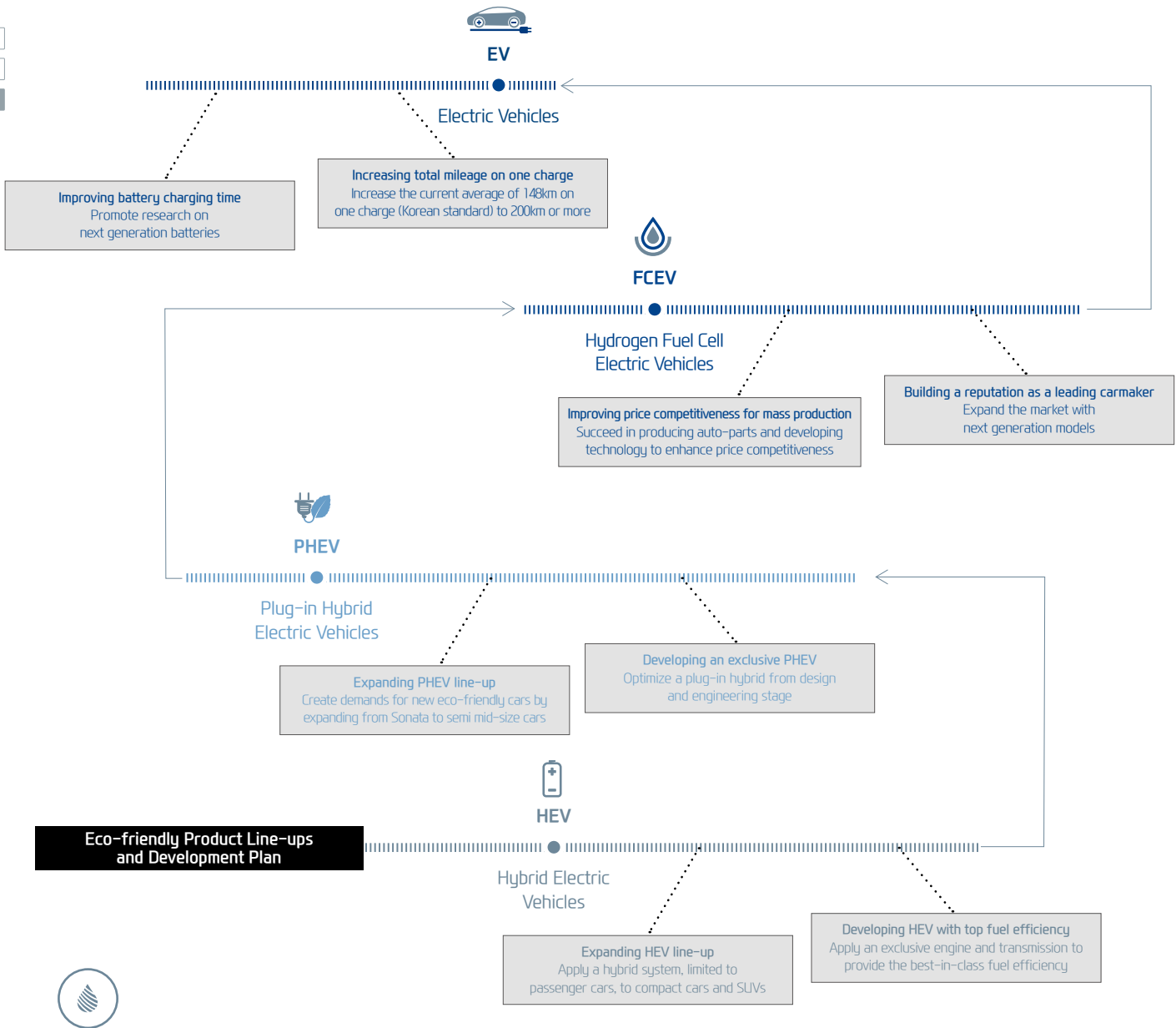
EXPANDING

Bringing about a future of clean mobility

H₂ORIZONS

Hyundai is focusing on the development of eco-friendly vehicles through advanced technology and innovative ideas. It is our responsibility to protect and preserve the environment for future generations.

Hyundai is committed to creating a clean, healthy, and environmentally friendly society.



2020 strategy for eco-friendly vehicles to bring about energy sharing through clean mobility

Hyundai's strategy for eco-friendly vehicles '2020.22.2'

The future we dare to imagine can come about through innovative technology. Dreams will become something we experience. However, carbon dioxide emissions increase as consumption increases, and this leads to air pollution. This is why it is imperative to develop eco-friendly cars for the sake of future generations. The eco-friendly car market is expected to grow by more than 20% per annum, to some 6.4 million units by 2020, three times larger than as of now.

Hyundai has ensured the reliability of eco-friendly cars through 20 years of continual research and development. In 2014, we launched the '2020.22.2' project, a strategy for eco-friendly cars. This is our vision of becoming the world's second largest eco-

CSV perspectives for pursuing clean mobility

Hyundai Value

- Expanding eco-friendly models
- Leading a “hydrogen society”
- Supporting an eco-friendly society

Social Value

- Popularizing eco-friendly cars
- Building a “hydrogen eco-system”
- Reducing carbon dioxide emissions



‘2020.22.2’ is our goal of developing 22 eco cars (12 hybrids, six plug-in hybrids, two electric vehicles, and two hydrogen FCEVs) by 2020, to become the world’s second largest eco-friendly carmaker.



The Grandeur Hybrid automatically switches to EV mode — using battery and motor power only — when limited torque is needed.



The Sonata Hybrid is the best-selling eco-friendly vehicle in Korea. The Sonata Plug-in Hybrid, launched in 2015, can travel over 44km in EV mode.



friendly carmaker, with 22 models by 2020. We are planning to develop 12 hybrids, six plug-in hybrids, two electric vehicles, and two hydrogen fuel cell electric vehicles (FCEV), and to offer a full line-up of eco-friendly vehicles, from compact cars to SUVs.

The present and the future of Hyundai's eco-friendly cars

Hyundai aims to popularize eco-friendly cars through technological innovation; we plan to create demand by radically improving all core components, including motors, inverters, and batteries. We are committed to addressing fuel efficiency improvements through research and development. Hydrogen FCEVs are

environmentally friendly because they emit only water. Hyundai will develop more FCEVs, to play a leading role in the shift from a "carbon economy" to a "hydrogen economy".

Leading the hydrogen society

A hydrogen society, in which eco-friendly hydrogen energy will be used to drive vehicles and generate power without emitting carbon dioxide or exhaust gas, is fast becoming a reality. Hydrogen is produced from clean energy sources such as water, and when used as fuel for vehicles, it produces no harmful emissions. It can also be delivered either as a liquid or as a gas.

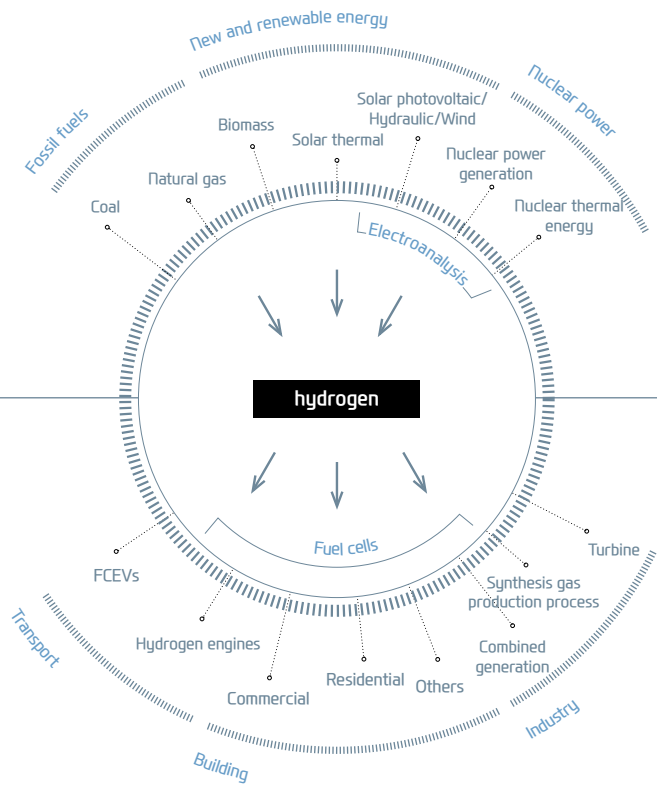
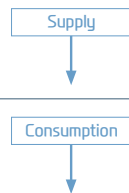
38 million tons

Some 38 million tons of hydrogen is produced worldwide and 1.3 million tons of hydrogen in Korea (100,000 tons of hydrogen can run 500,000 hydrogen FCEVs)

1.3 million tons

Hydrogen society

Transformation into hydrogen energy



*Source: Science and Technology



The Tucson FCEV ix showcases our world-leading hydrogen technology. Its powertrain was the first fuel cell powertrain to be selected as one of the 2015 Ward's 10 Best Engines by WardsAuto, proving its technology prowess.



Opening the era of hydrogen energy

Energy paradigm shift from fossil fuels to hydrogen energy





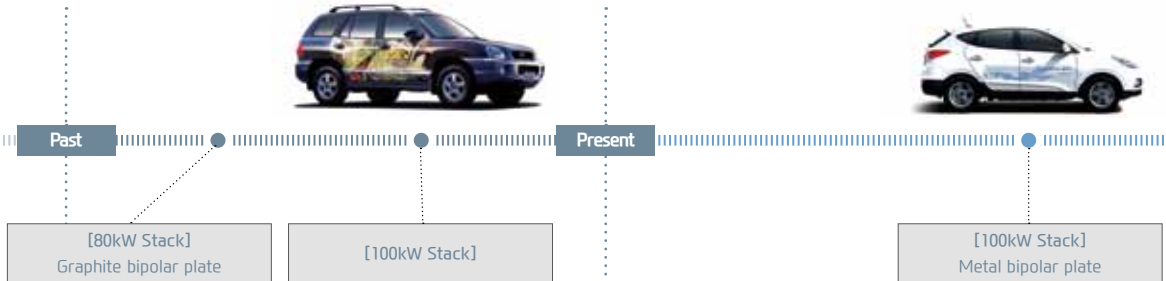
Hyundai aims to mass-produce its FCEV concept car 'Intrado' in 2018.

Hyundai is preparing for the hydrogen society following the hydrogen fuel cell technology roadmap.

Hydrogen Fuel Cell Technology Roadmap

- Verifying fuel cell technology
- 350 atmospheric pressure/-10°C cold start

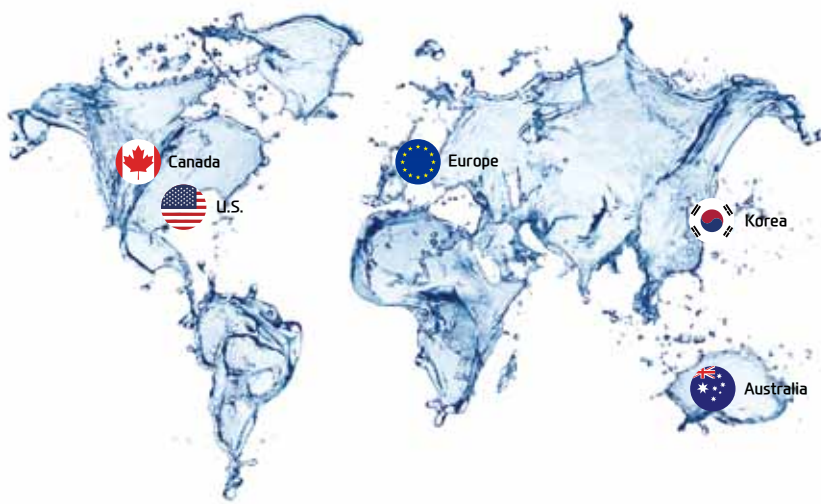
- Ensuring vehicle safety
- Developing production technology and building supply chains
- 700 atmospheric pressure/-20°C cold start



Fuel cell system

- Production of stack and driving device modules

Global Sales of Tucson ix35 FCEV



- Improving productivity
- Increasing mileage, -30°C cold start
- Building mass production infrastructure

Future



Structure of next-generation bipolar plate

Fuel cell system

- Common use of auto parts for both HEVs and EVs
- Achieving the same power density of an internal combustion

Hyundai's FCEV, driving the global market

Hyundai began the world's first mass production of a hydrogen FCEV, the Tucson ix35, in 2013, and it is now available in 15 countries. Its driving performance and eco-friendly technology were recognized during a successful road tour of Europe in 2012, which helped it to enter the European market. It was launched in the U.S. and Korea in 2014. Hyundai has taken a leading role in the hydrogen FCEV market, and has sought to build its infrastructure in major economies and advance into new markets. We will continue to take the lead in popularizing eco-friendly cars, including by improving the price competitiveness of our FCEVs.

Creating a hydrogen ecosystem

The U.S., Japan, and some European countries have policies in place to reduce carbon emissions, and are establishing systems to expand the hydrogen FCEV market. In the U.S., the number of hydrogen FCEVs and the amount of related infrastructure are expected to increase thanks to laws that support the purchase of eco-friendly cars and initiatives to promote hydrogen FCEVs. In the state of California in particular, a Bill that supports the purchase of low-carbon vehicles has been passed, and state money is now being put into the development of hydrogen stations. In Europe, there are many associations that represent the hydrogen industry. In Japan, government-led projects are developing the infrastructure that will help to build a hydrogen society. In Korea, the Korea Hydrogen Industry Association was established by the private sector in January 2014, with the participation of Hyundai.

There are 13 hydrogen refueling stations in Korea, including in Seoul, Incheon, Hwaseong, Ulsan, and Jeju. Although they are few in number compared to gasoline, diesel, natural gas, and electric vehicle charging stations, it only takes 3-5 minutes to refuel a hydrogen FCEV. A single hydrogen refueling station can serve 400 to 1,000 vehicles per day, depending on capacity. The more infrastructure that is built for hydrogen refueling stations, the more convenient it is to refuel a hydrogen FCEV.

This section introduces the sustainability management of Hyundai, and reviews its results. We report our achievements in 2014 by categorizing them into product responsibility, eco-friendliness, suppliers, employees and society. These results reflect our philosophy and principles, and commitment to our ultimate goal of creating a happy society for all of our stakeholders through technological innovation.

SUSTAINABILITY PERFORMANCE



OUR SYSTEM

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OUR VALUE

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Sustainability Management System

We strive to contribute to the growth of society as a whole through clear goals and directions set for a sustainable future.

Management Philosophy and Vision

In 2011, Hyundai redefined its management philosophy to define its shared value and to further strengthen its sustainability management. We are seeking ‘new thinking, new possibilities’ by embracing the spirit of challenge.

Management Philosophy

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

‘Unlimited sense of responsibility’ signifies the pursuit of sustainable growth while maintaining responsibility towards all of our stakeholders; the ‘realization of possibilities’ signifies the pioneering spirit that has motivated us to invest

- Unlimited sense of responsibility >
 - Pursuing sustainable growth with a sense of responsibility towards employees, suppliers, and their families
 - Pursuing the highest quality, to be responsible for the safety and happiness of customers

- Realization of possibilities >
 - DNA that strives for unlimited growth and advancement
 - Entrepreneurship that enables us to break out of our comfort zone and to take risks
 - Creating real value by turning small possibilities into real achievements

- Respect for mankind >
 - Improving living conditions by providing products and services of the highest quality to the greatest number of people
 - Being proactive in tackling environmental issues
 - Contributing to the global community by sharing our success

in new areas; and the ‘respect for mankind’ represents our commitment to improve living conditions for everyone. With this philosophy in place, Hyundai will continue to grow as a respected company which makes a positive contribution to humanity.

Vision 2020

‘Vision 2020’ represents the Hyundai Motor Group’s goals for sustainable growth and a future that Hyundai pursues. Automobiles have gone beyond merely being a means of transportation; they help people to have a better quality of life. The philosophy and will of Hyundai are reflected in the Vision 2020 which is designed to embrace the changes in what an automobile means. By pursuing this vision, Hyundai

Vision and Three Major Strategic Directions

Vision
Lifetime partner in automobiles and beyond

Providing new space to make a better life by creating the best in mobility through customer-centered, eco-friendly, innovative technology and comprehensive services

Three Major Strategic Directions

Providing the best customer experience

- Service innovation across all customer contact points
- Ensuring perfect quality
- Improving brand value
- Developing human-centered technology for the future

Finding new growth opportunities

- Launching strategic, regional vehicles, and improving sales channels
- Expanding and strengthening the materials and parts industries
- Developing eco-friendly cars, green technology, and new materials

Optimizing global operation

- Realizing “smart scale”
- Creating synergy between overseas business sites
- Social contributions and globality

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

has set out to become not just a carmaker, but a company that creates more value and shares in the daily lives of our customers as a lifetime partner.

Hyundai provides a range of automobiles that are a 'partner for lifetime', tailored to the needs of customers from childhood to senior years. They are also a 'partner for happiness', a space for living, working, and resting that provides exceptional comfort and pleasure. As a 'partner for everyday life', we will ensure the best customer experience from the moment a customer chooses our brand by providing a complete range of the services associated with automobiles, from finance to product experience, IT services, and used car sales.

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

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

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

Core Values

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



CUSTOMER

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



CHALLENGE

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



COLLABORATION

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



PEOPLE

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



GLOBALITY

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

Socially Responsible Management

As a global corporate citizen, we recognize our impact on society. We therefore take on the responsibilities that come with that, and undertake many projects in environmental management, trust-based management and social contributions, supported by the CSR Committee established in 2008.

2020 Mid-to Long-term CSR Strategy

Our mid-to long-term corporate social responsibility (CSR) goal is to become 'a sustainable value provider'. We have therefore given ourselves seven core tasks: growing with partners; providing pleasant mobility; becoming a trustworthy partner; practicing transparent management; giving customers assurance; becoming the most sought-after employer; and taking the lead in responding to climate change. Hyundai will continue to share its commitment to these tasks with all its stakeholders, to create and share sustainable value.

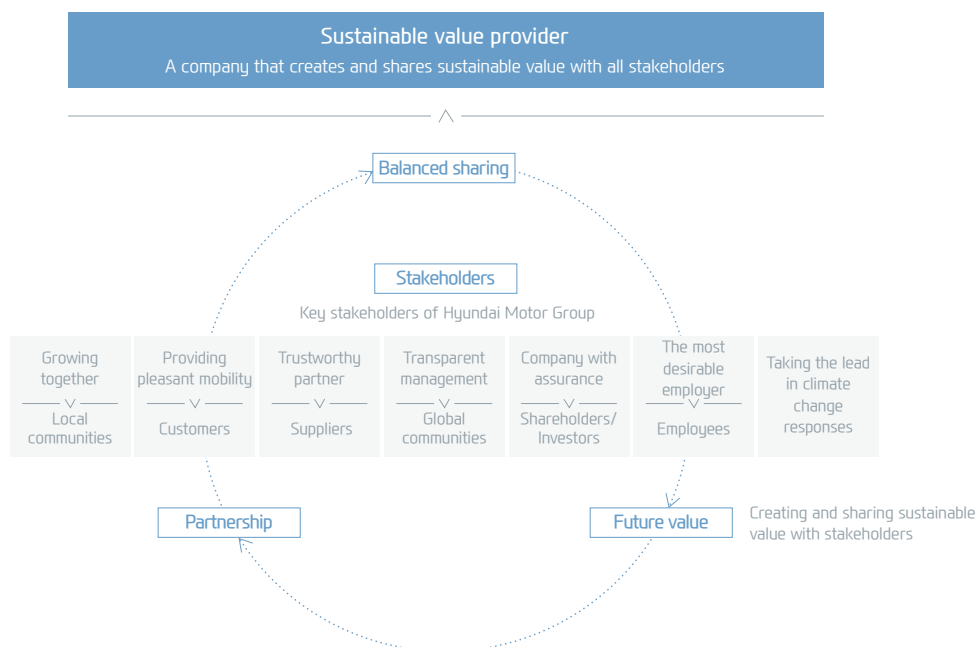
Ethical Management

In business, ethical responsibility is as important as legal or economic responsibility. Hyundai takes a leading role in promoting ethical management by establishing transparent management at the heart of its corporate culture.

Ethical Management System

In 2001, we established the Ethics Charter, the Employee Code of Conduct, and our Guidelines for Ethical Business Conduct, to set clear guidelines for all employees in the practice of ethical management. Furthermore, all relevant documents are made available online for effective communication and for on-demand reference. In 2013, the Ethical Management website was completely revised to make it more accessible for stakeholders as well as employees, so that the information on the site can be used in ethical business conduct. In 2012, we adopted a voluntary fair trade compliance program (CP) to enhance fairness and transparency in trading with suppliers. In

Mid-to Long-term CSR Strategy Structure



Sustainability Management System

Corporate Governance

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Sustainability Management Materiality Analysis

In addition, we joined the UN Global Compact in 2008 to declare our commitment to ethical management. As part of this commitment, we have established an Ethics Committee composed exclusively of outside directors from the main board of directors (BOD).

Ethics Charter

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

Ethical Management Implementation

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

Cyber Audit Office

Hyundai operates the Cyber Audit Office to collect information on unethical business practices such as bribery and corruption. All reports need to be made under real names, but are then handled through investigations that do not disclose the name of the person reporting the incident. Typical cases reported to the Office include: unfair trade practices related to personal connections such as school alumni or hometown friends; a request for or acceptance of bribes and unjustified gifts; abuse of authority; a request for special consideration; and other actions that violate ethical business conduct. Reports can be made via the internet, phone, fax, or written letter, and results are notified to the informant. The identity of the informant is strictly protected under the policy on secret assurance, identity protection assurance, and responsibility reduction.



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

Compliance Management

Hyundai is committed to complying with all applicable laws and regulations. We have expanded the scope of our compliance program to include suppliers, which has increased awareness of compliance issues and helped to fulfill our social responsibilities.

Purpose

The purpose of our compliance management is to mitigate legal risks by removing unpredictable factors in operations, improving competitiveness, and embracing fair trade practices in our corporate culture. As a result of these efforts, no sanctions or penalties for violations of laws or regulations were imposed on the company in 2014.

Implementation

Hyundai has established a roadmap for well-structured regulatory compliance activities. In 2014, we developed and distributed a compliance guide covering the key legal risks inherent in our business that were identified at the beginning of the program. We have provided compliance training, and also built a base for our ethical management by providing online educational programs, developing computer systems for compliance and undertaking

voluntary inspection, all in an effort to solidify our compliance activities. In 2015, Hyundai will focus on global compliance at its overseas subsidiaries, as well as online compliance training and voluntary inspections.

Fair Trade Voluntary Compliance

Hyundai does more than just protects against legal risks; we also seek a win-win approach for the automotive industry by promoting a culture of fair trading. In 2014, the CEO publicly pledged to promote voluntary fair trade compliance. We are therefore creating a corporate culture of voluntary compliance, providing training on fair trading practices to new executives and employees, and to staff at relevant departments. The Voluntary Fair Trade Compliance Code of Conduct handbook has been fully revised and shared with all employees. We continue to provide training at all relevant departments, and have increased compliance monitoring. Our staff are obliged to uphold the following code of conduct on fair trade compliance:

Roadmap for Compliance

GOAL	
To prevent legal risks from becoming a reality	
Strengthening employees' competence in compliance, and raising awareness of its importance	
Identifying and managing legal risks	
Adoption	<ul style="list-style-type: none"> Establishing compliance support group Establishing standards for compliance control and implementing guidelines Establishing implementation plans <ul style="list-style-type: none"> Annual plans Identifying key legal risks <p style="text-align: right;">2012 ~ 2013</p>
Maturity	<ul style="list-style-type: none"> Developing process standards regarding compliance <ul style="list-style-type: none"> Compliance guidelines Strengthening employees' competence in compliance <ul style="list-style-type: none"> Compliance training Providing effective measures for support <ul style="list-style-type: none"> Computer system to support compliance Regular compliance inspections <ul style="list-style-type: none"> Voluntary inspections, assessment of effectiveness of compliance activities <p style="text-align: right;">2013 ~ 2014</p>
Expansion	<ul style="list-style-type: none"> Designating compliance personnel Building a global compliance support system <ul style="list-style-type: none"> Expanding the compliance support group: comprehensive management of domestic and overseas compliance systems Organizing a compliance support system for operations overseas Promoting awareness of the importance of global compliance <p style="text-align: right;">2015~</p>

First, we must remember that voluntary fair trade compliance is an essential requirement of our business operations.

Second, we must preemptively assess fair trade regulations and requirements in our jobs.

Third, we must consult with relevant staff when we become aware of potential non-compliance with fair trade regulations.

Risk Management

Hyundai has established a comprehensive risk management system at company level to take preemptive action against risk and create a competitive advantage as a source of opportunity.

Preemptive Risk Management

We regularly monitor potential risks factors at home and abroad to take preemptive action while analyzing a variety of scenarios and measures. Furthermore, we assess the result of our actions and take additional measures for effective risk management.

In 2014, in order to respond quickly to tightened product safety and recall regulations in the U.S., we improved the recall process to the extent that it was cut from 3-4 months to just five days. This has helped the company to improve reliability, as well as avoiding the risk of regulatory penalties.

Systemized Risk Management

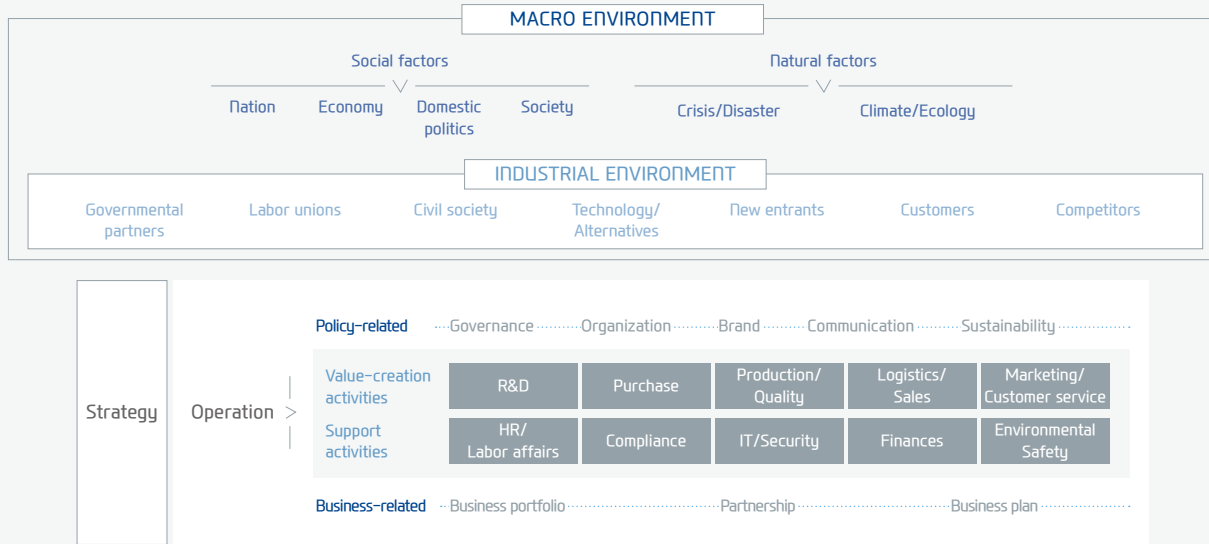
In order to respond effectively to the growing number of internal and external risk, we have set levels of risk and management standards, taking into account the significance, urgency, and effects of each risk. We have designated staff responsible for each risk, and have updated risk manuals to strengthen our risk management system at company level. To ensure expertise in risk management, we also work with outside research firms and a network of risk management professionals.

Risk Management Process



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

Risk Structure



Risk Prevention

Hyundai understands that if a business is exposed to risk, its tangible and intangible assets can be significantly damaged, and more resources required to recover the damage. We therefore strive to prevent key risk factors from happening in the first place.

Stakeholder Communication

Companies grow through relationships. Hyundai creates relationships built on trust with its stakeholders, including customers, employees, shareholders, suppliers and society, so that the company can share its growth with them.

Stakeholder Issues

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

Stakeholder	Key Issues	Communication Channels
Customers	<ul style="list-style-type: none"> - Sustainable mobility - Excellent quality - Enhancement of vehicle safety - Customer satisfaction improvement 	<ul style="list-style-type: none"> - Motor show and new car launching ceremony, test driving, sports sponsorship, customer service, customer satisfaction survey, car club, website, online communication, reports (financial report, sustainability report, social contribution white paper)
Employees	<ul style="list-style-type: none"> - Employee satisfaction improvement - Fostering outstanding employees - Human rights protection - Health and safety 	<ul style="list-style-type: none"> - Labor-management committee, occupational safety committee, internal publication, newsletter, grievance counseling center, website, reports
Suppliers/Dealers	<ul style="list-style-type: none"> - Win-win growth - Fair trades - Long-term partnership 	<ul style="list-style-type: none"> - Dealer seminar, dealer conference, dealer related events, dealership conference, seminar and training, supplier satisfaction survey, web portal for purchase, reports
Shareholders/Investors	<ul style="list-style-type: none"> - Improvement of the corporate value - Shareholder interests protection - Stable growth - Transparent information disclosure 	<ul style="list-style-type: none"> - Annual general meeting, company briefing, website
Society	<ul style="list-style-type: none"> - Invigoration of local economy - Job creation - Social contribution activities 	<ul style="list-style-type: none"> - Social contributions, communication with local communities near worksite, youth support program, website, report

Corporate Governance

Hyundai's corporate governance, supervised by the board of directors with expertise and experiences, will enable us to explore new possibilities.

BOD Structure

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

Audit Committee

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

Outside Director Candidate Nomination Committee

The Outside Director Candidate Nomination Committee consists of two internal directors and three outside

directors. All outside directors of Hyundai must first be nominated by the Committee and then approved by more than half of the Board members at the annual general meeting (AGM).

Corporate Governance & Communication Committee

The Ethics Committee was established in 2007 to improve transparency in internal operations and management ethics. In 2015, the Ethics Committee was expanded and renamed the Corporate Governance & Communication Committee, in order to further protect shareholder interests. It is comprised of four outside directors to ensure its independence and transparency. The Committee undertakes a preliminary review of matters related to mergers and acquisitions, the acquisition or disposal of major assets or shares, and other matters deemed important by the Committee in representing shareholder interests. The Committee has dedicated staff in charge of the protection of shareholder interests; the staff acts on behalf of shareholders, and is a communication channel between the BOD and shareholders, attending briefing sessions for domestic investors and non-deal roadshows for overseas investors. The Committee discloses its activities to shareholders through various channels, including our annual sustainability report.

BOD Status

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

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AGM, so that all shareholders can benefit from their rights and interests. Although the BOD can approve financial statements and dividend payments under the current law, Hyundai handles these at the AGM, to promote a focus on the shareholder. We communicate with the market

by improving transparency in governance through strict compliance with the relevant laws, and by sharing with major stakeholders our long-term roadmaps, including plans on R&D investment.

	Name	Title	Committee	Role	Date of appointment	Term
Internal directors	Mong Koo Chung	Chairman & CEO	Outside Director Candidate Nomination Committee	CEO, Chair of the BOD, Chair of the Outside Director Candidate Nomination Committee	Mar. 14, 2014	3 years
	Eui Sun Chung	Vice Chairman			Mar. 15, 2013	3 years
	Choong Ho Kim	President & CEO	Outside Director Candidate Nomination Committee	CEO	Mar. 15, 2013	3 years
	Gap Han Yun	President & CEO		CEO	Mar. 13, 2015	3 years
Outside directors	Se Bin Oh	Outside Director	Audit Committee, Corporate Governance & Communication Committee, Outside Director Candidate Nomination Committee		Mar. 14, 2014	3 years
	Sung Il Nam	Outside Director	Audit Committee, Outside Director Candidate Nomination Committee	Chair of the Audit Committee	Mar. 15, 2013	3 years
	You Jae Yi	Outside Director	Corporate Governance & Communication Committee, Outside Director Candidate Nomination Committee		Mar. 15, 2013	3 years
	Dong Kyu Lee	Outside Director	Audit Committee, Corporate Governance & Communication Committee		Mar. 13, 2015	3 years
	Byung Kook Lee	Outside Director	Audit Committee, Corporate Governance & Communication Committee		Mar. 13, 2015	3 years

* As of April 24, 2015

Shareholders



* As of December 31, 2014

Creating and Sharing Economic Value

We deliver greater value by sharing with our stakeholders the economic value created through global management, quality management, and brand management.

Global Business Performance

In 2014, the global automobile market was unstable due to oil price and foreign exchange volatility. Hyundai, however, achieved sales of 4.96 million vehicles, breaking the company's record for sales, thanks to a well-balanced global production portfolio and improved brand management. We strive to meet the various demands of our stakeholders through continual quality improvements and ethical management, so that we can be a trustworthy partner in the global automobile market.

Market Share

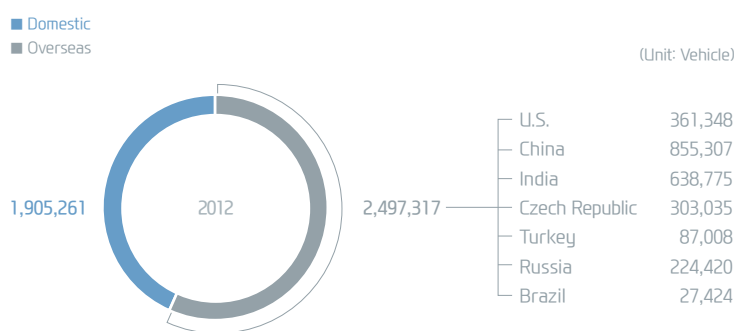
(Unit: %)

	2012	2013	2014
Domestic	43.3	41.6	41.2
Overseas	4.9	5.1	5.1
Global	5.6	5.7	5.8

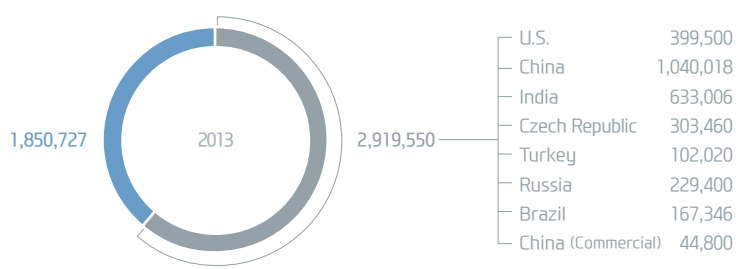
Global Production

We established our first overseas manufacturing plant in Turkey in 1997, and since then, we have continued to build plants in major markets, including India, China, and the U.S. This has helped us achieve our rapid growth. In 2010, overseas production capacity surpassed domestic production for the first time, and in 2013, over 60% of our products were manufactured at overseas plants, shaping our global production system. In 2014, we increased the production capacity of the plant in Turkey from 100,000 to 200,000 units per year by increasing operations to three-shifts. We also built a global production network for our commercial vehicles with the completion of a new plant in Sichuan, with annual production capacity of 150,000 trucks. In 2015, we are planning to break ground on our fourth and fifth Chinese auto assembly plants so that we can meet demand from the rapidly growing Chinese market.

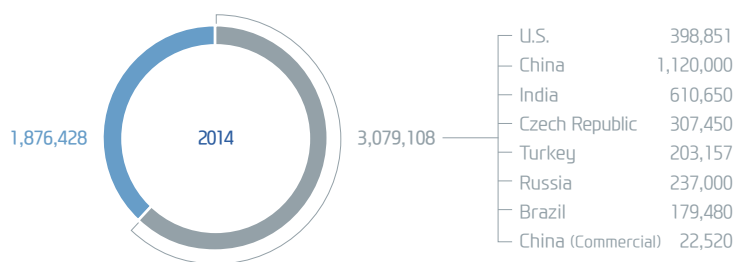
Production



Total **4,402,578**



Total **4,770,277**



Total **4,955,536**

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Global Sales*

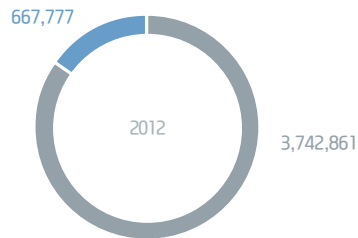
Hyundai saw continued growth in 2014, helped by the recovery of advanced economies despite slow growth in some emerging markets. Global sales of Hyundai's vehicles totaled 4,963,535 units, up 4.9% over the previous year. In the domestic market, sales increased by 6.9% thanks to steady sales of the new Genesis and the popularity of the new Sonata. The number of vehicles sold overseas was 4,278,344 units, up 4.6% over the previous year; this represents 86% of total sales. In North America, the number of vehicles sold increased by 2.9% to 923,522 units thanks to continued low interest rates and improved conditions for vehicle purchases. In Western Europe, economic recovery and improved consumer confidence helped the company to achieve sales of 436,853 units, an increase of 12% compared to the previous year. Sales in China, where SUVs dominate, increased by 10.4% year-on-year to 1,134,316 units, resulting from active responses to customer demand, such as the launch of the new ix25 compact SUV. In India, one of the world's largest emerging markets, Hyundai saw sales of 411,471 units, up 8.2% over the previous year, driven by a strong localization strategy with the new i10 and i20.

We plan to increase sales by 1.7% to 5.05 million units in 2015.

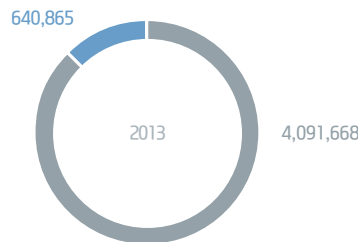
Sales

- Domestic
- Overseas

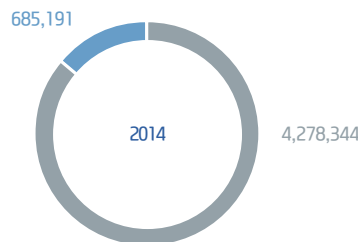
(Unit: Vehicle)



Total **4,410,638**



Total **4,732,533**



Total **4,963,535**

* Based on shipments

Business Performance

Market conditions in 2014 were challenging, with slow growth in emerging markets and fluctuations in oil prices and exchange rates. Despite this uncertain economic

climate, Hyundai still achieved record sales and production volumes through aggressive investment and rigorous quality management.

Financial Highlights

(Unit: KRW billion)

	2012 ³⁾		2013		2014	
	Consolidated	Separate	Consolidated	Separate	Consolidated	Separate
Sales	84,470	43,162	87,308	41,691	89,256	43,046
Operating profit	8,441	4,305	8,315	3,721	7,550	3,735
Operating profit margin (%)	10.0	10.0	9.5	8.9	8.5	8.7
Net profit ¹⁾	9,061	5,280	8,993	5,182	7,649	4,914
EBITDA ²⁾	10,965	5,960	10,867	5,341	10,100	5,349
Shareholders' equity	47,918	37,020	56,583	41,952	62,621	45,662

¹⁾ Consolidated net profit: includes non-controlling interests

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

³⁾ Part of the business performance for 2012 contained in the previous sustainability reports had to be amended in accordance with the change of accounting standards

Sales by Overseas Subsidiary

(Unit: KRW billion)

	2012	2013	2014
HMMA	6,992	7,385	7,437
BHMC	14,519	19,433	19,756
HMI	5,097	4,737	4,637
HAOS	1,576	1,816	2,744
HMMC	5,311	5,450	5,398
HMMR	2,855	2,751	2,384
HMB	414	2,384	2,263

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Distribution of Economic Gains

We share our economic gains with our stakeholders, including shareholders, investors, suppliers, local communities and government agencies, as part of our

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



Distribution of Economic Value by Stakeholder

(Unit: KRW billion)

		2012	2013	2014
Generated economic value	Sales	43,162	41,691	43,046
Shareholders and investors	Dividends	521	534	817
	Interest expenses	203	121	123
	Total	724	655	940
Employees	Salary	5,587	5,994	6,211
	Training expenses	44	47	44
	Total	5,631	6,041	6,255
Suppliers	Raw materials costs	26,411	25,844	26,311
	Outsourcing labor expenses	590	533	514
	Total	27,001	26,377	26,825
Government and local communities	Internal tax	2,106	2,046	2,606
	Local tax	176	175	272
	Social contribution expenses	74	75*	65
	Total	2,356	2,296	2,943

* The costs of our social contributions for 2013 were recalculated based on the changed standards in calculating the costs of social contributions

Sustainability Management Materiality Analysis

We listen to the voices of our stakeholders to help us to identify issues that matter, and to communicate on those issues in a transparent way.

Materiality Analysis

Our sustainability report focuses on high priority issues that have been identified, through rigorous analysis of internal and external issues, as being of highest interest to stakeholders and as having a major impact on business operations. In 2014, a survey was conducted among the staff responsible for key areas of sustainability management in order to identify high priority issues and to measure their materiality. We will continue to publish sustainability reports that contain the information that is most important to our stakeholders, and will ensure that our sustainability activities are communicated in full through those reports.

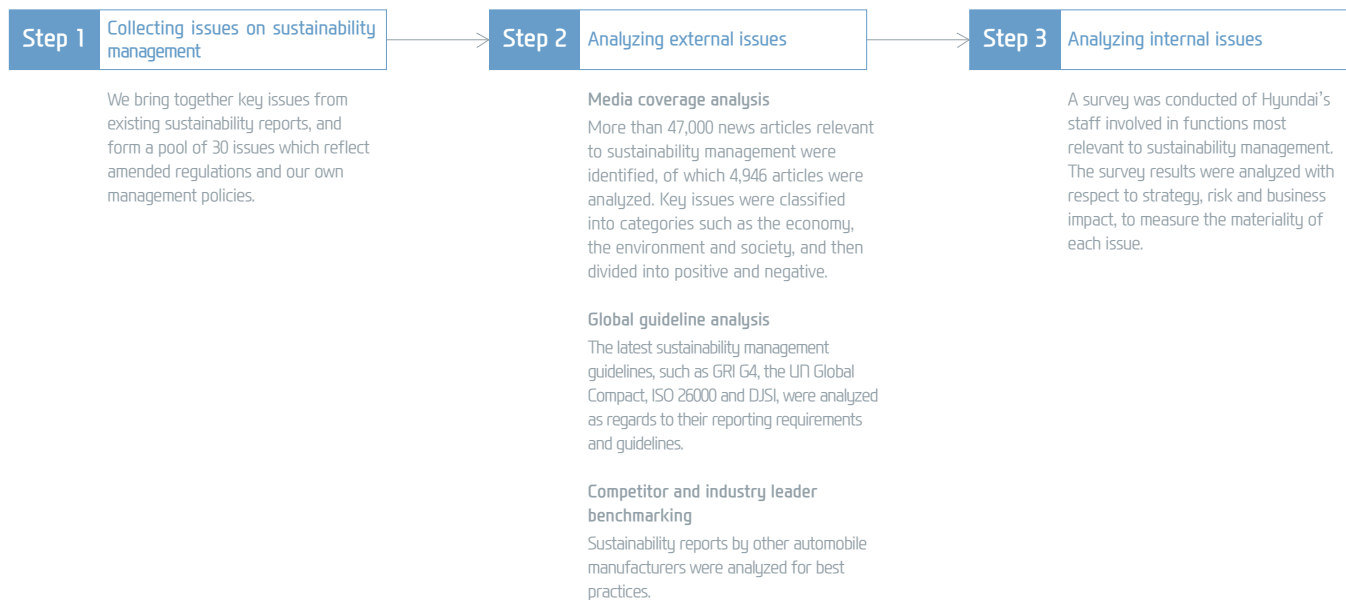
Materiality Assessment Results

Important sustainability issues for Hyundai in 2014 were selected through the Materiality Analysis based on two main criteria —

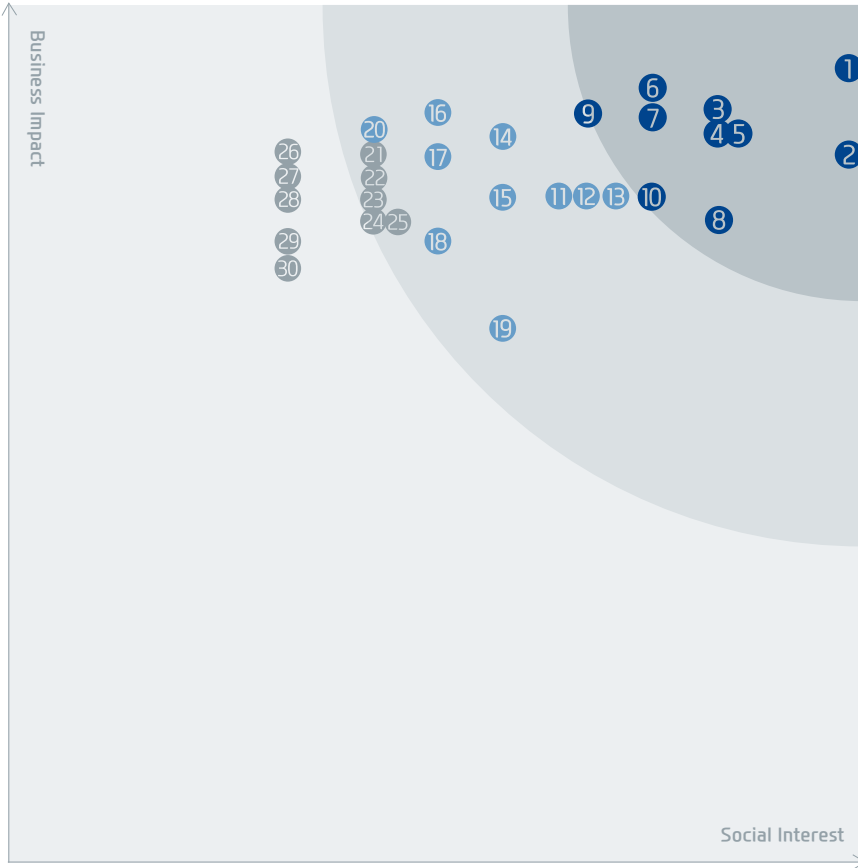
business impact and social interest. The top 30% of issues were classified as “Priority 1” and the next 30% were categorized as “Priority 2”. As a result of the analysis, we found that supplier management had become a new top priority, while the same issues that were analyzed as being material in the previous year were selected as priority issues once again. It was particularly interesting to note that issues on product/service quality and internal/external communications rose in priority, mainly due to the worsening business environment, because those types of issues are vital in building the foundations of our corporate competitiveness.

Hyundai has applied these results to its business decision-making, and has included in its reporting a disclosure on management approaches (DMA) regarding Priority 1 issues, in line with GRI G4 guidelines and along with relevant performance data. See the list on page 57 for more information.

Materiality Analysis Process



- Sustainability Management System
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- Creating and Sharing Economic Value
- Sustainability Management Materiality Analysis**



Step 4 Selecting priority issues and identifying relevant stakeholders

Items identified as high priority were then ranked as priority 1 and 2 issues according to the results of our analyses of media and global guidelines, and the benchmarking of competitors and major global companies. We define a reporting scope by considering the impact of the priority issues on stakeholders.

Step 5 Reporting priority issues

"Priority 1" issues were subject to specific management approaches for each subject and its key data.

Major Issues _ Priority 1

- 1 **Product and service quality**
 Stakeholder Engagement: Employees, suppliers, customers, shareholders/investors
 In the Report (Page): 60
- 2 **Economic performance**
 Stakeholder Engagement: Employees, suppliers, government, society, shareholders/investors
 In the Report (Page): 52
- 3 **Labor-management relations**
 Stakeholder Engagement: Employees, government, society, shareholders/investors
 In the Report (Page): 90
- 4 **Development of eco-friendly products**
 Stakeholder Engagement: Customers, government, shareholders/investors
 In the Report (Page): 35, 70
- 5 **Job creation and retention**
 Stakeholder Engagement: Employees, government, society
 In the Report (Page): 90
- 6 **External stakeholder communication**
 Stakeholder Engagement: Employees, customers, suppliers, government, society, shareholders/investors
 In the Report (Page): 49
- 7 **Employee communication**
 Stakeholder Engagement: Employees, shareholders/investors
 In the Report (Page): 90
- 8 **Suppliers management**
 Stakeholder Engagement: Suppliers, society
 In the Report (Page): 84
- 9 **Employees' human rights and diversity**
 Stakeholder Engagement: Employees, government, society
 In the Report (Page): 90
- 10 **Social contribution**
 Stakeholder Engagement: Employees, government, society
 In the Report (Page): 100

Major Issues _ Priority 2

- 11 Right-path management
- 12 Participation in public policy
- 13 Improvement of energy consumption and efficiency
- 14 Employees health and safety
- 15 Management of environmental impact on society
- 16 Sustainability management system
- 17 Compensation and benefits
- 18 Corporate governance
- 19 Responding to external assessment of sustainability management
- 20 Human resources development and career development

Others

- 21 Voluntary compliance to international standards
- 22 Financial/non-financial risk management
- 23 Strengthening security management
- 24 Support for suppliers
- 25 Strengthening environmental management system
- 26 Management of pollutants and harmful substances
- 27 Greenhouse gas emissions management
- 28 Waste discharge management
- 29 Management and recycling of raw materials
- 30 Water resources management

01

Product Responsibility



Management Approach

Hyundai wants to care for its customers. We want our customers to recognize the value of our products, and to take pride in quality that is based on vehicle performance, safety and the convenience offered by our innovative technology. We are committed to producing vehicles that help our customers be respected and appreciated.

We are therefore developing technology leadership in safety and convenience, to respond proactively to the rapidly changing automotive industry and technological environment. We seek to identify not only apparent quality issues but also latent ones, to ensure quality excellence and customer focus, meeting the quality requirements of our customers.



Facts & Figures

We develop products with the aim of caring for our customers, and touching their hearts through quality that comes from vehicle performance and pioneering technology.

Progress in 2014



Produced the world's safest vehicle (the new Genesis was the first car ever to receive perfect ratings in all areas of the small overlap crash test conducted by the IIHS)



Topped the surveys on initial quality service and productivity satisfaction conducted by J.D. Power, as well as sales satisfaction in China and customer satisfaction in Brazil



Genesis, Avante, and Accent ranked highest in initial quality in their respective segments of the J.D. Power

No.1

Ranked first in Russia and Turkey for satisfaction on customer service



Hyundai's second-generation Genesis designed with HMI and the concept of "Modern Premium"

01

Developing Technologies of the Future for Safety and Convenience

Developing automobiles in which our customers can take pride

- P. 060 Innovation in Safety Technology
- P. 061 IT in Vehicles

Brand Innovation based on Quality

Market-focused and customer-oriented product quality

- P. 062 Proactive and Creative Quality Management
- P. 062 Achieving Quality in Customer Safety Response
- P. 063 Enhanced Quality Satisfaction

Improving Customer Value

Brand that communicates with customers

- P. 064 Proactive Customer Service
- P. 064 Developing Smart Services
- P. 065 Marketing Communications
- P. 066 Protecting Customer Information

Main Activities in 2014

- Offered premium features as standard across our range of vehicles
- Improved fuel efficiency and collision safety by applying high tension steel plates to all models
- Improved driver convenience by applying IT and autonomous driving technology
- Enhanced the Global Service Support Center (GSSC) services provided worldwide



Facts & Figures

Premium value for all drivers — Genesis

Hyundai defines “premium” as ensuring that designs and functions are optimized for customers through cutting-edge technology. Hyundai’s second-generation Genesis is designed to be “Modern Premium”, using a human-machine interface (HMI) approach that allows drivers to easily understand the various functions of the vehicle. In addition, the Genesis impresses drivers by offering high-quality interior materials.



Hyundai's second-generation Genesis designed with HMI and the concept of "Modern Premium"

Developing Technologies of the Future for Safety and Convenience

Hyundai is focusing on the development of vehicle safety and convenience technology to take a leading role in technologies of the future. Automobile accidents may cause a tremendous number of injuries and deaths, as well as material losses. It is thus imperative to develop safety technologies that can help to prevent these accidents, and crash avoidance technologies that can limit damage. Hyundai improves driver convenience by combining telematics and IT in its vehicles.

Innovation in Safety Technology

Hyundai offers world-leading technology in collision prevention and safety, to drastically reduce injuries in car accidents. We are developing more advanced accident avoidance technology, and technologies designed to detect



driving and traffic situations with the goal of “invention of intelligence-based safety vehicle technology”.

Integrated safety control system

Accident prevention technology | We develop and provide tools that can facilitate safe driving on top of the basic driving and braking features. To minimize collision injuries in case of an inevitable collision, we ensure maximum robustness of our vehicles, and provide cutting-edge airbags and seatbelts. Vehicle front ends absorb crash energy for the safety of pedestrians, and devices mounted at the front can automatically contact first responders when an accident occurs. This integrated safety system helps protect drivers and property as much as possible by managing the entire collision management process.

Emergency driver assist system | The introduction of the electronic vehicle control system has led to improvements in sensor accuracy and overall vehicle performance. This has led in turn to the development of active safety technology that can detect dangerous situations and take preemptive safety measures. 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 to avoid a collision and prompt the driver to maneuver the vehicle out of danger. The system also constantly analyzes information from the sensors mounted at the front and rear ends of the vehicle, and analyzes the safest way to avoid any possible collision. The system can actively intervene with steering and braking inputs, adjusting them to maneuver the vehicle and driver out of emergency situations.

Autonomous emergency braking system | There is growing demand for active collision prevention systems. In Europe, a vehicle safety ratings institution has had a policy that would make it obligatory for vehicles to be equipped with autonomous emergency braking systems since 2014. Hyundai’s system detects a potential collision based on inputs from sensors installed in the vehicle, and sends a warning alert. It applies brakes autonomously when necessary to protect drivers and the vehicle from a possible collision. The system can detect stationary or slow-moving vehicles and pedestrians, which helps prevent collisions at low speeds and reduces collision damage at higher speeds.

Product Responsibility
Eco-friendliness
Suppliers
Employees
Society

Rear-side alert system | Hyundai was the first Korean company to create an alert system that uses radar to detect vehicles approaching in blind spots on both rear sides when a driver changes lanes, and applied it to the 2012 Equus. This system further improves the safety of drivers and passengers.

Technologies that reduce injury in collision

Pedestrian protection technology | Pedestrian protection technology minimizes the impact of a pedestrian-vehicle accident. Hyundai has developed an active hood system, one of best ways to reduce pedestrian impact during a collision. This technology has been applied to the Genesis, Aslan, and the all new Tucson. In addition, energy-absorbing structures and materials on the bumpers and hoods of vehicles help to minimize injury in the event of a pedestrian collision.

Robust body structure | Our mid-to long-term platform strategy has committed us to developing a robust yet lightweight vehicle frame optimized for each vehicle model. The vehicle frame is the main structure that affects driving performance, noise and vibration while also protecting passengers. Hyundai develops robust vehicle frames that are capable of handling collisions with the front, sides and rear as well as overturns. We use very high tensile steel for more than 50% of the car body, and also use lightweight materials such as aluminum and carbon composites, to develop lightweight yet robust frame structures which can enhance fuel efficiency and improve collision safety.

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

Vehicle safety test for improved safety

Hyundai models have earned exceptional safety ratings in tests in Korea and overseas. The new Genesis received a record-breaking score of 96.6 in the new vehicle safety test, and was awarded “2014 Safe Car of the Year” by the Korean Ministry of Land Infrastructure and Transport. It also achieved the highest score ever in the Australasian New Car Assessment Program testing — 36.9 points out of a possible 37, and a maximum five-star safety rating. In the U.S., it was named a Top Safety Pick (TSP+), along with the new Sonata, by the Insurance Institute for Highway Safety (IIHS), and became the world’s first sedan model to receive good ratings in every facet of the IIHS crash test. These are the results of our efforts to manufacture vehicles with high safety ratings.



The condition of a Genesis after a small overlap crash test by the IIHS — the impact damaged the front part of the vehicle, but it is well distributed and there is no damage evident in the driver’s compartment, showing how this model ensures driver safety.

IT in Vehicles

There is growing demand for vehicles equipped with a variety of IT devices. Hyundai is developing “Connected Car” technology by integrating information, communication, maps and Internet-related technologies, to allow people access to the services they want, anywhere and at any time. We are also in the process of developing technologies that connect vehicles, users, and IT, and are conducting research on in-vehicle user behavior in this area. The advancement of IT will accelerate the development of intelligent vehicles.

Blue Link service

Blue Link is Hyundai’s global telematics brand, utilizing a GPS system and mobile communication technology; “Blue” is a color of Hyundai, and “Link” represents connectivity. Blue Link is designed to provide a safer and more convenient driving environment by combining automobiles



and IT. It provides SOS emergency services in the event of a car accident, stolen vehicle tracking, remote vehicle diagnosis and auto-

otive repair assistance, as well as convenient features such as remote start, climate control, parking location guide, and destination confirmation, using a smartphone.

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

Blue Link service was launched in North America in 2011, and China in 2012. Hyundai has also launched a new service in North America, the “Hyundai Assurance Connected Care Program”, with various safety and car care features, including automatic collision notification, SOS emergency assistance, vehicle maintenance and recall alert services, to improve driver safety and convenience. In China, the “Connected Care” service has contributed to an image of the Hyundai brand as innovative, safe, secure, and convenient, thus boosting the product value of SUVs and larger cars.

Brand Innovation Based on Quality

Hyundai does not imitate the strategies of other successful global companies. Instead, we implement our own creative quality management, suited to our unique corporate culture. Hyundai continuously enhances its enterprise-wide quality management system, to predict and proactively respond to changes in the marketplace, and to respond immediately to any concerns about product quality. As a result, we have won many quality awards at home and abroad. Hyundai puts into practice its winning credo, “Hyundai Way is the Quality Way”, and is committed to becoming a brand that our customers can take pride in, and the “Best Buy Brand”.

Proactive and Creative Quality Management

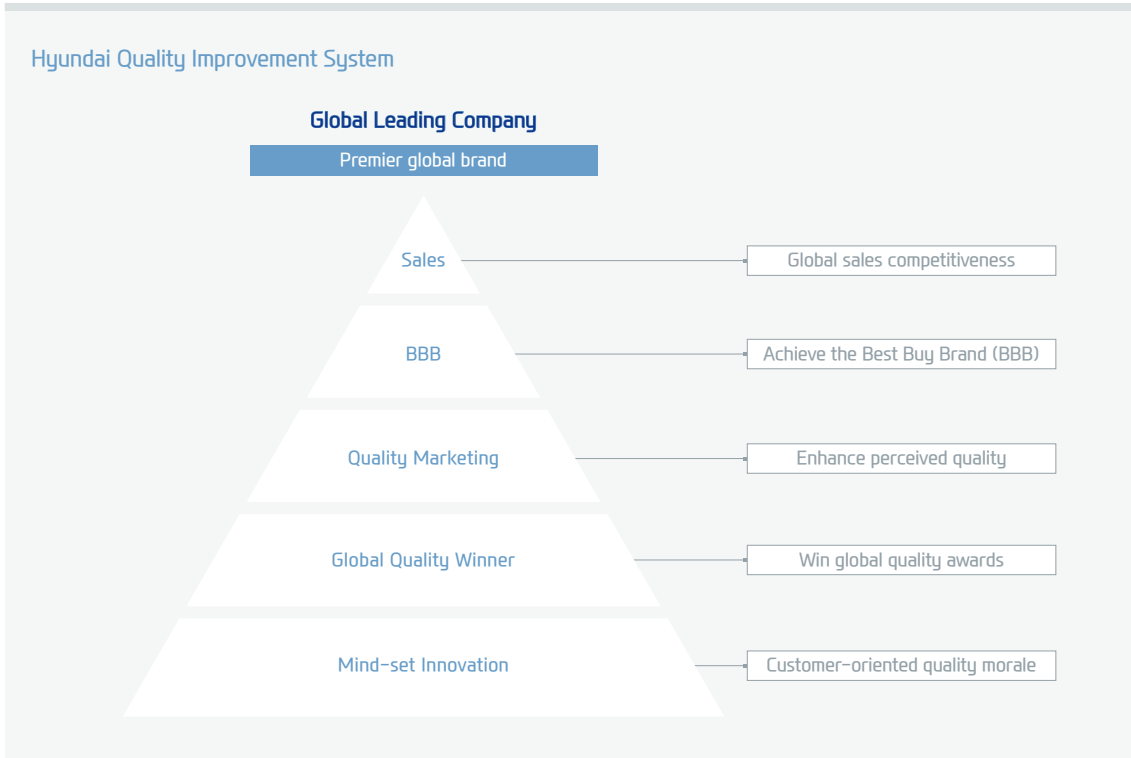
Hyundai’s quality management can be encapsulated in two words: “proactive” and “creative”. We do not imitate the strategies of other successful global companies; instead, we implement our own creative quality management in a way that is suited to our unique corporate culture. We are also endeavoring to exceed the quality demands of customers and the market. Based on our quality management philosophy which states that “there must be no compromise when it comes to quality”, we strive to improve transparency and integrity of our quality management.

Equipped with state-of-the-art facilities that can simultaneously check blueprints and products in real-time, plus performing WOW (Worst of Worst) tests in which products are tested under the most extreme of conditions, the company is discovering and solving not only quality problems that appear on the surface but also potential problems that are latent in our products, so that we can achieve quality that exceeds the expectations of our customers. Hyundai is dedicating itself to realizing the quality excellence and customer focus, and is committed to maintaining quality-first management in order to become a most-wanted “Best Buy Brand”.

Achieving Quality in Customer Safety Response

There is increasing focus on driver safety after a number of major recalls in the automobile industry. Hyundai

Product Responsibility
Eco-friendliness
Suppliers
Employees
Society



has undertaken a number of preemptive recalls, and is responding with continuous quality enhancement and repairs for vehicles that show potential quality problems. The company will continue to provide immediate responses to customer complaints, and will dedicate itself to quality improvements at company level.

Enhanced Quality Satisfaction

Hyundai scored 94 points in the 2014 Initial Quality Survey (IQS) by the J.D. Power, 22 points higher than the industry average. It is third time the company has won first place among 20 carmakers, after doing the same in 2006 and 2009. The IQS scores a vehicle 90 days after its purchase based on the number of complaints per 100 units in 233 detailed categories such as engine, transmission, driving and steering performance. A lower score indicates better quality, and the results can exert a great influence on automotive purchases by American customers. The Genesis,

Accent and Elantra (Avante in Korea) won top prize in their respective categories.

Hyundai also won first place in the Residual Value Award from the 2014 Automotive Lease Guide (ALG) in the U.S. The ALG publishes every other month the expected resale value of a vehicle after three years of use, and has a big influence on the automotive market in the U.S., as a higher resale value can increase the purchasing power of customers by reducing cost-of-carry and decreasing lease prices. After coming top for residual value in 2012 with the Elantra, Azera and Santa Fe, and in 2013 with the Accent and Santa Fe, the victory for the 2014 Genesis proves once again how the value of Hyundai cars is maintained at a high level, even after purchase. In addition, Consumer Report, the biggest consumer magazine in the U.S., made the Santa Fe its top pick, and the Sonata (YF) hybrid and the Tucson won best vehicle awards in Strategic Vision's comprehensive quality satisfaction survey.

Improving Customer Value

There are Hyundai customers across the world, and their numbers are constantly increasing. There is therefore a need to provide global customer service that transcends geography, which is why Hyundai has established an overseas service identity called “Right Here, Right Care”. Customer needs at every point of sales are identified based on this principle, enabling us to provide the best customer service based on perfect preparation.

Hyundai has also introduced an innovative digitalized service system so that customers can access service as close as possible. In addition, the company’s diverse communication activities impart a consistent philosophy and brand image to customers, integrating marketing, arts and culture to share common values. Customer privacy is given the highest priority. All customer-related activities focus on our core value of “Customers First”, so that we can offer customers the unique value that only Hyundai can provide.

Proactive Customer Service

Overseas customer care service

Hyundai operates a call center known as the Hyundai Customer Care Center (HCCC). The company previously operated customer call centers in various regions to receive general questions and complaints from customers by telephone, homepage, e-mail, fax and SNS. This has now been standardized under the HCCC brand, which has upgraded the perception of our call centers, and improved customer convenience and our company image. The improvements have made us number one in customer satisfaction in Russia, Turkey and other major customer countries, and customer satisfaction is also increasing in other regions. Quality customer service is in turn contributing to enhanced brand perception.

Trainings for overseas dealer service

In November 2014, Hyundai introduced its dealer manager training program, to improve the competitiveness of overseas dealers and enhance customer satisfaction. The program is for Dealers Parts and Services Managers, and

for service managers who oversee local dealers. The focus of the program is on improving profitability and increasing customer satisfaction through innovation in the customer-handling process. The program will use training tools on tablet PCs, smartphones and other smart devices, in line with the latest in learning trends. The company also hosts a world repair technician and service adviser contest every other year; 150 repair technicians and service advisers from 60 countries, screened through local preliminary contests, display their skills to win major prizes.

Before service

Hyundai aims to provide the best in service to customers worldwide through its global service network. As part of this, the company introduced the industry’s first “Before” service. Through this service program, we visit customers before problems occur to provide preventative inspections and repairs free of charge. More than four million customers have already enjoyed this service.

Home-to-home service

Because visiting a service point to collect a car can be a burden, in 2011 Hyundai introduced its “Home-to-Home” service, through which we visit the customer at a time and place convenient to them, take the car to the repair shop, and then return it to the customer. This program continues to be expanded. In addition, Hyundai has introduced a free car washing program for customers who visit showrooms and service centers, the “Quick Service” program through which regular vehicle check-ups and oil changes are provided within one hour, and various other customer services that take care of every detail of a customer’s service requirements.

Developing Smart Services

Customer-centered smart services

To improve customer convenience and the efficiency of our repair services, in 2014 Hyundai expanded its repair shop automation service to the global business sites. Every part of the service experienced by the customers, from making an appointment to bringing the car to the repair shop, collecting it and the after-service, are operated through an innovative digital operations system, enabling smooth

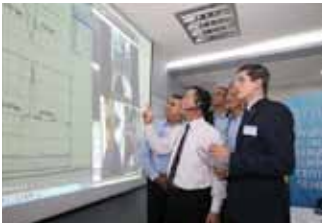
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communications with customers. This is another example of how Hyundai is constantly developing state-of-the-art services and equipment to provide customer services that transcend time and space.

Mobile device-based next generation diagnostic system

IT technology has helped us to enhance customer convenience. Developed in 2014, the world’s first mobile device-based diagnostic system allows us to use tablet PCs and other smart devices to diagnose the condition of a vehicle, which has enabled big improvements in the speed and quality of diagnosis, with faster and more accurate services without the constraints of space.

Remote vehicle maintenance service



Since 2010, Hyundai has reduced the distance to its customers by implementing remote diagnostics services. Difficult repair problems in

overseas regions are referred to the Global Service Support Center (GSSC) in Korea, so that customers across the world can receive quality real-time support. GSSC operations are expanding, to provide the best in vehicle repair services to Hyundai customers worldwide.



 Hyundai Brand Website
<http://brand.hyundai.com>

Marketing Communications

In 2011, Hyundai set the company’s brand direction as “Modern Premium”, and is now endeavoring to provide premium value at all stages of its communications with customers. Creative marketing communications have been well received by our customer, and customers get consistent information about Hyundai’s brand thanks to the consistency of our brand philosophy, encompassing our entire operations and services, including development, marketing and service.

Principles of communication

Hyundai makes extra efforts to avoid any privacy violations, double standards or attempts to influence the vulnerable, in its marketing communication activities. We also preview marketing communications locally in the global market, to make sure they are in line with the ethical and cultural standards of that region. As a result of such efforts, we have not been fined for violating rules and regulations regarding its marketing communication for the past three years since 2012.

Brand activities

Hyundai is creating new value through culture and the arts, through long-term support for the National Museum of Modern and Contemporary Art of Korea, the Tate Modern in the UK, and the Los Angeles County Museum of Art (LACMA) in the U.S. In addition, the



company is participating in the Brilliant Memories campaign that makes an artwork out of a car, the World Rally Championship, and it supports the FIFA World Cup. These diverse marketing campaigns provide our customers with experiences and value that only Hyundai can offer.



'Hyundai Brilliant Interactive Art' installed on a large billboard at Times Square in Manhattan, New York

Internalizing brand

Hyundai has expanded the Modern Premium concept throughout the company, in order to enhance product competitiveness and streamline operations. The company provides Modern Premium training so that employees can put 'Modern Premium' into practice in their work, and create positive change throughout the company. As a result, Hyundai won first place in J.D. Power's IQS study, and is top for consumer satisfaction in China and Brazil. In addition, the company ranked the top 40 in the Best Global Brands 2014 from InterBrand, with a global brand worth of USD 10.4 billion.

Protecting Customer Information

Hyundai strictly observes all laws and regulations regarding privacy and information protection, and use of customer information is strictly limited by corporate regulations on information security and confidentiality.

Protecting privacy information

Hyundai created the Privacy and Information Protection Committee in 2011, and established a foundation for managing protection of privacy information. Confidential information protection is the responsibility of the Chief Privacy Officer (CPO) at each relevant field, and internal inspections of confidential information protection procedures minimize the amount of customer information kept by our employees. Regular training also emphasizes the importance of privacy.

Personal information security system

We monitor and provide training for our suppliers when they work with customer information so that they too comply with all relevant regulations, laws and our own strict internal guidelines. In addition, we have a Personal Information Security (PIS) system that manages the entire process of handling and distributing customer information, as well as post-process management. It has helped establish a stable system of handling and distributing customer information by reinforcing technical protective measures to manage, control and monitor confidential customer information.

Certification for PIMS

In 2013, Hyundai established a confidential information protection and management system which has subsequently attained all standards required by the relevant Korean government agency. Also in 2013, the company acquired Personal Information Management System (PIMS) certification for domestic customers. The company has now established an enterprise-wide customer information protection system, and strictly abides by all laws and regulations related to privacy throughout the entire business, ranging from the collection of private information to shredding. Periodic reviews and updates help to increase the level of customer protection and to manage private information properly.

Personal Information Management System

Implemented since 2011, the system checks if an organization can systematically and sustainably implement privacy information protection activities and certifies business that satisfies certain proficiency levels.

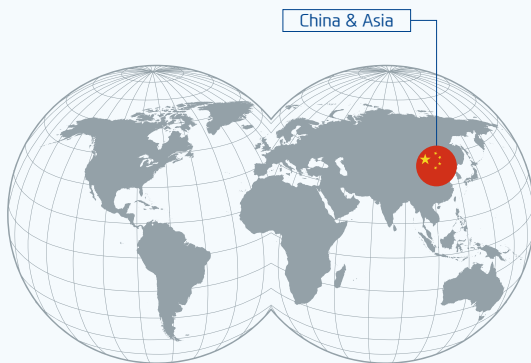
- Competent authority: Korea Communications Commission
- Certification organization: Korea Internet Security Agency
- Legal foundation: Information and Communication Network Law Article 47, Section 3
- Certification standard: 124 items (310 detailed check-up categories)

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Global Highlight

Our cutting-edge technology protects customers from air pollution

Hyundai's ultimate product responsibility is to customers. We therefore go beyond producing a vehicle with great driving performance, and develop technology which can help with a customer's health and happiness. The air cleaner and the high-efficiency filter installed in our cars are good examples of Hyundai's efforts and innovations designed to keep customers happy and healthy.



"We will develop a plan to protect our customers' health from the deteriorating atmospheric environment in China."
Eui Sun Chung, Vice Chairman of Hyundai Motor Company



Cluster Ionizer and high-efficiency filter protect customers from air pollution.

Micro-fine dust and yellow dust threaten people's health

Yellow dust is a natural phenomenon through which dust from dry and semi-desert land in China is carried to Korea by westerly winds. In the past, yellow dust was not a big problem, but with the rapid desertification caused by industrialization in China, the yellow dust now contains pollutants such as heavy metals, which are causing serious health concerns.

Unlike yellow dust, micro-fine dust is produced by combustion, and can contain sulfates, nitrates, ammonia and other ion elements, as well as hazardous materials such as metals and carbon mixtures. Dust with a particle diameter of less than 10µm is called micro-fine dust (PM 10).

Since the human nose can only filter particles as small as 50µm, micro-fine dust can go through the nose unfiltered, and penetrate deep into the lungs.

Manufacturing plants, production facilities and diesel cars are known to be major sources of micro-fine dust. In particular, this is becoming a serious health concern in Asian countries such as Korea and China. If exposed to yellow dust or micro-fine dust for a long time, the immune system weakens, which can cause respiratory diseases such as rhinitis. Increased exposure can also cause cardiovascular, skin and eye diseases.

Protecting customers from air pollution

The best way to avoid micro-fine dust is to stay indoors; however, one can only stay indoors for so long. Hyundai has therefore developed various technologies to protect against micro-fine dust and yellow dust, and has begun to commercialize these technologies.

Cluster Ionizer

Recently manufactured Hyundai cars are all equipped with a "Cluster Ionizer" air purifier system, located between the blower motor and evaporator, where it creates negative ions. When the ions cluster, they remove germs, thus reducing odors caused by air conditioning and purifying the air inside the vehicle. In short, the Cluster Ionizer removes bad odor from the air conditioner and purifies the air inside the vehicle. This system is automatically activated when the car starts.

High efficiency filter for fine dust

A filter equipped in a vehicle serves the same function as a mask and protects against pollutants in the air

outside the vehicle. People wear a mask when it is needed, however, cars always wear a mask, so to speak.

Outside air always comes inside a car through the air conditioning system unless the internal circulation mode is on. That signifies the importance of a filter, and cars need a new, high-efficiency filter to be protected from micro-fine dust.

Hyundai finished developing its high-efficiency particle air filter in 2014; this filter has a 99% collection rate for micro-fine dust (PM10), and a 93% collection rate for ultra micro-fine dust (PM 2.5). The high-efficiency filter was first applied to the ix25 in China and the Sonata in Korea, and will be rolled out to other vehicles soon.

02

Eco-friendliness



Management Approach

Since announcing its principle of global environmental management both inside and outside the company, Hyundai has sought growth in which profit and environmental preservation are balanced. Hyundai has established a system that incorporates use of resources and recycling of waste, right from the product design stage, and minimizes pollution and greenhouse gas emissions. The company is also expending tremendous efforts in developing eco-friendly cars, and supports a range of ecology restoration activities to help preserve the global environment.



Facts & Figures

We fulfill our responsibilities as a global citizen through proactive eco-friendly policies, so that we can leave the smallest ecological footprints possible while developing vehicle technology that can create new markets.

Progress in 2014



Acquired 27 certifications for eco-friendly models (11 international standards for eco-friendly cars, 14 certifications for greenhouse gas emission, two types of low-emission certifications)



Reduced 0.8% of greenhouse gas emissions per vehicle



Recorded 'zero' violation in environmental laws and regulations



02

Developing Eco-friendly Vehicles

Creating corporate value through proactive environmental management

- P. 070 Designed for Ease of Recycling
- P. 070 Vehicle Weight-reduction
- P. 071 Handling of Hazardous Materials
- P. 072 Vehicle Gas Emissions Reduction
- P. 072 Eco-friendly Vehicle Certification

Natural Resource Recycling System

Sustainable use of resources throughout entire process

- P. 073 Resource Recycling of End-of-life Vehicles
- P. 074 Recycling of Water Resources

Responding to Climate Change

Strategy for greenhouse gas reduction to prevent global warming

- P. 074 Responding to Climate Change Risks and Opportunities
- P. 076 Reducing Greenhouse Gas Emissions in the Workplace
- P. 077 Carbon Capture and Storage Technology
- P. 078 Emissions Trading

Minimizing Environmental Impact

Social responsibilities in line with our role as an automobile specialist

- P. 078 Managing Pollutants
- P. 079 Environmental Restoration Activities
- P. 080 Environmental Accounting

Main Activities in 2014

- Established the 2020 mid-to long-term strategy for eco-friendly vehicles
- Expanded the use of ultra-high strength steel plate through weight-reduction technology
- Established a policy to respond to Emissions Trading Systems at domestic and Chinese worksites
- Ulsan plant introduced its own power plant facility, the first in the domestic automobile industry



Facts & Figures



Add performance to efficiency — Sonata Hybrid

Hybrid cars are often perceived as being eco-friendly and economical, but relatively low in performance. Hyundai has developed eco-friendly cars with both superior fuel efficiency and performance, opening a new chapter for hybrids. The new Sonata Hybrid is fitted with both a direct fuel injection 2.0 GDI hybrid engine with 156 horsepower and an electric motor with 51 horsepower. This model has excellent driving performance, and will pave the way for the development of better and more exciting eco-friendly vehicles.

Developing Eco-friendly Vehicles

Hyundai aims to increase the fuel efficiency of the internal combustion engine in the short term, and over the longer term, develop and market completely pollution-free cars. The company therefore considers ease of recycling from the beginning of the initial product design stage to the end of a car's useful life. The company is also developing technology for zero-emission engines, and is constantly decreasing the amount of hazardous materials used in its manufacturing processes. As a result, Hyundai has acquired various international environmental standard certifications. We will continue to develop eco-friendly vehicles, and, by 2020, aim to have built a full line-up of eco-friendly cars.

Designed for Ease of Recycling

Digital recycling verification

Hyundai verifies the reusability of vehicles right from initial vehicle design. From the 3D blueprint of a vehicle in development, parts disassembly and vehicle reuse are reviewed and, if any problems are identified, designers can adjust their work to improve reusability.

Assembly techniques to ease disassembly

Hyundai considers ease of disassembly for hardware such as bolts, nuts and spanners as we develop the car assembly process. The company therefore uses an enhanced snap-fit method of assembly, to ease disassembly, and is also researching easy disassembly methods for AI and other lightweight materials.

Vehicle Weight-reduction

Hyundai's weight-reduction strategy places priority on practical customer value. This will allow our customers to experience greater benefits from technology, especially when compared to our competitors. We focus in particular on research into both structural strength and lightweight, such as ultra-high strength steel plate, weight reduction in rotator parts using high strength steel, enhancing fuel efficiency, and high strength aluminum and carbon fiber materials that can be commercialized in the future.

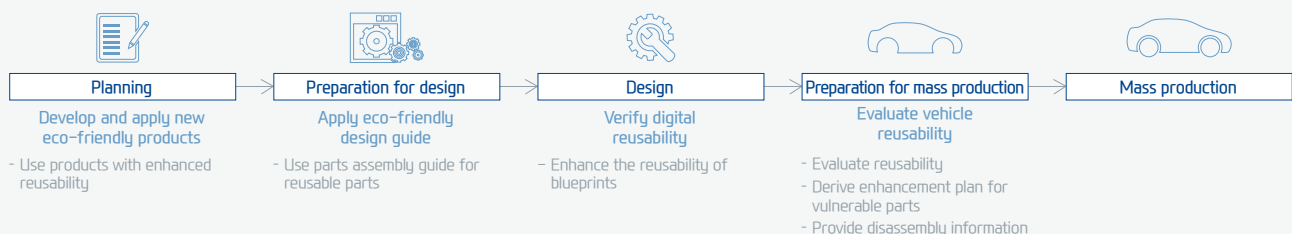
Expanded use of new materials

Hyundai is cost competitive in steel, and is expanding the use of aluminum, magnesium, and carbon fiber materials to achieve weight-reduction targets. The company has increased its use of advanced high strength steel by up to 50%, and also uses high strength steel for hot stamped parts in order to improve collision safety. For aluminum, the company has developed a structural alloy that overcomes existing strength limitations, and research into commercializing this product is now on going. Hyundai is also continuing its research into developing parts based on magnesium and carbon fiber, the next generation of new materials for mass-produced cars.

Development of new manufacturing technology

The diesel engine cylinder block that used to be produced using steel now uses aluminum, based on our new precision manufacturing technology. This has reduced the engine weight by 45%, and the weight of the bed plate that supports the crankshaft has also been reduced by 30% by using a high strength aluminum insert process instead of the previous steel insert process. For shaft steel parts, a

Building Recycling into the Design Process



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hollow-forge technique is used to make the inside of the product hollow, which drastically reduces weight. These new manufacturing technologies can reduce vehicle weight by 10 to 30% while using the existing materials.

Development of next generation weight-reduction technology

In 2010, Hyundai launched the “multi-material mix ultra-lightweight vehicle development” project. This project will cost a total of KRW 13.5 billion by 2015, with Government investment of KRW 6.75 billion and private investment of KRW 6.75 billion. The project aims not only to reduce vehicle weight but do so in the most efficient way, through the optimal allocation of materials for performance, cost and mass production. This is expected to become a vital trend in designing lightweight vehicles. Hyundai aims to use high strength steel, aluminum, magnesium and carbon fiber to reduce vehicle weight by more than 30% compared to the existing vehicle body, while maintaining the same performance. The use of advanced high strength steel plate in each generation of the Sonata is 7% (NF), 21% (YF) and 51% (LF), showing a significant increase in the use of advanced materials.

Metal deposition research center

A research facility dedicated to studying core technology for manufacturing aluminum and magnesium has been established within our technology research center. This facility will be used to develop new lightweight materials and metal-making processes, and its research results will be shared across our engineering network, encompassing our affiliates and suppliers, to increase vehicle efficiency.

Handling of Hazardous Materials

Global environmental expert network

Since 2012, Hyundai has operated a global environmental expert network called “GrEEN”, to share global and domestic trends in response to environmental regulations, and to create solutions through collaboration. The fourth meeting of GrEEN, held in 2014, hosted 70 experts from the planning and purchasing departments at headquarters in Korea, IT departments, research centers, and manufacturing plants in Ulsan, Asan and Jeonju. They shared information about environmental conservation and discussed possible

areas of improvement. Presentations were given on the current status of hazardous materials regulations around the world, trends in domestic environmental legislation, such as the Act concerning Registration, Evaluation, etc. of Chemical Substances, and their impact on the company. The consulting group not only shares its professional knowledge, but is also aiming to create a consensus on how to respond to major regulations.

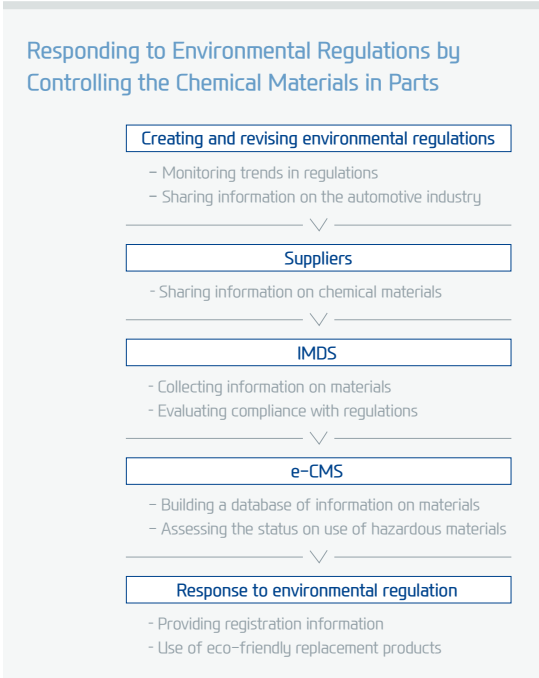
Management of hazardous chemical materials

Hyundai is creating a database of the weight and information on the chemical materials used to build its vehicles. The company then uses this information to respond to environmental regulations in Korea and worldwide. In 2004, the company joined International Material Data System (IMDS), to assess if its processes meet regulations on parts from the beginning of vehicle development, and if the company is preemptively handling hazardous materials. In 2007, Hyundai developed the e-Chemical Management System (e-CMS), and has used the data from IMDS to create a database of chemical materials information on all parts used in all of its vehicles manufactured since 2005.

* IMDS: Internet-based parts materials/weight management system that was jointly developed and is being used by all major global automotive manufacturing companies



www.mdsystem.com



Policy to stop use of four major heavy metals

In 2006, Hyundai created its 'global standard for four major heavy metals', to prohibit the use of four major heavy metals in parts and materials in all vehicles. The company prohibited the use of four major heavy metals in parts and materials in new vehicles sold in the EU after July 1, 2003, and the prohibition was applied in Korea for new cars sold after 2008. In 2009, the policy was expanded to all overseas markets, and the company remains entirely compliant with this rule. Hyundai continues to develop alternate and safer materials for its vehicles where necessary.

Response process to REACH

Since 2007, the EU has had in place a new chemicals law called REACH — the registration, evaluation, authorisation and restriction of chemicals. Hyundai must also comply with obligations related to the registration, reporting, permissions and restrictions on chemical materials designated by the Europe Chemical Materials Office — a violation could result in the company being prohibited from selling cars in the EU. Hyundai has therefore created a database of information on all chemical materials used in the manufacturing of its vehicles and parts inside and outside Korea, in order to minimize regulatory risks.

Response process to ARECS

The Ministry of Environment in Korea introduced the Act concerning Registration, Evaluation, etc. of Chemical Substances (ARECS), similar to the EU's REACH, in January 1, 2015. Hyundai has completed its response to ARECS, based on its response process for the EU's REACH, in order to comply with obligations related to the registration, reporting, permissions and restrictions on chemical materials designated by the Ministry of Environment.

Policy to stop use of ozone-depleting substances

Since 1989, the U.S. has strictly prohibited the production of ozone-depleting substances, and also levies a tax on their use. In Korea, the use of chloro fluoro carbons (CFCs), halon and carbon tetrachloride (CCl₄) has been prohibited since 2010, and the use of methyl chloroform (1.1.1-TCE) has been prohibited since 2015. Policies for regulating ozone-depleting substances over the mid-to long-term are

being expanded by the government. Hyundai prohibits the use of ozone-depleting substances in all its plants, and has never received a fine or non-monetary penalty for violating rules on ozone-depleting substances.

Vehicle Gas Emissions Reduction

Vehicle gas emissions reduction regulations

In Europe, the Euro 6 (80mg/km) standard is now in effect, with the regulatory limit for nitrogen oxide (NOx) reduced by 56% compared to the previous Euro 5 (180mg/km) standard. The state of California in the U.S. is continuously increasing sales of zero emission vehicles (ZEVs), and Korea also has strict NOx and PM emission standards for low pollution cars in metropolitan areas.

Clean diesel engines

Diesel engines, although more fuel efficient, emit large quantities of NOx and PM. Hyundai has developed a clean diesel engine, applying technologies such as an electronic control to precisely inject fuel at high pressure, an improved NOx catalyst, and improved combustion. These have not only improved fuel efficiency and reduced emissions, but have also reduced vehicle noise. Combustion efficiency for our diesel vehicles is now 20-30% more efficient than in gasoline vehicles, and CO₂ emissions are down by 20%. The company has used these new clean Euro 6 standard diesel engines in its semi mid-size sedans and RVs since 2014.

NOx reduction technology

In order to drastically reduce NOx emissions, Hyundai is developing LNT (NOx catalyst system, Lean NOx Trap) and LP EGR (Low Pressure EGR). LP EGR recycles low-pressure gas emissions at the back of post-processing devices, which could reduce NOx emissions by 60%. In 2012, the company applied LNT to develop a new R engine that satisfies Euro 6 standards, and used it in later models of the Santa Fe.

Eco-friendly Vehicle Certification

To enhance the eco-friendliness of its new cars, Hyundai has implemented a lifecycle assessment test based on the ISO 14040 series. The lifecycle assessment test is an eco-friendliness test that quantitatively identifies the

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environmental impact of a vehicle over its entire lifecycle, starting from the collection of raw materials, to their use in manufacturing and then scrapping. The company uses this assessment to evaluate the environmental impact of a new car compared to previous models. This lifecycle test is also used as a basis for obtaining environmental certifications.

International standards for eco-friendly vehicle certification

Since achieving its first eco-friendly vehicle certification in 2010 from TÜV NORD for the Tucson ix (locally named ix35) and ix20, Hyundai has acquired environmental certificates for 11 vehicles, as of 2014.

2010	LM (Europe), JC (Europe)
2011	PB (India), HA (India)
2012	GD (Europe), DM (U.S.), MD (U.S.)
2013	LM FCEV (Europe), IA (Europe)
2014	LM FCEV (Korea, U.S.), GB (Europe), LF HEV (Korea)

Low carbon vehicle certification

Hyundai measures the total amount of carbon dioxide created by the entire process of manufacturing a vehicle and then driving it for 120,000 km, and reports this information to customers. More advanced hybrid technology that used in the Grandeur Hybrid has reduced the total amount of greenhouse gases produced by 5.3 tons. Hyundai continues to strive to reduce its carbon footprint through enhanced hybrid technology, eco-friendly driving guidance systems and the application of advanced materials.

Lifecycle Greenhouse Gas Emissions

(Unit: tCO₂e/Vehicle)

Model Name	Total Emissions
Genesis 3.3 GDi	34.8
Sonata 2.0 CVVL	26.1
Grandeur Hybrid	21.8
Aslan 3.0	32.8
Santa Fe 2.0	26.8
I40 1.7	25.1
Sonata Hybrid	17.6

* Detailed model names omitted

Natural Resource Recycling System

With global natural resources and energy supplies continuing to be depleted, the efficient use of natural resources is an ethical responsibility. Hyundai has therefore set a target of 85% recycling rate for the plastic, rubber and glass in its end-of-life vehicles (ELV), and a 95% recovery rate. The company is also investing in handling and recycling ELVs, and pioneering ways to establish a vehicle resource recycling system. In addition, the importance of water resources is in the spotlight, which is why Hyundai has a targeted water resource reuse system at each worksite.

Resource Recycling of End-of-life Vehicles

Recycling of plastics

The interior and exterior plastic parts used in cars include PA, ABS, PC and other thermoplastic polymer materials. Because the surfaces of these plastic parts become polluted as cars are driven, and they degrade due to age, it is necessary to develop technology that removes pollutants and enhances the underlying material. Hyundai reuses plastics produced during car manufacturing to produce wheel guards, undercover and other automobile parts, using technology it has independently developed with its partners. The company is also diversifying the reuse of materials by introducing vehicle body weight reduction and other related technologies.

Recycling of seat foam

The foam used in car seats is thermoset polyurethane foam and, unlike other plastic parts, it is difficult to reuse. Hyundai, however, has been able to reuse seat foam to create materials for other car parts, and is using it in the mass production of luggage partitions. The company will expand the scope of this technology to other parts in the future.

Recycling of eco-friendly cars

Unlike internal combustion engine vehicles, hybrid vehicles are fitted with batteries and therefore require a different recycling system. In order to improve the recycling of hybrid vehicle parts, Hyundai created a manual that provides guidelines for the safe handling of high voltage lithium ion batteries installed in these vehicles, and

distributes these manuals to vehicle salvage yards. The company plans to develop safe recycling technology for the hybrid and electric vehicles of the future.

Participating in pilot program to enhance disused vehicle recycling system

In 2012, Hyundai signed an agreement with the Ministry of Environment on a pilot project to enhance disused vehicle recycling system. This project is designed to extract metal resources from ELVs, and recover refrigerants to reduce greenhouse gases. The company has established a cooperative relationship with ELV recycling businesses and vehicle salvage yards across Korea to implement this agreement: it has achieved a recycling rate of 95%, as required by laws on ELV recycling, and continues to monitor the status.

Vehicle resource recycling center

Hyundai operates a vehicle resource recycling center for the eco-friendly disassembly of cars and the development of enhanced recycling technology. The center has an eight-stage vehicle disassembly system that encompasses the registration of ELVs through to the final compression process. It has diverse vehicle disassembly equipment that can recycle 95% of a car. More than 4,000 cars per year used for testing were disassembled at this center through its eco-friendly processes, and this has enabled many research and development capabilities related to ELV recycling technology and resource recycling to be built up. The technologies developed are now being made available to vehicle resource recycling businesses nationwide.

Recycling of Water Resources

In 2014, the company's consumption of water resources increased by 4.2%. In contrast, through aggressive efforts to save water and reuse wastewater, Hyundai's water resource reuse and recycling rate was up 70% over the previous year.

Zero discharge system

At Hyundai's manufacturing plant in India, where water is an especially vital resource, and at the Asan plant in Korea, there are zero discharge systems installed, and water used in the plants is recycled for reuse. One major area of water use

for automobile manufacturers is in painting and washing — therefore, in order to reduce the amount of water consumed during painting, and the overall amount of wastewater created in the factory, a water recycling system reduces the quantity of high density wastewater created during the post-painting washing process, thus reducing total wastewater by 33%.

Water-saving devices

Water-saving devices have been installed in our office buildings, at headquarters and in research laboratories, to reduce water wastage.

Responding to Climate Change

Hyundai undertakes diverse activities to develop eco-friendly cars and reduce the amount of greenhouse gases created during the manufacturing of vehicles, all in efforts to respond to climate change. The company has organized a taskforce to deal with climate change, to support each worksite in achieving its greenhouse gas reduction goals, and to facilitate any necessary investments. The company's Business Strategy Planning Division under Choong Ho Kim, President & CEO of Hyundai, has an office dedicated to reporting important climate changes issues directly to executive management, so that these issues can be reflected in company strategy. In addition, Hyundai is reducing greenhouse gas emissions by developing technology that collects carbon dioxide, and by participating in emissions trading in Korea and overseas.

Responding to Climate Change Risks and Opportunities

Hyundai is responding to climate change by making financial assessments of the associated risks and opportunities. The company has a natural disaster emergency response system to anticipate circumstances in which normal business cannot continue due to drastic declines in productivity, cost increases or the effect of natural disasters or climate change. The company also has strong worksite accident prevention measures in place in Korea and overseas. Moreover, the company has created a separate account of "greenhouse gas reduction" in investment budget category for efficient decision-making on investments.

Product Responsibility

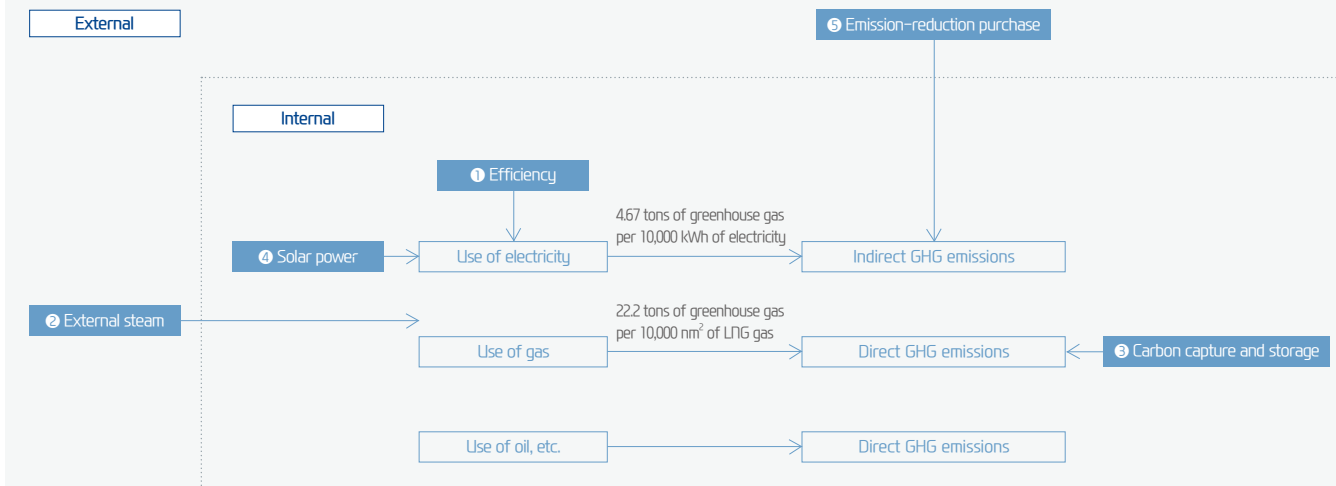
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Greenhouse Gas Reduction Strategy



Response to Climate Change Risks and Opportunities

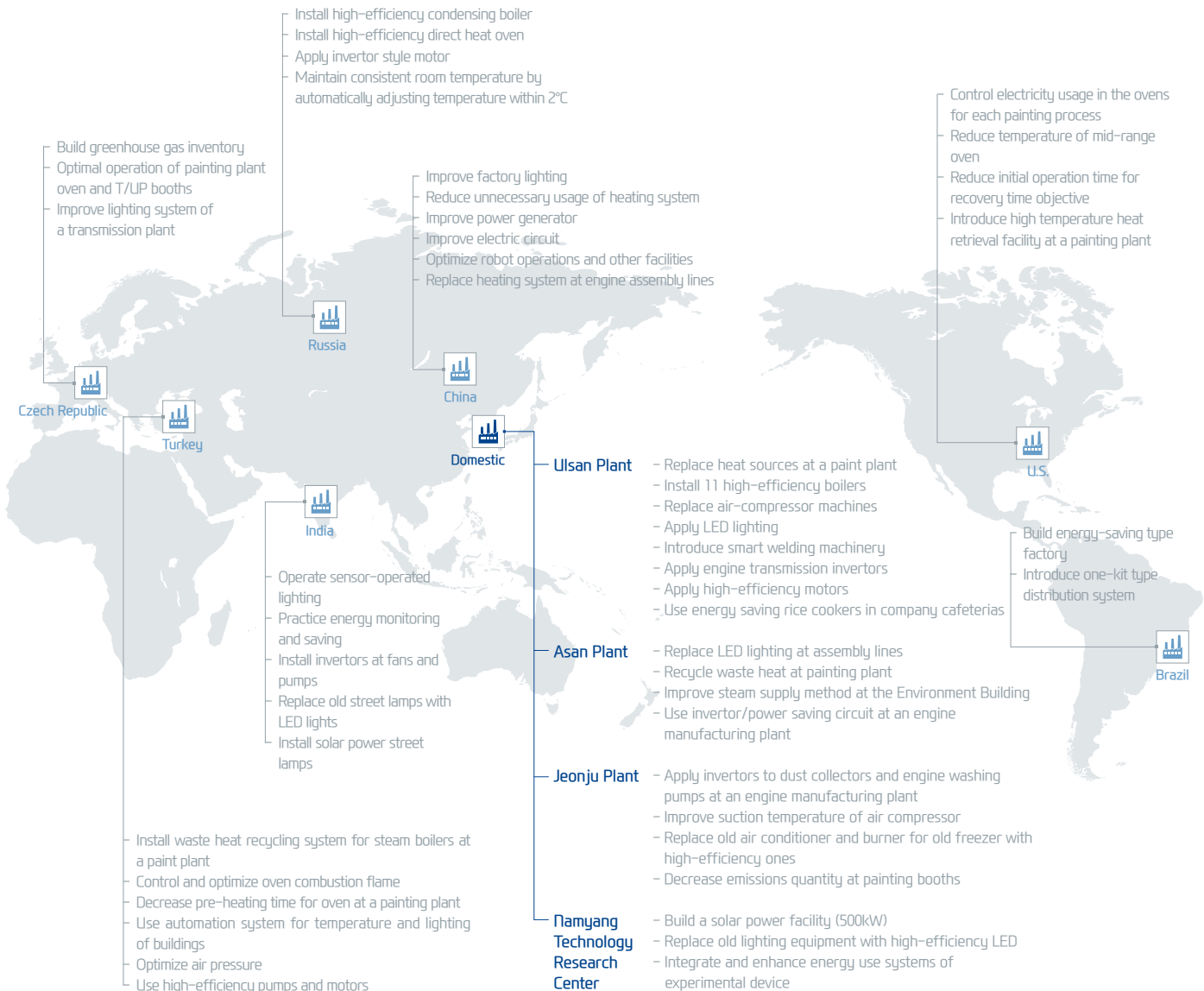
Category		Status and Response	
Regulatory risks	Strict regulations on fuel efficiency globally	Regulations on fuel efficiency and emissions across the world, including Korea, the U.S., Europe, China and India	Enhance fuel efficiency technology for all models and develop eco-friendly cars
	Taxes on fuel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

Reducing Greenhouse Gas Emissions in the Workplace

Hyundai strictly controls greenhouse gas emissions in all its workplaces and buildings, including manufacturing plants, research centers and headquarters. Stricter greenhouse gas reduction programs are in place at major manufacturing plants, which account for 85% of our total

greenhouse gas emissions. To achieve these targets, energy efficiency will be maximized in the short-term through energy use reduction, recycling waste heat, and developing manufacturing process which requires lower energy consumption. In the mid-to long-term, energy resources will be diversified by using more renewable energy sources.

Greenhouse Gas Reduction Activities



Product Responsibility

Eco-friendliness

Suppliers

Employees

Society

Ulsan plant

The Ulsan plant introduced the industry's first pressure differential power generation plant in 2014, and this has now begun supplying electricity for factory facilities. In 2014, as part of its greenhouse gas reduction program, the company invested KRW 11.2 billion in streamlining high-efficiency energy supply facilities, enhancing manufacturing processes and introducing energy-saving facilities. As a result, in 2014, the emission of greenhouse gases per vehicle produced decreased by 0.2%.

Asan plant

The Asan plant monitors energy consumption at each shop, and analyzes greenhouse gas emissions every month. An energy specialist is assigned to each department, to undertake energy monitoring, education and the promotion of energy-saving measures. In 2014, while the production of vehicles increased by 1.3% compared to the previous year, the plant produced 141,145 tons of CO₂, 14.7% lower than its target. In 2015, the plant will install 16,000 high-efficiency LED lamps, to improve lighting for better product quality and to enhance energy efficiency, all in efforts to reduce greenhouse gas emissions.

Jeonju plant

At the Jeonju plant, the truck production rotation changed from one shift (10 hours/day) to two shifts (8 hours + 9 hours) in late 2013, which has increased working hours and vehicle production, but has in turn led to an increase in greenhouse gas emissions. Emissions in 2014 were 144,394 tons, a 5.5% increase over the previous year. However, greenhouse gas emissions per vehicle produced decreased by 8.9%. The Jeonju plant will introduce an air monitoring system to save energy, and will continue to install high-efficiency facilities, enhance its manufacturing processes and use energy more efficiently.

Namyang Technology Research Center

The area of our research buildings expanded by 16% in 2014, and so the amount of equipment also increased, which caused an increase in overall greenhouse gas emissions of 11.4% compared to the previous year. The Namyang Technology Research Center uses high efficiency eco-friendly energy facilities in its buildings and in 2014,

a 500kW solar power generator facility was built on the rooftop to produce 640,000 kWh of electricity per year. An additional 500kW solar power generator facility will be built in 2015, and the Center will also invest KRW 1 billion to replace its old lighting system with more efficient LEDs.

Employee business trips

With Hyundai becoming an ever more global company, the number of business trips has increased, which in turn adds to greenhouse gas emissions. Domestic business trips are now undertaken using the Avante LPI hybrid model, launched in July 2009, with higher fuel efficiency, and, in 2014, more than 50% of company cars used for business were hybrid vehicles. Also, in order to minimize the use of airplane trip, which requires high energy consumption, the company also discourages unnecessary business trips, especially by air, and instead encourages video conferencing — webcams were given out to employees above manager level in 2007, and are available to any staff who needs one.

Optimized distribution

Hyundai maintains an optimized distribution system, encompassing the transportation of raw materials, parts, vehicles and staff business trips. Because land transportation accounts for most of our distribution activities, reducing the greenhouse gases produced during land transportation is the key to reducing our emissions during distribution; the company therefore has 13 shipping centers in Korea, to reduce transportation distances and number of transport. Hyundai is also expanding its use of railway transportation, and minimizes its transportation routes to increase loading efficiency. The company additionally encourages the use of public transportation, and provides special commuter buses as part of its efforts to be a truly environmentally friendly company.

Carbon Capture and Storage Technology

The Namyang Technology Research Center is operating a test plant, to test new carbon capture and storage (CCS) technology. The test plant can handle 18 tons of CO₂ per year and consists of two technologies — one to isolate and capture greenhouse gases from chimney emissions, the other to use algae to convert greenhouse gases into value-added materials. The CCS technology was successfully tested in 2013, and can

reduce the emission of greenhouse gases by 20,000 tons per year. Hyundai will therefore use CCS technology as part of its emissions reduction efforts. The company is also reviewing a plan to implement the technology to produce liquid carbon dioxide for welding process; the test will be completed in October 2015. In addition, Hyundai will use bio materials produced from algae in vehicle parts production, creating added value.

Emissions Trading

Emissions trading schemes are being introduced worldwide. In Europe, an emissions trading system is already in effect, and Hyundai's Czech manufacturing plant has been part of the system since 2013. In China, following a pilot test on emissions trading in six major cities, a system will be implemented in full across the country in 2015, and our manufacturing plant in China is undertaking appropriate responses. Emissions trading began in Korea in 2015; our Korean plants have established a three-year short-term response plan for the period up to 2017, and are currently reviewing long-term emissions reduction strategy to effectively respond to a 10% allocation share to meet the regulation objective by 2025. Hyundai does its utmost to establish a stable system that can effectively respond to the emissions trading at home and abroad.

Minimizing Environmental Impact

Hyundai ensures that water and air pollutants do not leak from its manufacturing plants. The company undertakes ecology restoration activities from a long-term perspective, and is committed to the investments necessary to implement its environmental activities. Hyundai considers the environmental impact on the local community, and seeks to minimize the impact on the Earth as a whole. Hyundai's eco-friendly activities reflect its philosophy on environmental preservation, which is to create a world in which men and Nature co-exist in harmony.

Managing Pollutants

Hyundai has stricter corporate standards on air and water pollutants produced in its manufacturing processes than are

required by law. The company runs a system that monitors the amount of pollutants discharged, and makes preemptive efforts to stop pollutants being discharged in the first place.

Emission of Pollutants

Air pollutants	Water pollutants	Waste materials
VOCs, Dust, NOx	COD, BOD, Zn, T-N, T-P	Waste synthetic resin, Waste molding sand, Sludge, Waste paint, Waste oil, Waste organic materials

Minimizing air pollutants

Air pollutants produced in the vehicle manufacturing process include volatile organic chemical compounds created during painting, and the dust from the molding sand used at materials plants.

Volatile organic compounds (VOCs) are critical elements for making paints, as well as for diluting them and washing painting equipment. They are, however, hazardous for the environment and for human health, which is why Hyundai is implementing various activities to reduce their use. The Ulsan plant, where the Genesis is manufactured, was designed to minimize the use of paints and thinners, and a regenerated thermal oxidizer (RTO) was installed to handle the VOCs created in oven emissions. In addition, eco-friendly water-soluble paints are used in all plants, which dramatically reduces VOC emissions. In 2014, the amount of VOCs produced in Hyundai's Korean plants was 8,429 tons, a 2.8% increase over the previous year.

Minimizing water pollutants

Automobile manufacturing processes consume significant amounts of water. Hyundai understands that the efficient management of wastewater is an important task, which is why it has created in-house environmental standards on water pollutants that are stricter than required by law. The company categorizes water pollutants into bio oxygen demand (BOD), chemical oxygen demand (COD), suspended solid (SS), oil (n-H), total nitrogen (T-N) and total phosphorus (T-P) categories. Hyundai is also improving its vehicle washing processes and the dust collection process which removes paint particles created during painting, and is reducing wastewater produced from engine and gear parts processing.

Product Responsibility

Eco-friendliness

Suppliers

Employees

Society

The Ulsan plant operates two consolidated pollutant and wastewater disposal facilities, one wastewater disposal facility and seven auxiliary disposal facilities. It has also installed electroplating washing recycling facilities, which reduce the total amount of electroplating wastewater by 33%. Since 2007, as required by the Ministry of Environment, wastewater from the Ulsan plant is transferred to a sewage treatment facility in Ulsan city. As the density of organic materials must not exceed a target level for treatment at the Ulsan sewage treatment facility, the Ulsan plant makes sure its wastewater meets those targets. As a result, the amount of wastewater pollutants at domestic worksites was 187 tons in 2007, an increase of 45% from the previous year. The amount of water pollutants produced in 2007 was 181 tons, which was a 3.3% decline year-on-year.

Minimizing waste materials

Waste produced in automobile manufacturing includes paint, thinner, packaging materials such as vinyl, paper and wood, and molding sand used to create molds for cylinder blocks. Scrap metal is all collected and recycled either within the company or by specialists in other industries.

Hyundai strives to reduce the volume of waste materials in the plants and to enhance recycling. Waste is sequentially transported to waste materials storage by time for more efficient recycling. All paint sludge is incinerated, and sludge water treatment technology reduces the water content of paint sludge by up to 40%. In addition, waste paint compression facilities have been installed. In 2014, Hyundai recycled 56,457 tons of waste materials, a 1% increase over the previous year.

Environmental Restoration Activities

Hyundai is committed to ecological preservation and restoration activities. The company is undertaking green zone projects, forest preservation activities and endangered species protection in the long term. In the short term, Hyundai reports on the state of the environment near its plants, in order to protect the living creatures that have lived alongside humankind.

Anti-desertification project in China

Since 2008, the Hyundai Green Zone China project has helped China to limit desertification. This anti-

desertification project is taking place in the Chakanor area of Inner Mongolia. Chakanor used to be a great lake, divided into eastern and western areas — but now the lake water has all dried up, and it is becoming a desert. Hyundai planted trees, which grow well in alkaline soil, in the west of the lake in order to transform the region into a grassland. We have also used tree branches to build a wall so that seeds would not get swept away in the wind.

At the completion of the first phase of the project, which was the world's biggest grassland construction project, 60% of the western part of the lake was converted into 50 million m² of grassland for reptiles and insects to inhabit. The second phase has a completion date of 2017; this phase will see the cultivation over several years of plants that are useful in preventing desertification. This huge ecological improvement will not only help local residents in China, but will also contribute to preventing the yellow dust that blows into Korea.

Green forest project in India

Since 2011, Hyundai has been working in partnership with TIST India, an Indian NGO, on the "Go Green Hyundai" project, to grow a teak forest on desert land. An agreement has been signed with 282 households in the Tirubalruhr and Kanchipuram regions to plant teak trees and maintain them for 10 years without cutting them down. The local residents have since planted a total of 200,000 trees — 100,000 in 2011, 50,000 in 2012 and 50,000 in 2013.

Teak trees, which proliferate across India and Southeast Asia, do not easily expand or contract. They also do not become twisted or split, which makes them easy to process and resistant to disease. Teak trees are therefore very popular as raw materials and for re-forestation projects. Hyundai has transformed 3.2 million acres of deserted land into grassland through this project, and the improvements in soil, underground water and air quality are supporting the animals and plants of the forest. In addition, the company receives carbon emission rights for its contribution to combating global warming.

Restoration of *sericinus montela*

With increases in environmental pollution and climate change, the number of endangered animals and plants is increasing. In Korea, there are 246 endangered species designated by

the Ministry of Environment. Hyundai pursues activities that protect endangered species and natural ecological resources through its Hyundai Green Zone Korea project. The company is supporting the preservation of the red-crowned crane, black-faced spoonbill, Asian twinleaf and quillworts, and the release of whitebait. In addition, the company is helping to remove invasive species, and to protect old trees in local communities.

Hyundai is particularly proud of its long-term success in the restoration of dragon swallowtail butterfly, which had been endangered as a result of industrialization and urbanization. The restoration project began in 2005, the butterfly began breeding in 2006, they produced pupae in 2007, and now the restoration project was successfully completed. Hyundai has not just restored the habitat — we have also created ecological learning places and textbooks so that more people will become interested in the restoration of natural ecological resources.

“One Company, One River” campaign

Hyundai has in place a “One Company, One River” campaign, a collaboration based around its factories that encompasses civic, governmental and corporate organizations, including environmental organizations and activist groups. The goal of the campaign is to preserve the environment and enhance quality of life for local residents by improving the quality of river water and the water ecological system.

Since 2012, the Asan plant has collaborated with the Saemaëul Association of Asan city to create ecology parks as waterfront cultural spaces. In 2012, the company planted 1,980m² of water purifying plants around the Onyangcheon River, which was suffering from water pollution problems, and created an ecology park to be used for ecological studies. In 2013, the company planted 13,000 water purifying plants on 1,650m² of land around the River, and created a second ecology park. The company also engages in monthly water cleaning activities at the Onyangcheon and Gokgyocheon Rivers. The company released native fish and has worked on removing odors and enhancing water quality through the Onyangcheon River improvement campaign, in partnership with civic, governmental and corporate organizations. In 2014, a third ecology park was created, and the water quality of the River is improving.

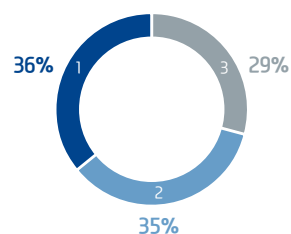
Since 2013, Hyundai has also been working on the ecological restoration of the Geumgang River. From May to November 2014, the company worked on the restoration

of the Guil swamp, near the Okcheon delivery center. We created the Ssamji Park, and continue to provide regular support for water management activities. Furthermore, for expanded participation of citizens, the company provided natural insecticides, detergent and other eco-friendly products. It also purchased eco-friendly agricultural products, to support the underprivileged. In addition, the company has provided consulting and the education needed to develop eco-friendly green villages. Hyundai will continue to provide support for environmental education for local residents.

Environmental Accounting

Hyundai analyzes environmental costs and investments from an accounting perspective, and makes them part of the company’s decision-making process. The company considers both environmental costs and benefits, and also provides environmental information to shareholders, investors, local communities and other major stakeholders through various communications channels. In 2014, the company spent KRW 120 billion on environmental costs, including direct and indirect costs, and the risk management costs associated with pollution reduction, a 7% increase over the previous year. The direct and indirect costs associated with pollution reduction account for more than 70% of the total.

Breakdown of Environmental Costs



1. Direct costs associated with pollution reduction

Operating costs for running and repairing facilities that manage water quality, air pollution, odors, noise and vibration, waste materials and hazardous materials

2. Indirect costs associated with pollution reduction

Indirect costs of maintaining eco-friendly systems, such as environmental training and education, eco-friendly company certification and ISO reviews, and eco-friendly energy systems and environmental safety organizations at each factory

3. Risk management costs associated with pollution reduction

Costs such as effluent charges, fines and penalties, fire prevention costs, prevention or recovery costs for environmental accidents, green zone maintenance costs, and environmental contribution expenses

Product Responsibility

Eco-friendliness

Suppliers

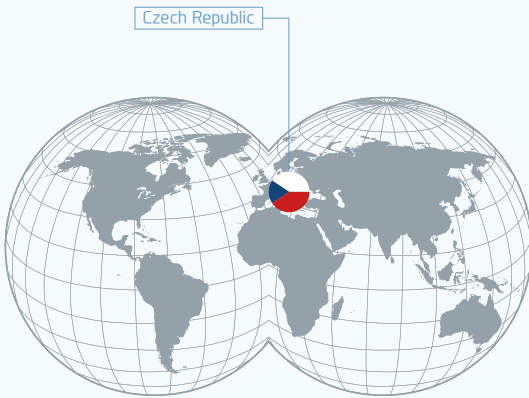
Employees

Society

Global Highlight

Environmental management to prove our green competitiveness

Hyundai seeks ways to grow in partnership with local communities, while minimizing its ecological footprints. Our Czech plant reflects this commitment — 40% of its land is green zone, and the plant has global standard environmental systems to achieve its environmental objectives.



40% of HMMC is made up of green zone.

Eco-friendly Czech plant earns European certification

Hyundai Motor Manufacturing Czech (HMMC) is committed to environmental management. In 2012, HMMC reacquired ISO 14001, and acquired the Eco-Management and Audit Scheme (EMAS) certification, a standard environmental management system certification in Europe. HMMC reacquired the EMAS certification in 2015.

HMMC has implemented various pro-grams to enable its plant to produce 350,000 vehicles, an increase of 50,000 vehicles, while minimizing its environmental impact. In August 2014, the company received an approval for changing environment impact assessment from the Ministry of Environment of the Czech Republic. HMMC has established environmental goals for three key fields, such as energy consumption, waste management and environmental systems.

Water resources management

HMMC aims to minimize the creation of wastewater in its manufacturing processes, and to reduce its consumption of water resources. In 2014, the company implemented technology and process optimization in its painting processes, which reduced the use of water resources by 17,478m³. The company also reduced per vehicle water resource consumption from 1.83m³ in 2012 to 1.73m³ in 2014, a 5.8% reduction.

Wastewater management

Wastewater produced at HMMC is discharged to a local sewage water treatment facility. Industrial wastewater undergoes initial treatment at our in-house wastewater treatment facility, so that it satisfies legal requirements on wastewater discharge. Water that contains oil goes through a water-oil separation facility, so that it does not contain oil on discharge.

Air pollutants management

HMMC has established an ROT facility that can incinerate 350 tons of harmful VOCs created during the painting process. This system will continue to reduce the production of VOCs.

Waste materials management

HMMC has established a comprehensive waste material management system called the Complex Waste

Management System, and uses professional vendors to help in its waste management. HMMC separates waste materials according to whether they can be recycled, and supports this with efforts to increase the reuse of materials. In 2014, 83% of total waste materials was recycled, and hazardous waste materials are gradually declining in quantity.

Energy efficiency and GHG management

HMMC has been receiving allocations for greenhouse gas (GHG) emissions from the European Union Emissions Trading Scheme (EU ETS) since 2013. The company has been operating a GHG inventory in response to GHG regulations since 2009. HMMC uses natural gas and electricity as its main energy sources, and has increased the use of natural light. As a result of these efforts, in 2014, despite expanded facilities, HMMC was able to reduce its GHG emissions compared to the previous year.

Hazardous materials management

HMMC has created a constantly updated list of the hazardous chemicals used during its manufacturing processes, based on local government regulations regarding the handling of chemical materials, and the company also obtains all necessary approvals from local governments before using new chemical materials.

03

Suppliers



Management Approach

The automotive industry is a major assembly business and Hyundai suppliers provide the company with 95% of parts used in building Hyundai vehicles. The company believes that the competitiveness of its suppliers is the basis for its true competitiveness. Therefore, the company provides its suppliers with education, system and human resource supports for their quality improvement, technology development and environmental protection endeavors. Hyundai has a number of teams dedicated to helping its suppliers, including Supplier Cooperation Team, R&D Technical Support Group, and the Foundation of Korea Automotive Parts Industry Promotion. Employing these and other organizations, Hyundai seeks mutual growth in three strategies: cultivating global competitiveness; reinforcing the basis for sustainable growth; and establishing a joint growth system.



Facts & Figures

Hyundai pursues mutual growth with its suppliers by helping them to be more efficient, sustainable and competitive.

Progress in 2014



2.5x

Partnerships averaging 28 years, 2.5 times the average life of small and medium-sized manufacturing companies



Joint overseas expansion with 600 suppliers



Quality and technology training provided to 1,500 suppliers (cumulative)

17,510

17,510 people hired via job fairs held for suppliers



293 companies have participated in joint growth and fair trade agreements



03

Cultivating Global Competitiveness

Supporting suppliers in improving product competitiveness and technology to the world-best

P. 084 Developing Competitiveness in Quality

P. 084 Supporting Productivity Enhancement

P. 084 Developing R&D Capability



Reinforcing the Basis for Sustainable Growth

Supporting suppliers in stability and self-sufficiency

P. 084 Sustainable Management Foundation

P. 084 Global Outlet Expansion

P. 085 Infrastructure for Growth



Establishing a Joint Growth System

Cultivating a culture of fair trade and joint growth

P. 085 Strengthening the Collaborative Network

P. 086 Supporting Tier 2 and 3 Suppliers

P. 086 Culture of Joint Growth

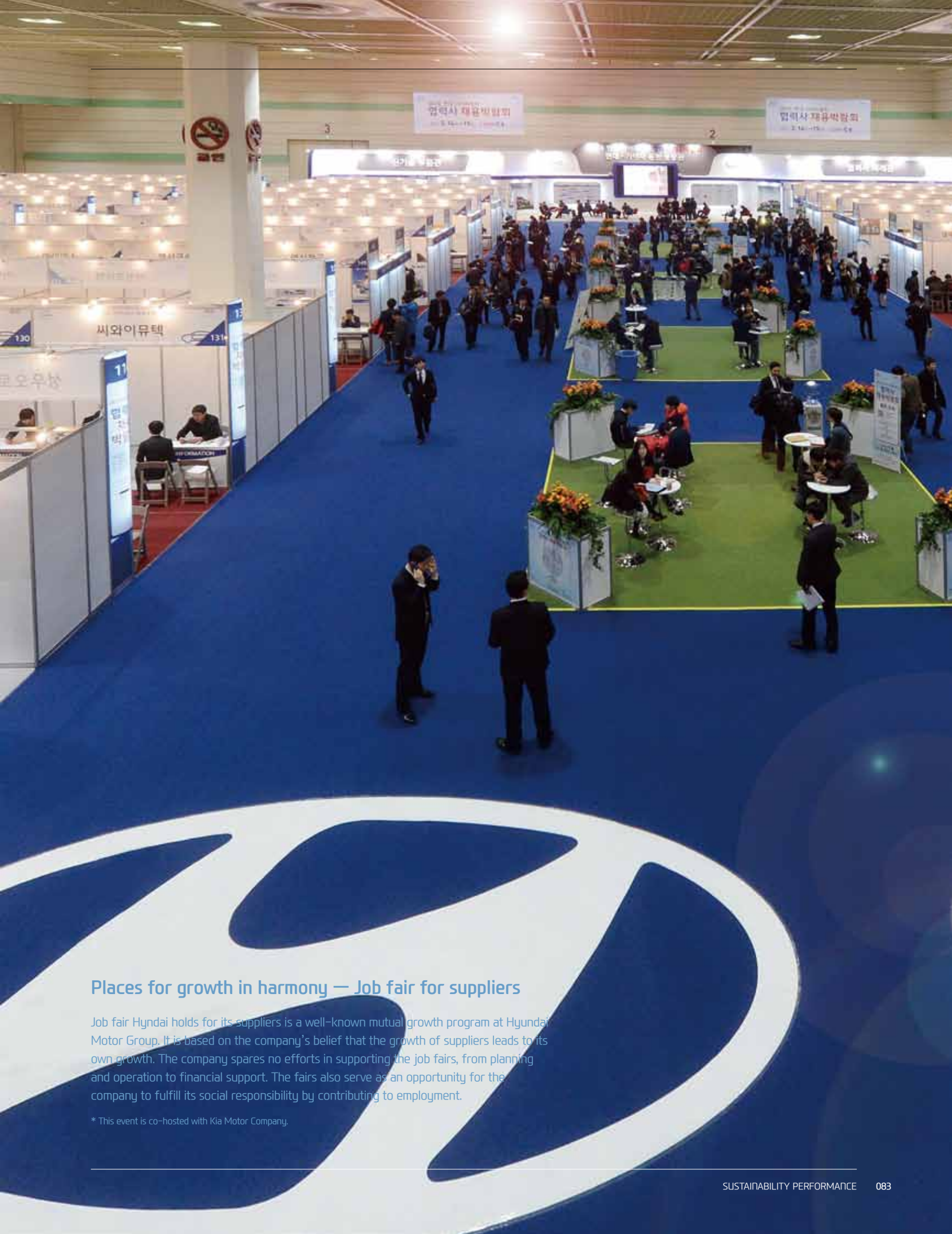
P. 086 Environmental Safety System for Suppliers

Main Activities in 2014

- Supported suppliers in building job websites
- Provided technical support and management consulting to suppliers
- Helped suppliers create energy management system
- "Transparent Purchase Center" in operation for suppliers



Facts & Figures



Places for growth in harmony — Job fair for suppliers

Job fair Hyundai holds for its suppliers is a well-known mutual growth program at Hyundai Motor Group. It is based on the company's belief that the growth of suppliers leads to its own growth. The company spares no efforts in supporting the job fairs, from planning and operation to financial support. The fairs also serve as an opportunity for the company to fulfill its social responsibility by contributing to employment.

* This event is co-hosted with Kia Motor Company.

Cultivating Global Competitiveness

Competitiveness in product quality, technology and productivity are keys to develop the global competitiveness of our suppliers. Hyundai offers its suppliers various programs as a way to help develop their competitiveness. To achieve this objective in a more efficient manner, the company has created suppliers support teams.

Developing Competitiveness in Quality

Seminar to boost the competitiveness of suppliers

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

Supporting Productivity Enhancement

Hyundai Motor Group created the Foundation of Korea Automotive Parts Industry Promotion in 2002, as a non-profit organization. Hyundai, Kia and Hyundai Mobis made joint investments to create the Foundation, and it provides Hyundai suppliers with education programs on product quality, technology and general management.

Foundation of Korea Automotive Parts Industry Promotion

Members of the Quality and Technology Volunteer Group of the Foundation and those of the Supplier Support Group, mostly retirees of Hyundai, often spend three to 12 months a year working on the business site of Hyundai suppliers to provide guidance and support. This program is provided not only to the Tier 1 suppliers but to Tier 2 suppliers, which are relatively small in size, as well.

R&D Technology Support Group

The R&D Technology Support Group is run by the Technical Support Team for R&D Suppliers. The Group seeks to share the company's technology development know-how with the suppliers and to identify and offer solutions to problems in their day-to-day production operations.

Developing R&D Capability

Joint collaboration program

Hyundai operates the value engineering (VE) system which centers on reducing costs without lowering product quality, thus avoiding the need for imports. The company also implements a guest engineer system for joint research with engineers from its suppliers on new models being developed. In 2014, the number of engineers and suppliers who participated in the program averaged 340 and 40, respectively, per month.

Reinforcing the Basis for Sustainable Growth

Hyundai believes that the business stability and self-sufficiency of suppliers are crucial for them to grow into global corporations and achieve sustainable growth. Thus, we support their efforts to strengthen their capital base, improve growth infrastructure, and expand overseas operations.

Sustainable Management Foundation

Hyundai employs various means aimed at supporting its suppliers' efforts to achieve business stability. We provide small and medium suppliers with liquid assets to cover the cost of delivering goods; slash our suppliers' purchasing costs by half through use of joint contracts; extend loans and other financial supports to suppliers in need of normalizing their regular operations, improving productivity and product quality, or facility investments; and extend family networks developed for our Tier 1 suppliers to Tier 2 suppliers so as to provide a cost for their goods.

Global Outlet Expansion

Joint overseas expansions

Most of the current suppliers of our overseas manufacturing plants are Korean firms that entered the international market together with Hyundai. We proactively support the growth of 600 some suppliers working with Hyundai's eight international plants, in order to help them become small but strong global corporations.

Product Responsibility
Eco-friendliness
Suppliers
Employees
Society

Hyundai supports its Tier 1 and 2 suppliers' efforts to establish local plants in the international market. This enables the suppliers to secure a stable flow of orders and guarantees Hyundai a reliable supply of high-quality materials, thus contributing to mutual growth for both.

Results of joint overseas expansions

We attain positive achievements in quality competitiveness and substantial increases in sales by expanding together with our suppliers into overseas markets. In particular, many of our suppliers, who originally entered the worth market as Hyundai suppliers, are steadily expanding their overseas operations as they have gained recognition for their product quality from other automakers.

Such positive results also are a great boon to creating synergies in joint operations including job creation and expense reduction. In short, the joint expansion of Hyundai's and its suppliers' performances serves as a stepping stone for the suppliers to further develop themselves as global-scale suppliers.

Supporting Joint Overseas Expansions

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

Infrastructure for Growth

Support top talent recruitment for suppliers

In 2012, Hyundai hosted the nation's first cooperative job

fair for its suppliers struggling to attract top talent. In 2014, we launched job fairs by region together with 371 suppliers. The job fairs received positive responses for having contributed to the suppliers' recruitment of talent based on the brand recognition of Hyundai. We continue to promote our suppliers' recruitment and PR efforts by maintaining a website dedicated to employment of our suppliers.

Human resources development consortium

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

Venture Plaza

We established the 'Venture Plaza' in 2000 to jointly develop technological ideas suggested by our suppliers and to support promising start-ups. All jointly developed technologies and related rights and incomes are shared by Hyundai and its suppliers.

Establishing a Joint Growth System

Hyundai fosters collaborative growth culture and seeks to strengthen its collaborative ties with suppliers. We implement various forms of partnership reinforcement with Tier 1 as well as Tier 2 and 3 suppliers. Hyundai corporation ecosystem aims at promoting transparent transactions and spreading the joint growth culture.

Strengthening the Collaborative Network

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

Supporting Tier 2 and 3 Suppliers

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

Culture of Joint Growth

Hyundai signs a 'Joint Growth Agreements' with its suppliers every year and carries out various support programs. Included are subcontract guideline operations, financial support, reinforcement of support for Tier 2 and 3 suppliers, consultation of price adjustment on raw materials and others. Also, we operate a 'Transparent Purchase Center' on Hyundai's website, through which we share our code of conduct and guidelines with our suppliers and receive suggestions from them. Prohibition of child or forced labor is clearly spelled out in the practical principles we have set for employees, including those of our suppliers, to follow. Furthermore, we publish and reward the best cases of joint growth made by Tier 1 and 2 suppliers in an effort to promote the joint growth culture. In 2014, three companies were honored for their exemplary contributions.

Environmental Safety System for Suppliers

Environment, safety and health management

To grow and prosper together with our suppliers, our Ulsan plant conducts an education support program aimed at training Tier 1 suppliers in the Youngnam region in the areas of the environment, safety and health. In 2014 which marked the 8th year of the program, 200 managers of 180 companies completed the program, of which 97 participants from 93 companies voluntarily participated in the program, consisting of how to respond to environmental or safety accidents, how to

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

Environment standards for suppliers and agreements on eco-friendly material supply

We have adopted and practice 'Hyundai-Kia Automobile Environment Standards' to create corporate values through proactive environmental management, as we recognize an eco-friendly approach as a successful component for corporations. We also have identified requirements for suppliers to observe so that we can better conduct corporate social responsibility and build to an eco-friendly society together with our suppliers. In addition, we have set up guidelines on managing four major heavy metals and published a list of highly hazardous materials. Since 2007, we have signed agreements with our domestic and overseas suppliers of supplying eco-friendly auto parts as a way to respond to global environmental regulations and to contribute to local communities. In 2012, we completed the agreements with domestic suppliers and, in the first-half of 2013, signed the agreements with overseas-based suppliers associated with the production of automobiles for export to the EU area.

OHSAS 18001 certification

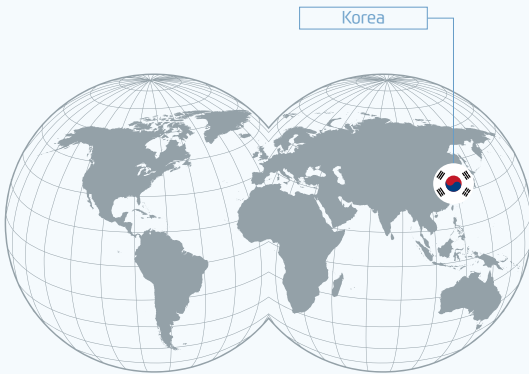
We recommend our domestic and overseas suppliers to acquire the OHSAS 18001 certification in order to prevent or manage risks related to production operations and establish a voluntary safety and health management system. We plan to encourage our suppliers to secure industrial safety operating systems in addition to increasing safety awareness. All of our domestic suppliers acquired the certification in 2013, while the overseas suppliers are in the process of doing so.

Product Responsibility
Eco-friendliness
Suppliers
Employees
Society

Global Highlight

Hosting an auto technology festival with win-win relations

Believing that our suppliers' technology is the growth engine of our own, we promote sharing new technology information with our suppliers. In pursuit of this, Hyundai creates communication opportunities and promotes joint growth in research and development by hosting an annual Tech Festival with the theme of 'Win-win and the Future', together with our R&D suppliers.



Employees from suppliers observing the engine room



The venue where R&D Tech Festival took place

R&D Tech Festival for win-win relationships with suppliers

Our R&D Tech Festival comprises 'R&D Tech Day' and 'R&D Motor Show'. On the R&D Tech Day, our suppliers exhibit their new technologies, and share their experience and know-how through seminars. At the R&D Motor Show, automobiles from many countries are put on display for participants to compare and analyze.

The R&D Tech Festival is expected to contribute to the cultivation of a sustainable R&D foundation between Hyundai and its suppliers. We will continue to explore new ways of motivating more suppliers to share their new technologies and know-how through the festival and thus to grow together. In addition, we will strive harder to turn the annual event into Korea's leading auto tech festival in which not only auto-related corporations but also the public can participate.

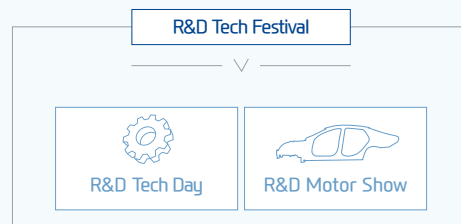
R&D Tech Day

At the 2014 R&D Tech Day, which was in its ninth year, 36 of our Tier 1 and 2 suppliers in diverse sectors, including chassis, design, bodywork, electronics, powertrain and eco-friendly cars, introduced the world's first 17 inventions and Korea's first 23 technologies. In particular, the number of new inventions in the powertrain and eco-friendly car sectors rose to nine, from five in the previous year event. Hyundai also introduced seven new technologies.

At the 2014 R&D Tech Day, co-sponsored by KIA Motors, Hyundai and KIA jointly held a new technology-related seminar to share their technology development information and know-how. Furthermore, we selected and awarded top suppliers in the three categories of outstanding new technology, digital car development and quality improvement in durability. Through these activities, Hyundai reinforces its partnerships with its suppliers, to bolster their technology development and R&D competencies.

R&D Motor Show

At the 2014 R&D Motor Show, which marked its 11th year anniversary with the theme of 'Joint Growth and Communication', 84 automobiles and 12 dissected vehicles, platforms, and body frameworks were put on display. In particular, eco-friendly cars such as Grandeur Hybrid and Tucson Hydrogen FCEV were dissected and put on public display so as to allow participants and the public to compare them with regular internal combustion models. In addition, eco-friendly automobile parts such as the Theta 2 Improved 2.4 GDI engine, R-2.2 Euro 6 Diesel Engine, and carbon fiber automobile frame attracted keen attention at the festival. This festival focused mainly on eco-friendly automobiles and fuel efficiency-related technologies so that suppliers could share relevant information among themselves and the public could witness the latest in automobile trends.



04

Employees



Management Approach

Hyundai works with hundreds of thousands of employees around the world through global economic activities. Relying on the belief that our future competitiveness rests on a creative human resource development, we foster global talent in a culture of promoting respect for humanity. In addition to complying with international regulations on human rights protection, we respect employee diversity and strive hard to make opportunity and fair rewards available to more employees. In order to assist our employees in maximizing their potentials, we create a safe environment, provide various benefits and foster a pleasant workplace so that they can sustain a happier life.



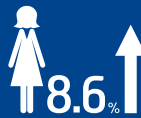
Facts & Figures

We foster creative and innovative talents who will consummate our vision of 'Lifetime partner in automobiles and beyond' through 'new thinking, new possibility.'

Progress in 2014



Total number of employees increased 4.6%, year-on-year, to 109,748



The number of female employees increased 8.6%, year-on-year, to 7,718



The number of handicapped employees increased 7%, year-on-year, to 1,766



The employee satisfaction rate increased by 2%



A special agreement reached on future development strategy through collective bargaining between labor and management



04

Respecting Human Rights and Diversity

Building a culture of mutual understanding and respect

- P. 090 Human Rights Protection
- P. 090 Employee Distress Counseling
- P. 090 Labor-Management Relations
- P. 091 Employee Diversity

Fostering Outstanding Talent

Cultivating outstanding talent with global competitiveness

- P. 092 Human Resources Development Program
- P. 093 Career Development System
- P. 094 Performance Reward System

Creating Great Workplaces

Building a safe and smart work environment

- P. 094 Safe Work Environment
- P. 095 Employee Benefits & Welfare
- P. 095 WorkSMART
- P. 096 Employee Satisfaction

Main Activities in 2014

- Strengthened work safety guidelines at domestic and overseas worksites
- Improved the human resources development system at domestic and overseas worksites based on a mid-to long-term strategy
- Strengthened the WorkSMART
- Diversified hiring systems: a year-round hiring program introduced



Facts & Figures

The future competitiveness of Hyundai — HR development

Our future competitiveness will be determined by how much innovative product development competency we secure and how we cultivate talent. Accordingly, Hyundai plans to increase investment in expanding advanced research facilities and attracting outstanding engineers and other specialists while stepping up efforts to strengthen academic-industrial collaborations.



Respecting Human Rights and Diversity

Hyundai's human resource philosophy comprises respect for talent, strengthening of employee trust and provision of a promising future to employees. We believe that only when a company and employees establish mutual understanding and respect for each other can both share the vision and goals and grow together, and the company earn respect from society and contribute to social development.

As a global corporation, Hyundai practices human resource policies that embrace diverse talent. Hyundai respects the human rights and diversity of its employees working worldwide. The company also pursues a healthy and advanced culture of labor-management relations through a proactive use of various communication channels.

Human Rights Protection

Hyundai's corporate activity is based on respect for human rights and promotion of love for humanity. All Hyundai employees sign and declare a code of ethics by which they pledge their respect for individual human rights. By including 'People' in our five core values, we have pronounced our commitment to human rights protection. As such, we comply with all human rights-related regulations of individual countries where Hyundai auto production facilities are located.

Sexual harassment prevention education

In 2014, we executed a company-wide intensive campaign aimed at developing a healthy organizational culture that tolerates no sexual harassment in any manner or form. We focused on training in-house grief counselors on sexual harassment issues and collected diverse opinions on workplace conditions and remedies from interviews with female employees working diverse worksites. In particular, we have established a hotline service through which employees can receive counseling year-round. We also have improved the grief counseling process by allowing employees to select counselors or experts of their choice. Overseas, we operate employee distress treatment, sexual harassment prevention and other programs in strict compliance with each country's related regulations.

Employee Distress Counseling

We operate various counseling places to help employees suffering from distress. They include "Talk-Talk Center" at the headquarters, "Mind+" at the Namyang Technology Research Center, and "Happy Rest Area" at the Ulsan/Asan/Jeonju plants, all staffed by professionals experienced in handling diverse cases of employee distress, including work stress and family problems. We also operate 'One Click HR', an online counselling service, for employees who can't visit the centers in person.

Labor-Management Relations

Hyundai seeks a labor-management relationship that pursues improvements in productivity and product quality in the short run through worksite stabilization, and in the mid to long run, contributes to develop a sympathy that labor and management are partners to each other. We believe that only through a progress made of such improvements and relationship, work conditions and job security will be enhanced in a sustainable manner. As the job stability and performance improvement of employees lead to the enhancement of corporate competitiveness, Hyundai's labor unions and management strive hard to bolster this virtuous cycle.

Labor unions

Hyundai honors employee rights to organize labor union activities, to take collective actions and to exercise collective bargaining. As of 2014, 46,217, or 71.4%, of its domestic employees were members of the Hyundai Chapter of the Korean Metal Workers' Union. The Hyundai labor union pursues a win-win labor-management relationship. In 2014, the union and the company reached a special agreement in the collective bargaining area in response to a nation-wide paradigm shift in labor-management relations and as a strategy for the future.

Labor-management communication

Hyundai operates a labor-management council for employee distress treatment in accordance with the laws and collectively agreed guidelines. The main labor-management council, in which labor representatives participate, were convened twice in 2014 and a total of

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21 cases of employee distress and workers welfare were discussed and resolved. The company informs the labor union of all major management changes in accordance with the laws and collectively agreed guidelines, and labor and management work together to respond to changes in the management environment by holding management conferences that focus on sharing updates on market conditions and business performances.

Labor-management relations at overseas worksites

The manufacturing plants in China (BHMC, CHMC) and India (HMI) have official labor unions representing the voices and views of their employees. The Czech Republic subsidiary (HMMC) has a labor union whose percentage of membership is as high as the national average, sufficiently high enough to generate constructive labor-management relations. The Brazilian subsidiary (HMB) enjoys stable labor-management relations by being a member of a larger labor union in the region in accordance with local labor regulations and standards. The U.S. subsidiary (HMMA), located in the southern part of the country, and plants in Russia (HMMR) and Turkey (HAOS) do not have official labor unions, but have been able to successfully resolve distress-related employee complaints or other requests by holding roundtable meetings and various labor subcommittee activities on a regular basis.

Employee Diversity

Programs to recruit diverse talent

As the global operations of Hyundai gather speed, local hiring practices become more prevalent. By employing unique talent recruitment programs, we focus less on the academic backgrounds and grades and instead more on the creativity and growth potential of candidates.

In 2014, we focused on recruiting diverse talent with right personalities and growth potential through use of pre-selection channels such as internship program, as well as “The H” program and a year-round recruiting program. In particular, by including history essays as a part of the requirements, we sought to look into the candidates’ value system and historical perspectives beyond general knowledge.

Recruitment at overseas worksites

We have 64,956 employees in Korea, which accounts for 59.2% of the total workforce of Hyundai. The remaining 44,792 work at overseas plants and business sites, mostly locally recruited employees. The number of local employees has increased 7.1% from last year due to increases in overseas production and the establishment of overseas subsidiaries in Mexico and the Netherlands.

Talent Recruitment Programs



Upper management at overseas worksites

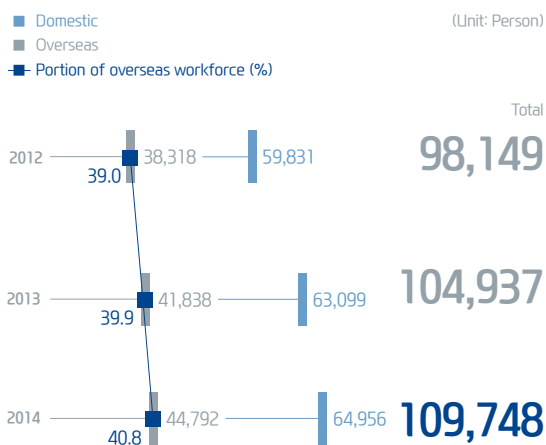
The number of executives at our overseas subsidiaries consists of 89 Korean nationals and 162 local officers, which brings locally hired executives to 64.5% of total. By increasing the number of local employees in the upper management, we create an environment in which decisions are promptly made and gain a better understanding of local markets and cultures.

Female workforce

Due to the characteristics of its business, Hyundai had traditionally a low ratio of female employees in its workforce; but the ratio has grown noticeably of late, as the number of female employees continues to increase in the entry level. This is a result of Hyundai's recognition of the role of employee diversity in corporate competitiveness. As of late 2014, female employees at domestic business sites numbered 3,043, which represented a 13.1% increase compared with the year before.

In addition to increasing female employees, we are expanding benefits for them. All female employees at domestic business sites are given a monthly vacation and a 90-day maternity leave. Every Hyundai business site operates child-care facilities conditions and continues to expand the facilities in an effort to ease the child-rearing burden of its female employees. Meanwhile, Hyundai's overseas operations employ a combined total of 4,672 female employees.

Workforce Composition



Fostering Outstanding Talent

As a global corporation, Hyundai believes in the importance not only of training employees capable of conducting international business but also of fostering talents who can become future growth generators. Hyundai pursues human resources (HR) and career development systems from a perspective that anticipates future needs and applies diverse approaches in the areas of HR management, education and organizational culture. One of the approaches is human resource development (HRD), optimized to the individual job responsibility and competency of employees based on the company's mid- to long-term HRD development strategies.

Human Resources Development Program

The HR development system at Hyundai consists of Hyundai Leadership Course (HLC) for training corporate leaders, Hyundai Professional Course (HPC) for improving job competency, Hyundai Value Course (HVC) for internalizing core values and strengthening the power of action, and Hyundai Global Course (HGC) for improving the global competency of employees.

Hyundai Leadership Course

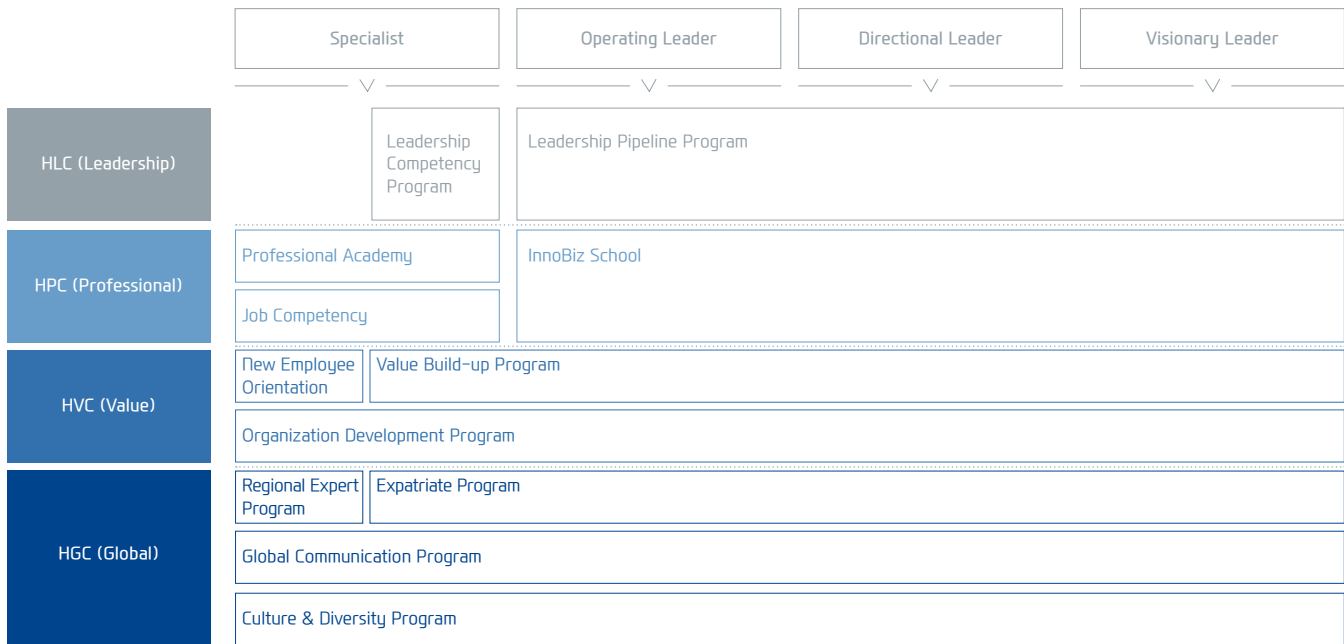
HLC focuses on the long-term development of leaders competent enough to perform their given tasks and prepare for the future preemptively by acquiring the necessary abilities through work, interaction and training. By offering courses designed to enhance the leadership competency of leaders along with pre-leader development courses, the course seeks to make sure that leadership candidates have an ample experience prior to their promotions to leadership positions.

Hyundai Professional Course

HPC seeks to enhance diverse job competencies and to create organizational synergies by generating cooperation among different divisions. This course comprises an academic track for developing specialists by sector and an e-learning track for building the basic competencies through management, task performing skills, and the humanities.

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Hyundai HRD System



Hyundai Value Course

HVC supports developing organizational culture and strengthening the adaptability of new employees. This course operates a track for strengthening promotion candidates' reactivity on core values and track for building core values among new employees.

Hyundai Global Course

HGC seeks to strengthen the global competency of domestic and overseas employees through value, culture, leadership, global communication training and other education programs. HGC comprises training for strengthening the global communication skills of domestic employees, language courses for building cooperation skills, and e-learning courses for effectively supporting e-culture education and overseas subsidiaries' local HRD. In addition, this course offers a regional specialists program to support developing locally hired talents at overseas subsidiaries into global leaders with strong leadership qualities and business competencies.

Career Development System

We offer career development programs that represent our commitment to talent development and competency enhancement.

Voluntary job rotation system

The voluntary job rotation system provides an opportunity for employees to transfer to departments of their choice according to their career development goals and plans. We assess the company's operation plans and the needs of individual employees to support the job rotation system. Since the establishment of the system, two to three thousand employees apply for the system each year and the number of employees department transfer has been increasing. The system invigorates communication within the organization and increases employees' job performance by supporting individual employees' competency improvement and career visions and goals.

Job rotation program for outstanding talent

Hyundai established a job rotation program for outstanding talent in 2010 and has since expanded the scope of the program. In the past five years, 155 top employees at domestic and overseas business sites have participated in the program. The participants were assigned to various posts at home and abroad for eight weeks and given opportunities to improve their job competencies as well as to cooperate with their fellow workers. In 2014, we implemented the program twice in the first and second halves, and 35 domestic and overseas employees of top performances participated in the programs. Hyundai will establish a global management system by continuously expanding the program and contribute to improving the performance of its domestic and overseas employees.

Performance Reward System

Hyundai practices no gender bias in the payment of basic salaries and maintains transparency in its performance reward system. We also operate uniform evaluation and performance-based reward systems to ensure fair evaluations and rational compensations. We motivate employees to improve their individual competencies by applying performance evaluation results to the salaries of employees above the manager level. The 'Promotion Point' system is focused not on seniority but on discovering talent with exceptional performance. Through the 'multifaceted evaluation system', team members evaluate the leadership of employees above the team manager level, so that they would be motivated to continuously pursue self-development and thus become responsible leaders.

Creating Great Workplaces

Hyundai gives a top priority to creating a workplace that ensures the safety of employees and accordingly offers various benefit policies to increase employee satisfaction. In response to the continuously changing automobile market and industry, we promote programs aimed at increasing employee productivity as well as supporting employees' work-life balance. 'WorkSMART' is one of our efforts to create a great workplace.

Safe Work Environment

Under the vision, "Safe companion for happier tomorrow", Hyundai has adopted a safety-first management policy, "Reaching the production of the highest possible quality by placing safety at the top". In 2014, in order to strengthen organizations dedicated to work safety, we changed the operation format from three teams per one office and eight safety departments for each business division to six teams per one center (business division level) and eight safety teams for each business division, and assigned 300 employees to the safety organizations.

Health and safety organization

Safety Health & Environment Center oversees safety management and regulations at all domestic worksites of Hyundai, and each division has a team dedicated to the health and safety of its employees. Medical Care Center carries out employee health-involving tasks, and teams of hygiene experts conduct occupational diseases-preventive measures. In addition, Industrial Occupational Safety and Health Committee, comprising an equal number of members from labor and management, deliberates on and decides major policies and issues related to work safety and employee health. The committee continues to adopt measures that are practical and effective in preventing industrial accidents and to strengthen relevant policies.

Management system for health and safety

All domestic business sites of Hyundai have established and operate the Health and Safety Management Systems (KOSHA 18001, OHSAS 18001). The Ulsan plant received the certification in 2010, and passed the evaluation for the extension of the KOSHA/OHSAS 18001 in April 2013. The Asan plant acquired the accreditation of KOSHA 18001 in 2000 and that of OHSAS 18001 in November 2012. The Jeonju plant achieved a joint-accreditation of KOSHA/OHSAS 18001 in December 2002. Furthermore, the Pamyang Technology Research Center also gained a joint-accreditation of KOSHA/OHSAS 18001 in November 2012, a clear sign that the center has continued to enhance the level of health and safety management it practices.

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Integrated system for health and safety

'i-ESH (<http://iesh.hmc.co.kr>)', an integrated health and safety system, provides real-time status and information about workplace safety, health, environment management at domestic business sites. The information generates synergy effects in the safety, health and environment management areas, as is reconfigured in diverse statistical data which then is used by employees for conducting their jobs. By analyzing the information thus utilized, every year we conduct a risk evaluation on the job and work process and the results are used in making proactive responses to such complex environmental changes as production method and technology development changes.

Culture of health and safety

In order to increase the employee awareness of health and safety, we have implemented safety training for all employees and reinforced relevant systems. We have developed an integrated disaster prevention system that generates alarms in case of actual fires and suppresses fires immediately; established "Health and Safety Shelters" at all work sites to provide emergency response training and to conduct basic health check-ups. We also operate "Happy Rest Areas" to support the stability of employees' mental and emotional states and to serve as a safety measure for keeping children of employees safe from auto accidents. In addition, we run monitoring teams which regularly check workplace conditions for violations of safety rules. By adapting emergency response manuals, we seek to improve golden time responses. The Ulsan plant publishes a safety newspaper, "Safety Is Happiness" to promote safety awareness among its employees.

Employee Benefits & Welfare

Caring for family members

To reduce the financial burden of its employees, Hyundai offers scholarship programs for children of employees, provides collective accident insurance, and subsidizes cancer screening expenses. Furthermore, the company provides financial supports to its employees and their families for medical expenses. Culture or sports centers are operated at all business sites to promote healthy lifestyles among employees and their families. In addition, 'HEW

Portal', an integrated information site detailing employee benefits, has been launched to provide useful information on leisure and cultural activities as well as on self-development and children's education. 'Benefit Points', a point system, and 'One-day Two-shift Points' can be redeemed at designated online and offline sites.

Support for stable life

To support employees and their families without houses of their own, we operate company housing and dormitory systems at our business sites. We provide long-term, low-interest loans to non-house-owning employees. We also operate company bus services serving many areas surrounding the business sites of Hyundai; and legal counseling support centers to help employees lead stable lives.

Support for leisure activities

To help employees with common interests lead invigorating organizational lifestyle, we assist diverse club activities and provide gym clothes to employees. We also support employee families' leisure activities through various programs, including lectures for married couples and English camps for children of employees. Overseas travel opportunities are made available to long-term employees and their spouses. The 'refresh vacation' program, introduced to help employees recharge their bodies and minds, has contributed a great deal to improving the morale and productivity of employees. Moreover, we have partnered with nationwide top-rated condos and hotels to help employees enjoy their vacations and leisure activities at more affordable prices. We also operate summer vacation houses at major beaches for our employees and their families

WorkSMART

Hyundai offers a creative work environment beyond outdated customs and formality, through which it pursues the innovation of corporate culture such a way as to embed a "Working DNA" based on trust and communication. Once such a DNA has been embedded, we expect it to go beyond contributing to the improvement of employees' individual values and to evolve into a sustainable growth engine of Hyundai.

Promoting WorkSMART

To implement WorkSMART in a systematic manner, we make long-term efforts to permeate the WorkSMART culture company-wide. From 2013 to 2015 has been designated as a period of adopting changes in work-styles to implement “practical changes” in achieving WorkSMART. In 2015, we plan to launch various campaigns and activities to increase employee engagement and make WorkSMART an integral part of our corporate culture.

Working environment for WorkSMART

In 2014, we devised a mid- to long-term office environment improvement plan to foster a creative work culture and to increase efficiency in the way work is conducted. Accordingly, all office spaces are to be equipped with height-adjustable desks and other hi-tech, ergonomic office furniture; all workflows optimized; and places for meeting, resting and gaining knowledge expanded, with the brand identity of the company clearly displayed. These changes and modifications were first applied to the company building on Yeongdong-daero in August, 2014, and other domestic offices spaces will be modified in 2015 in a gradual manner.

WorkSMART Index

Since 2013, Hyundai has developed and operated the WorkSMART Index (WSI). WSI is based on the WorkSMART system and comprises 63 indexes to assess the awareness level of work methodology by organization. This evaluates an organization’s overall activity status and analyzes organizational strengths and weakness for further improvement. By monitoring its WorkSMART activities through use of such a diagnostic tool, Hyundai will continue to respond to market changes in the optimal manner.

Internal web-toon

To encourage a progressive mind-set among employees, we publish every Wednesday a weekly internal web-toon, ‘Ilbangcheomhwa’, meaning adding flowers to work methods. The web-toon has been received well for its provision of information beyond simple education messages through use of characters in the image of staff at the Yangjae headquarters, Namyang Technology Research Center, manufacturing plants, and domestic sales sites, offering entertaining information and knowledge on

ways of adopting more productive work methods. We will continue to promote the awareness by putting more efforts into implementing diverse change management activities.

SMART Day

At Hyundai, every Wednesday is designated as ‘SMART Day’, a day to bring changes to the way work is done. Every SMART Day, company cafeterias stop serving dinner, the hours for company commuter buses are shortened, and office computers are turned off after 18:30, all designed to steer employees toward concentrating more on their work, thus finishing it earlier and putting saved hours to a more productive use. To achieve this, we operate ‘work focus time’ twice on a day and eliminate any unnecessary meetings or tea times. In addition, to expedite the decision-making process, we induce shortening of the electronic approval time and promote use of one-page reports and emails. To establish SMART Day as a leading in-house campaign, we will continue implementing the monitoring system by using internal system analyses and employee surveys.

Employee Satisfaction

Hyundai has conducted surveys of office staff and engineers since 2008 to gauge the satisfaction level of its employees. In 2014, we conducted an employee satisfaction survey consisting of 75 questions (81 for staff at manager level and above) in ten categories including job, position, evaluation, promotion, reward, and welfare. 11,051 employees or 53.1% of total employees responded, registering the overall highest satisfaction level since the survey began.

In detail, the teamwork, leadership, and welfare categories showed relatively high satisfaction levels; these indicate more and more employees feel they have coworkers to rely on, that their supervisors are worthy leaders, and that the work-life balance is improving. These marks of improvement also imply that the intra/inter-team competitive edge seminars which the company has continued to implement to internalize its core values and to foster a more productive corporate culture, the WorkSMART campaign and other company-wide efforts have proved effective. The results of employee satisfaction surveys are applied to improve HR management systems and the work environment as well as to fine-tune programs developed to increase employee satisfaction.

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Global Highlight

Opening a new chapter in internal communication

In fostering a healthy corporate culture and achieving sustainable success, there is one aspect that is particularly important to us: being a responsible employer who listens to employees' voices from the heart. Hyundai Motor Brazil (HMB) is fast becoming an exemplary place to work, thanks to its efforts to promote internal communications.



'Us', a community built upon communication and trust

Harmony Room

HMB has established and operates two 'Harmony Rooms', spaces for counseling, on its premises in view of employee approachability and convenience. Harmony Room A plays the role of a window through which employees with distress can be assisted. Harmony Room B is staffed by full-time, certified counselors ready to dispense professional counseling. Employees may seek help on issues beyond work-related problems, to include any emotional distress or personal concerns related to family issues, interpersonal relationships, financial difficulties and the like. In 2014 alone, the cases of counseling numbered 1,856. Of these, 425 were of family and spouse relationships, 404 of health issues, 101 of emotional concerns, and 70 of drug addiction.

HMB also operates a hotline system to address employees' emergency issues. By dialing a designated phone number, employees can report or receive counseling on any grievances or complaints. In principle, all call-ins are processed within a week from fact finding to investigation, mediation and feedback.

Roundtable Meeting

HMB operates 'Roundtable Meetings' to promote active internal communication related to factory management issues. Every month, executives and senior managers convene a meeting at which employees from different divisions, including the heads of HR, production and personnel management, share employee issues and management information. Through these meetings, HMB members become familiar with the status of company operations. The meeting takes place three times

a week, giving an ample opportunity for all production line employees to take part at least once a year. The Brazilian government and labor unions have acclaimed the program as a model employee communication system.

Suggestion Box

Proposals, suggestions, complaints and other issues of employees are received through the 'Suggestion Boxes' installed at nine places in the HMB. All these can be submitted anonymously. Since the installation of the boxes in September 2012, HMB received a total of 365 proposals, suggestions and complaints, and approximately 90% of these have been processed. To expedite the process, HMB plans to set up an online suggestion system.

HMB President's Cup Soccer Tournament

HMB maximizes employee teamwork through use of Brazil's national pastime — soccer. Since 2012, every April, HMB has hosted a company tournament in which departments and sections form their own teams and go through competitive rounds of elimination. The tournament is very popular among employees and their families, as the players display their skills and teamwork. In fact, the event brings together not only participating employees but also their coworkers and families as one unified community. The winning team receives a coveted trophy as well as the honor of being the champion.



HMB's new way of internal communication, Roundtable Meeting



We, rather than Me! The HMB President's Cup Soccer Tournament

05

Society



Management Approach

“Moving the world together” is Hyundai’s slogan for its social contributions to show how the company pursues social responsibility. Hyundai creates positive changes in society through commitment, and actions taken in partnership with its community neighbors. Hyundai is a global corporate citizen with firm principles and beliefs on social contributions, and has established the mission and core values of its social contributions. In October 2014, we established the CSV Strategy Team consisting of experts who will align our corporate strategies with our commitment to sharing value in global communities.



Facts & Figures

As a global carmaker, we lead a culture of the automobile industry by creating eco-friendly economic value and deep-rooted social value, thus promoting sustainable society.

Progress in 2014



Spent KRW 65 billion on social contributions



Raised a cumulative USD 87 million for Hope on Wheels



Led the Happy Move Global Youth Volunteer Corps, with 1,000 participants annually



Signed a sponsorship with the Tate Modern for the next 11 years, and sponsored the Hyundai Commission

Hyundai-KOICA Dream Center in Ghana

05

CSR Activities in Korea

Moving the world together through the '4 Move' campaigns

- P. 100 Easy Move
- P. 101 Safe Move
- P. 102 Green Move
- P. 103 Happy Move
- P. 104 Gift Car Campaign

Overseas CSR Activities

Undertaking region-specific CSR activities

- P. 104 Hyundai Hope on Wheels in the U.S.
- P. 105 Skills for the Future in Europe
- P. 105 Global CSR Activities

Supporting the Arts and Culture

Helping to globalize Korean arts

- P. 106 MMCA Hyundai Motor Series in Korea
- P. 106 Sponsoring the Tate Modern in the UK

Main Activities in 2014

- Established the CSV Strategy Team to strengthen social contribution activities
- Undertook region-specific overseas social contribution activities
- Launched the Gift Car Sharing campaign



Facts & Figures

Creating shared value through social contributions — Hyundai-KOICA Dream Center

As a global automaker, we have been undertaking CSV projects for global communities with expertise and responsibilities. One of the projects is the “Hyundai-KOICA Dream Center”, which provides maintenance technology training for young adults in local communities to promote job creation, sustainable regional economic development, and to improve product quality by increasing the number of highly-qualified maintenance specialists. We cooperated with the Korea International Cooperation Agency (KOICA), Plan Korea, local governments, and other related organizations to establish the Hyundai-KOICA Dream Centers, starting with Ghana in 2013, then Indonesia in 2014, and the Cambodian center began its construction in 2014.



HYUNDAI-KOICA
DREAM CENTRE
(GRATIS Foundation)

Hyundai-KOICA Dream Center in Ghana

CSR Activities in Korea

Hyundai provides the right social contribution programs to a diverse range of people in need, including the disabled, senior citizens, and children. We proactively look into relevant social issues, and try to develop programs that can contribute towards resolving those issues, in partnership with local communities to promote sustainable society.

Easy Move

‘Easy Move’ provides free mobility to people who need it most, including the disabled, senior citizens, children and pregnant women. By enabling people to take transport more easily, we have taken the first step in our overall goal — ‘Moving the World Together’.

Moving the World Together projects

Since 2005, Hyundai has supported organizations which provide welfare projects for the disabled, senior citizens, children, and young people through our annual “Moving the World Together” projects. We support organizations that are facing difficulties with budgets or shortage of personnel, and help them develop new programs that meet the needs of people in the community. We regularly monitor and manage the selected projects, so that they



can be implemented successfully. In addition, we have been contributing to the specialization of social welfare services by offering consulting and networking services to organizations and personnel. Season 1 of ‘Moving the World Together’ was completed in 2014, and the new start of Season 2 is being planned for 2015.

Enhancing mobility for people with disabilities

Since 2006, Hyundai has helped the disabled become more self-reliant by upgrading facilities at institutes dedicated to their support. We support the installation of facilities such as automatic doors, handrails, ramps, anti-slip rolls, height adjustable countertops and braille blocks, the construction of interior rubber block, and the repair of external walls and disabled bathrooms at welfare institutes.

Supporting the Easy Move Inc.

Hyundai launched the Easy Move Inc., a social enterprise in August 2010, and has been supporting its operation. The Easy Move Inc. is the first social enterprise in Korea to produce and sell support and rehabilitation equipment for the disabled and senior citizens. The enterprise aims at

Support for “Moving the World Together” Projects

	Number of projects supported through payment of expenses				Number of projects supported with vehicles	Total number of projects supported	Total cost (KRW billion)
	Disabled	Seniors	Children	Others			
2005	6	6	6	4	-	22	0.3
2006	7	6	6	-	-	19	0.3
2007	11	7	8	-	-	26	0.3
2008	13	7	9	-	-	29	0.3
2009	21	11	12	1	-	45	0.5
2011	18	8	13	-	-	39	0.5
2012	21	13	10	-	-	44	0.6
2013	17	15	12	-	2	44	0.6
2014	9	8	9	-	11	37	0.6
Total	122	80	85	5	13	305	4.0

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product satisfaction by developing advanced technology, producing auto-parts, and by providing excellent after-service. Easy Move Inc. fulfills its social responsibility by contributing more than two-thirds of its operating profits for social purposes, and focusing on the hiring of under-privileged workers.

Safe Move

We believe that the safety and convenience of cars can be enjoyed when there is an environment that all drivers and pedestrians can rely on. Hyundai's 'Safe Move' campaign supports the children of victims of car accidents, and provides traffic safety education and automobile pre-inspection services, to help to create a safe and pleasant transportation culture.

Looking for Three-Leafed Clovers

While a four-leafed clover signifies good fortune, in Korean culture, a three-leafed clover signifies happiness. Based on such belief, Hyundai has been supporting children who lose parents in car accidents, and suffer from not only great grief but also financial and emotional hardship. Through the "Looking for Three-leafed Clovers" campaign since 2005, we have been helping the children overcome their grief and brighten their future.

Traffic Safety Stories with Robocar Poli



To help children stay safe on roads, Hyundai has introduced a global project, "Traffic Safety Stories with Robocar Poli". We have produced animated DVDs and a Robocar Poli website and smartphone applications. We have also distributed DVDs in several languages to children's centers, kindergartens, schools and welfare institutes around the world, to promote traffic safety for children.

Kids Hyundai

"Kids Hyundai" is Hyundai's child-friendly website on the history, manufacturing process, and technology of automobiles. We provide instructive educational materials on topics relating to safety and the environment for elementary schools and kindergartens. In addition, we are contributing to a safe traffic culture by promoting traffic safety for children. The project also implements programs relating to the environment, so that our children can freely run and play on a clean planet.

Wing of Angels



In collaboration with the Citizen's Coalition for Safety, Hyundai has unfolded the "Wings of Angels" campaign, which attaches 'angel wings' to buses used for children's centers and kindergartens, to help children get safely on and off their buses. These 'angel wings' are protruding information signs made of sponge that say "Children exiting the bus" which appear when children are getting on and off buses, in order to protect children from motorcycles approaching from the rear.

Children Safety the Best

This program, provided by Hyundai, the Ministry of Public Safety and Security, and the Citizen's Coalition for Safety, offers vital safety educational materials for children during school vacations, and is aimed at educating children in kindergartens and elementary schools about traffic safety from a young age. Children learn about traffic safety, water safety, and household safety, to protect them in their daily lives. The "Best Safety Exhibition" consists of experience, watch and exhibition, and 30 free educational programs are available for children; these include experience-based learning opportunities about evacuation in case of fire or natural disasters, ship and aircraft safety experiences, traffic safety, and resuscitation. This event also has displays of the safety equipment and stop signs installed on children's school buses, future transportation, and Hyundai concept cars.

Safety Quiz Campaign for Children in Korea

Since 2009, Hyundai has run the annual “Safety Quiz Campaign for Children in Korea”, to address the importance of safety education and to enable children to learn about safety in an easy and fun way.

Kids’ Auto Park

In May 2009, Hyundai opened the “Kids’ Auto Park” at the Seoul Children’s Grand Park in partnership with the Seoul Metropolitan Government. This park consists of educational facilities that include a virtual car experience, a driving education site, an auto booth, and a driver’s license test that is similar to real-time traffic. Children from age six to ten may participate in these practical and entertaining programs, and there is even a chance to earn a child’s traffic safety license after simple tests on traffic safety.

Green Move

Caring for our environment is an important part of the protection of everyday life for ourselves and the next generation. Hyundai’s ‘Green Move’ campaign shares its commitment to the environment, protects endangered animals and plants, and focuses on developing high-tech eco-friendly electric and hybrid cars.

Hyundai Green Zone Korea



“Hyundai Green Zone Korea” is a restoration project for endangered species and the protection of natural resources in the Ulsan region.

In particular, the restoration project initiated in 2005 on *sericinus montela*, an endangered species, achieved a successful performance in restoration. Furthermore, this project also educates children on the importance of nature, and provides a rest area for local residents. Hyundai Green Zone Korea now operates five Dragon Swallowtail Ecology Learning Centers in Ulsan, Asan, Jeonju, Hwaseong and Busan.

Hyundai Green Zone China



From 2008 to 2012, the “Hyundai Green Zone China” created a 50km² green grass-land in the Chakanor dry lake region of the Inner Mongolia

Kuhn Santa desert. This region is 660km from Beijing, and has been the main source of the yellow dust that affects northern China and Korea every year. Hyundai Green Zone China has won the ‘2008 CSR Ecological Civilization Award’ and garnered great attention from the locals — this project has been introduced in a journal published by the National Committee of China, and also been featured in a documentary.

Green Country Drawing Contest for Children in Korea

In order to educate children on the importance of the environment, Hyundai annually hosts the “Green Country Drawing Contest for Children in Korea”, one of the biggest children’s art contests in Korea. Any kindergarten or elementary school student can participate in this contest, which provides them an opportunity to draw how they see nature. Feedback from parents and teachers has been universally positive.

Support for Korea Roadkill Prevention Association

As part of our efforts to build a culture of traffic safety and to restore ecological environment, we support the operations of the Korea Roadkill Prevention Association (KRPA), established in July 2013. More than 300,000 wild animals die on roads each year in Korea, and the KRPA works on safety and protection issues regarding wild animals on the roads. As an automobile specialist, Hyundai will continue its efforts to prevent road-kills and the secondary car accidents, in partnership with its customers.

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Happy Move

Sharing with neighbors through volunteer work creates a better world. The ‘Happy Move’ campaign, in partnership with our staff, families and college students, will make our world more harmonious by helping under-privileged neighbors in Korea and around the world.



Monthly volunteer programs

Visiting and volunteering at sisterhood organizations | The employee-organized volunteer groups and clubs at Hyundai visit charitable organizations every month to provide various services for children and senior citizens, including catering, cleaning and laundry, children’s education, and others. The costs are funded by voluntary donations from Hyundai employees, and corporate sponsorship.

Free housing repair | The Hyundai volunteer groups and clubs offer free housing repairs, to help fix plumbing, replace flooring and hang wallpaper for people living in poorer neighborhoods.

Volunteering with family members | Every business sites of Hyundai supports the value of sharing through community activities, and encourages staff and their families to participate in volunteer work.

H-Volunteer Designer | This program provides an opportunity for staff to help design volunteer activities by contributing to the volunteer service planning process. The company provides budget support for the selected volunteers, and also provides mentoring. The scope of activities for H-Volunteer Designers ranges from sharing their talents, to planning volunteer activities with theme, and volunteering their time and effort.

Year-round volunteer programs

Holiday volunteering | The Hyundai volunteer groups and clubs host events over New Year and Korean Thanksgiving to visit those in need, and share rice cakes, fruits, and other traditional foods. We also distribute gift certificates to be spent in traditional markets, which contributes to regional economic revitalization.

One Company-One Village partnership | Hyundai business sites in Korea contribute to urban-rural coexistence by twinning with a local village through the One Company-One Village partnership. We help our partner villages by lending a hand during the farming seasons, fixing facilities and promoting the consumption of local agricultural products.

Happy Move Global Youth Volunteer Corps



Hyundai’s “Happy Move Global Youth Volunteer Corps” to train young leaders was established in July 2008, and is now one of the largest

public service groups in Korea. Every year, approximately 1,000 college students are selected and sent during school vacations to various locations around the world to provide services such as cultural projects, environmental help, or traffic safety advice, as requested by the host country. After they return, the participants continue their contribution to Korea’s international relations by sharing their experiences and staying in touch with the communities they visited. Hyundai has now sent 7,000 young people out as part of the Happy Move Global Youth Volunteer Corps, young people who can become true global leaders with warm heart and broad perspectives.

Gift Car Campaign



The Gift Car campaign is a program through which the Hyundai Motor Group provides automobiles to the unemployed to

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

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

Overseas CSR Activities

Hyundai promotes positive changes with its global neighbors by volunteering and doing its best to fulfill the needs of local communities, through welfare, education, medical support, employment, culture and other CSR activities.

Hyundai Hope on Wheels in the U.S.

The world is seeing a rising number of childhood cancer patients and so is the U.S. Treating children with cancer is not only painful and distressing for the child, but also imposes a huge financial burden, leaving children and their families with physical, psychological and financial difficulties. Fortunately, childhood cancer can often be cured if the patient gets the right treatment after early discovery, and, through advances in technology, the survival rate for childhood cancers has increased from almost 0% in the 1960s to around 80% today. However, there is still

insufficient support for childhood cancer patients and their families. That is why Hyundai has initiated the “Hyundai Hope on Wheels” program as a way to give back to customers and local communities.

Hyundai Hope on Wheels is one of Hyundai’s main social contribution programs, and is non-profit organization and one of the biggest sponsors for childhood cancer research in the U.S. The program has been sustained for more than 16 years by the shared sincerity and support of many people — it was initiated by dealers from Hyundai Motor America (HMA), but is now maintained by thousands of participants who give hope to patients, researchers and hospitals.

Its main goal is to provide financial support for the treatment and research of childhood cancers, and to increase awareness. Financing is collected by nationwide dealers at more than 800 Hyundai dealer shops in the U.S.: every time a Hyundai car is sold, USD 14 is donated by HMA and its employees. People from outside the company are also able to donate and fundraise through various events and through the website — about 4% of the total fund was raised by local citizens. Its donations for childhood cancer research and medical institutes over the 16 years from 1998 to 2014 have totaled USD 87 million. HMA directors and dealers manage the program’s budget, and beneficiaries are selected by a panel of doctors.

For the past 16 years, the Hyundai Hope on Wheels program has been making positive changes in the U.S. The program has helped children with cancer to dream of a new life, and funded researchers, doctors and hospitals in their fight against childhood cancer. It has also increased awareness of childhood cancer, which helps with early detection. This has been accomplished through collaboration between HMA, dealers, customers, local citizens and netizens, and Hyundai plans to develop the Hope on Wheels program further, in the hope of saving more young lives.



More information on Hyundai’s CSR activities are available on its CSR website at <http://csr.hyundai.com>



www.hyundaihopeonwheels.org

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Skills for the Future in Europe

As the economic downturn has dragged on in Europe, youth unemployment in some countries has soared above 25%. Hyundai's "Skills for the Future" program, led by Hyundai Motor Europe (HME), provides practical technology training, to improve vocational schools and develop the skills demanded by industry. Since 2012, we have provided customized technology training and start-up education to approximately 10,000 students aged from 15 to 18 every year, at 400 vocational schools in 15 countries, to help them find long-term employment.

This project, operated in collaboration with automobile industry experts and education professionals, will

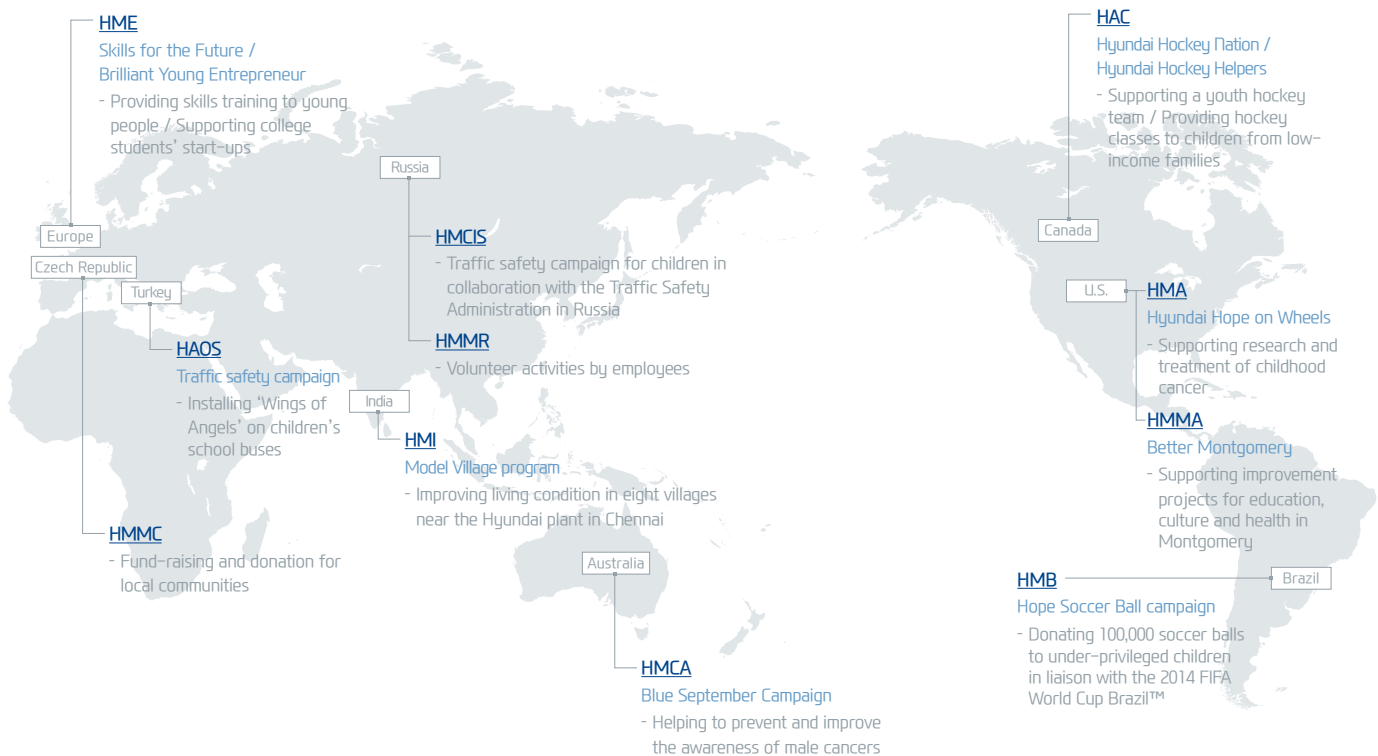
substantially contribute to increasing the potential of students in Europe. Hyundai strives to reduce the skills gap between vocational schools and actual worksites through practical training, so that young adults can find jobs, and industries, including the automobile industry, can find skilled workers for stronger economic growth. In this way, Hyundai is building a brighter future for young Europeans.



Global CSR Activities

Hyundai promotes active social contributions by its overseas subsidiaries in their local communities.

Social Contributions by Overseas Subsidiaries of Hyundai



Supporting the Arts and Culture

An automobile is based on an understanding of technology, design and human beings, and then having them collaborate to bring various genres together. The production of an outstanding automobile could therefore be compared to the creation of a work of art. In order to provide our customers with new perspectives, Hyundai goes beyond just sponsoring the arts, and develops deep-rooted partnerships with the art community through mutual respect and understanding. We do this based on three core principles — we seek to understand the art community, we aim to use that understanding to establish communication channels for every generation, and we want to fulfill the demands of the art world, rather than just follow trends.

Hyundai has therefore developed mid- to long-term partnerships with three major art galleries: the National Museum of Modern and Contemporary Art (MMCA) of Korea, the Tate Modern in the UK, and the Los Angeles County Museum of Art (LACMA) in the U.S. In addition, in May 2015, we sponsored the Korean booth at the Venice Art Biennale, a global art festival, to promote Korean contemporary arts to the world. We also launched 'ART-UNI-ON (Art University Online)', a network platform for art universities worldwide, in collaboration with the College of Fine Arts at Seoul National University, to support mutual communication and to discover talent that can lead the future of art. Since 2014, we have been producing the "brilliant 30", video clips that show the production processes and increase awareness of prominent artists. Furthermore, since May 2015 we have partnered with the global media group, Bloomberg, to produce a TV program called "Brilliant Ideas", to expand the market for global artists' unique ideas.

MMCA Hyundai Motor Series in Korea

The "MMCA Hyundai Motor Series" is a special mid- to long-term project planned by the MMCA and Hyundai to increase the presence of Hyundai in the Korean arts. Hyundai saw that Korean artists had difficulty in acquiring platforms for global exhibitions, despite their great abilities;

we therefore aim to support the expansion of Korean art by sponsoring Korean contemporary artists, so that they can share their vision and art. "MMCA Hyundai Motor Series 2014: LEE BUL", the first exhibition from this project, was hosted at the MMCA Seoul Gallery from September 30th, 2014 to March 29th, 2015, and displayed experimental art that is rarely seen in Korea.

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

Sponsoring the Tate Modern in the UK

Tate Modern is one of the world's top art galleries, built on the site of the old power station in London. It has attracted more than five million visitors every year since re-opening in 2000, when an old London landmark, abandoned for 20 years, was reinvented as the world's best contemporary art museum. The reason that Tate Modern became a world-class art gallery was not just because of its unique building structure or its historical features — it was because Tate Modern successfully implemented innovative space management, education programs, and special exhibitions. Tate Modern hosts artworks produced from the 20th century onwards, and the works displayed in the gallery tell the whole history of the art of the modern and contemporary periods.

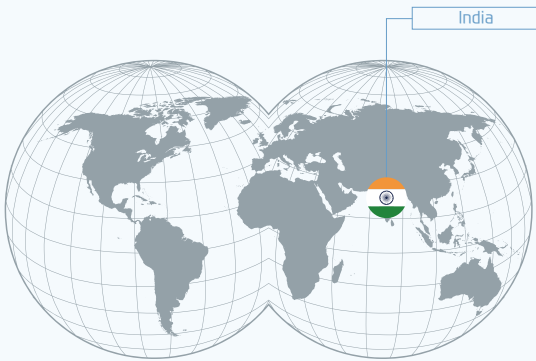
As part of Hyundai's 2014 cultural project, Tate Modern and Hyundai have established an 11 year partnership, the longest ever set up by Tate Modern. Through this partnership, Hyundai will present exhibitions with Tate Modern until 2025, and, in particular, from 2015 to 2025 we will present the "Hyundai Commission", a unique series of exhibitions to be displayed at the Turbine Hall. The Turbine Hall is located at the center of the ground floor of Tate Modern, and has been used to introduce a number of major contemporary art pieces — we expect the Hyundai Commission to be another outstanding example of sharing the contemporary arts. This collaboration goes beyond just sponsorship, and will enable Hyundai to develop projects that convey the values of our time, and share them more widely.

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Global Highlight

Creating a brighter future together in India

Hyundai offers support to those in need by going beyond just donations and charity work and by creating shared value — we help local communities around the world, including in India, where our overseas business sites are located. We support the daily needs of local residents, and hope to create a better future in partnership with them.



Opening a new brighter future through education

CSR strategy and programs in India

India faces sluggish economic growth and pervasive societal inequality; this makes it a country where puts greater emphasis on CSR. In fact, the Indian government has implemented strict CSR policies dictating that companies are obliged to spend 2% of their net profits on CSR. Hyundai has therefore established an independent organization to manage all its CSR activities in India, and runs differentiated CSR projects across the disparate regions of India.

Dream Village

Hyundai has implemented its Dream Village project, to focus on building the economic independence of villages. We provide job training to give practical assistance to female workers, which contributes to job creation in local communities, and the resulting income boost improves quality of life and regional economic development.

Model Village

Hyundai has implemented the Model Village project in eight villages near its Chennai plant since 2011. This project improves hygiene facilities, drinking water tanks, drainage water purification facilities, streetlights and other public facilities. It also installs trash cans, playgrounds, libraries, bus stop facilities, a health hygiene camp, fruit planting and other community improvement facilities.

Volunteer work for traffic safety and driving education

Since 2008, we have helped 280 college students to assist traffic police in New Delhi, Chennai and Kolkata. We also established the “Hyundai driving school” at our Chennai plant for unemployed local young adults. 520 students have completed the course, and a majority of them has succeeded in finding a job. In 2013, we launched the “Hyundai driving class” in Chennai, to provide free driving classes to the general public.

Education support

Since 2007, we have been donating 28,750 sets of desk and chairs to

87,600 students in the Kanchipuram region. We have also provided nursing training for women in the Kanchipuram and Tiruvallur regions, which has helped 210 women to earn their nursing licenses and find a job. In addition, we have donated pre-owned car engines and training materials to local universities. Another project in the Kanchipuram region is being planned in collaboration with a local NGO, through which 480 women students will receive computer education.

Support for medical and healthcare

We have established five medical and health service centers in the state of Tamil Nadu, to look for congenital heart disease in new-born infants and children. We have also donated medical and surgical equipment to national hospitals in Kanchipuram and Sriperumbudur, and supported the renovation of the national hospital in Srirangam. At the Chennai plant, we encourage regular participation in blood donation campaign, and 947 employees contributed blood in 2013.

Sharing and volunteering

We sponsor sport events for disabled children and, on India’s Independence Day, we donated water purifiers to seven public schools located around our Chennai plant. Our staff also cleaned nearby beach and lake areas in Chennai. In addition, we have donated automobiles to local NGOs, and offer regular support to the Indo-Korean Centre to improve Korea-India relations.

Facts & Figures

Global Production & Sales

Global Production

(Unit: Vehicle)

	2012	2013	2014
Domestic	1,905,261	1,850,727	1,876,428
Overseas	2,497,317	2,919,550	3,079,108
Total	4,402,578	4,770,277	4,955,536

Global Sales

(Unit: Vehicle)

	2012	2013	2014
Domestic	667,777	640,865	685,191
Overseas	3,742,861	4,091,668	4,278,344
Total	4,410,638	4,732,533	4,963,535

* Based on shipments

Business Performance

Financial Highlights

(Unit: KRW billion)

	2012 ³⁾		2013		2014	
	Con-solidated	Separate	Con-solidated	Separate	Con-solidated	Separate
Sales	84,470	43,162	87,308	41,691	89,256	43,046
Operating profit	8,441	4,305	8,315	3,721	7,550	3,735
Operating profit margin (%)	10.0	10.0	9.5	8.9	8.5	8.7
Net profit ¹⁾	9,061	5,280	8,993	5,182	7,649	4,914
EBITDA ²⁾	10,965	5,960	10,867	5,341	10,100	5,349
Shareholders' equity	47,918	37,020	56,583	41,952	62,621	45,662

¹⁾ Consolidated net profit: includes non-controlling interests

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

³⁾ Part of the business performance for 2012 contained in the previous sustainability reports had to be amended in accordance with the change of accounting standards

Sales by Overseas Subsidiary

(Unit: KRW billion)

	2012	2013	2014
HMMA	6,992	7,385	7,437
BHMC	14,519	19,433	19,756
HMI	5,097	4,737	4,637
HAOS	1,576	1,816	2,744
HMMC	5,311	5,450	5,398
HMMR	2,855	2,751	2,384
HMB	414	2,384	2,263

Distribution of Economic Value

Distribution of Economic Value by Stakeholder

(Unit: KRW billion)

		2012	2013	2014
Generated economic value:	Sales	43,162	41,691	43,046
	Dividends	521	534	817
Shareholders and investors	Interest expenses	203	121	123
	Total	724	655	940
	Salary	5,587	5,994	6,211
Employees	Training expenses	44	47	44
	Total	5,631	6,041	6,255
	Raw materials costs	26,411	25,844	26,311
Suppliers	Outsourcing labor expenses	590	533	514
	Total	27,001	26,377	26,825
	Internal tax	2,106	2,046	2,606
Government and local communities	Local	176	175	272
	Social contribution expenses	74	75*	65
	Total	2,356	2,296	2,943

* The costs of our social contributions for 2013 were recalculated based on the changed standards in calculating the costs of social contribution

Product Responsibility

Customer Value Management Index

	2012	2013	2014
Product durability index	125	141	169
Initial quality index	107	106	94

GRI G4-PR8

Incidents of non-compliance with regulations and voluntary codes concerning marketing communications such as advertising, sales promotion, and sponsorship

In the past three years, Hyundai has neither committed any violations with respect to marketing communications-related regulations nor been subjected to any fines.

	2012	2013	2014
Number of cases	0	0	0

GRI G4-PR7

Complaints registered regarding the breach of customer privacy or the loss of customer data

In the past three years, Hyundai has neither have any complaints regarding the breach of customer privacy nor have any data loss-related issues.

	2012	2013	2014
Number of cases	0	0	0

GRI G4-PR8

Eco-friendliness

Consumption of Raw Materials

The scope of data aggregation is limited to overseas subsidiaries.

(Unit: Ton)

	2012	2013	2014
Steel (amounts used)	659,689	708,354	772,498
Steel (scrap)	210,239	253,987	257,339
Aluminum (amounts used)	25,160	4,781	30,170
Aluminum (scrap)	5,376	6,444	7,094

GRI G4-EN2

Rates of Materials Recycled

The scope of data aggregation is limited to overseas subsidiaries.

(Unit: %)

	2012	2013	2014
Steel scrap	24.2	26.4	25.0
Aluminum scrap	17.6	57.4	19.0

GRI G4-EN2

Consumption of Water

The amount of reused water and recycled wastewater increased 3.8% in 2014, compared with the total amount of water consumed.

(Unit: Ton)

	2012	2013	2014
Water consumed	26,780,769	28,581,973	29,794,243
Water reused	109,674	253,294	458,017
Wastewater recycled	1,829,642	1,858,626	3,128,504
Total	28,720,085	30,693,893	33,380,764
Recycling ratio (%)	6.8	6.9	10.7

GRI G4-EN10

Consumption of Ozone-depleting Substances

Through technology development, Hyundai had continuously decreased its consumption of refrigerant substances.

(Unit: Liter)

	2012	2013	2014
Refrigerant (CFC, HFC, R135a)	66,569,968	48,721,499	39,571,473

GRI G4-EN20

Air Pollutants

Hyundai had decreased its discharge of air pollutants except for carbon monoxide over the previous years.

(Unit: Ton)

	2012	2013	2014
CO	250	272	345
SOx	65	78	40
NOx	337	413	399
PM	849	710	615

GRI G4-EN21

Total Weight of Waste by Type

(Unit: Ton)

	2012	2013	2014
Regular waste	685,163	590,363	571,669
Specified waste	32,476	47,050	124,886
Total	717,639	637,413	696,555

GRI G4-EN23

Total Weight of Waste by Disposal Method

(Unit: Ton)

	2012	2013	2014
Landfill	56,261	48,914	135,050
Incineration	34,260	71,979	68,209
Recycling	647,955	558,747	564,571
Others	3,421	3,035	2,997
Total	741,897	682,674	770,827

GRI G4-EN23

Number and Volume of Major Toxic Chemical Spills

Hyundai has managed to prevent hazardous chemical spills through thorough management of its hazardous materials.

(Unit: Liter)

	2012	2013	2014
Hazardous materials consumed	4,272	4,200	4,822

GRI G4-EN24

Cumulative Number of Models Certified as Eco-friendly Vehicles

Environmental certifications in the chart below indicate certifications of international standards, and greenhouse gas emission and reduction certifications indicate low carbon certificates acquired in Korea. The standards applied to data aggregation are limited to vehicle models certified with 'carbon footprint' labels, and models expired certificates are excluded.

(Unit: Type)

	2012	2013	2014
Environmental certifications	7	9	11
Greenhouse gas emission certifications	11	12	14
Greenhouse gas reduction certifications	1	1	2

GRI G4-EN24

Fines for Non-compliance with Environmental Regulations

The scope of the data aggregation is limited to business sites in Korea. Fines have been fully paid that had been applied to the Asan plant in 2013 and to the Asan and Jeonju plants in 2014.

(Unit: KRW)

	2012	2013	2014
Penalty and fine	0	480,000	61,388,000

GRI G4-EN29

Energy Consumption

In the chart below, liquefied fuel consists of LNG, butane and propane, while gaseous fuel represents carbon dioxide used in welding. In 2014, the overall energy consumption increased by 3%, compared with the previous year.

(Unit: MWh)

	2012	2013	2014
LNG	1,682,718	1,704,754	1,683,424
Electricity	3,283,126	3,428,001	3,595,979
Diesel, Kerosene, Gasoline	104,174	98,784	111,087
Liquefied fuel	343	3,835	1,796
Gaseous fuel	4,096	2,172	2,914
Total	5,074,457	5,237,546	5,395,200

GRI G4-EN3, EN6

Energy Intensity

Although Hyundai's energy consumption increased in 2014, the energy intensity which represents the amount of energy used in the production of a single vehicle has decreased by 0.8%, when calculated in the Korean currency, compared with 2013.

(Unit: MWh/Vehicle)

	2012	2013	2014
Energy consumed in producing one vehicle	1.15	1.10	1.09

GRI G4-EN5

Greenhouse Gas Emissions

Hyundai's domestic worksites saw their aggregated greenhouse gas emissions increase by 2.2% in 2014 due mainly to a 1.4% increase in auto production and to the establishment of new research development facilities; overseas worksites saw a 4.4% increase in greenhouse emissions due to a 5.5% production increase. Overall, all worksites combined had an average increase of 3.1% in greenhouse gas emissions in 2014, compared with the previous year.

(Unit: tCO₂e)

	2012	2013	2014
Scope 1	872,539	842,635	839,209
Scope 2	1,533,990	1,598,715	1,676,624
Total	2,406,526	2,441,348	2,515,833

GRI G4-EN15, EN16

Greenhouse Gas Emission Intensity

Hyundai's continued efforts to reduce its greenhouse gas emissions have proven effective: despite a 3.9% increase in vehicle production, the company succeeded in reducing greenhouse gas emissions per vehicle production by 0.8% in 2014.

(Unit: tCO₂e/Vehicle)

	2012	2013	2014
Greenhouse gas emissions per vehicle production	0.547	0.512	0.508

GRI G4-EN18

Reduction of Greenhouse Gas Emissions

Despite an increasing production volume from 2012, Hyundai's greenhouse gas emissions has steadily decreased. Direct emissions (Scope 1) has slowed in growth rate, a result of the company's active implementation of energy efficiency and strategic reduction measures.

(Unit: tCO₂e)

	2012	2013	2014
Scope 1	51,165	-29,904	-3,426
Scope 2	71,569	64,725	77,909
Total	122,734	34,821	74,483

GRI G4-EN19

Costs and Investments for Environmental Protection

Hyundai has continued to increase costs and investments to better protect the environment in and around its worksites. The total amount of environmental costs and investments made in 2014 increased 10.3% over the previous year, while direct and indirect costs associated with pollution reduction went up approximately 14%.

(Unit: KRW billion)

	2012	2013	2014
Direct costs associated with pollution reduction	71.4	56.8	64.5
Indirect costs associated with pollution reduction	26.6	39.1	44.9
Risk management costs associated with pollution reduction	13.8	13.2	10.9
Total	111.8	109.1	120.3

GRI G4-EN31

Suppliers

Support for Foundation of Korea Automotive Parts Industry Promotion

(Unit: Company)

	2012	2013	2014	Accumulated
Quality and Technology Volunteer Group	111	103	97	1,156
Supplier Support Group	44	43	42	341

Cumulative Number of Suppliers in Joint Expansion Partnership

(Unit: Company)

	2012	2013	2014
Tier 1 suppliers	239	239	265
Tier 2 suppliers	360	360	343
Total	599	599	608

Joint Recruitment with Suppliers through Job Fairs

(Unit: Person)

	2012	2013	2014
Recruitment	14,531	17,215	17,510

Suppliers in Joint Growth and Fair Trade Agreements

(Unit: Company)

	2012	2013	2014
Number of suppliers in joint growth and fair trade agreements	203	301	293

Employees

Workforce by Region

The 2014 total number of Hyundai employees, increased 4.6% compared with the previous year, and, in particular, the number of overseas workforce increased 7.1% from the year before. By region, they numbered 6,558 in North America and 6,693 in Europe, indicating a combined increase of 347 employees. The employment in China and India combined increased 6.7% over the course of 2014 to 26,157, exceeding that of the North America and Europe worksites.

(Unit: Person)

	2012	2013	2014
Korea	59,831	63,099	64,956
North America	6,211	6,873	6,558
Europe	5,991	6,031	6,693
China	13,768	15,631	17,173
India	8,816	8,893	8,984
Others	3,532	4,410	5,384
Total	98,149	104,937	109,748

GRI G4-HR1

Domestic Workforce by Duty

(Unit: Person)

	2012	2013	2014
Management	182	176	183
Research committee	10	12	12
Research	8,240	8,742	9,161
Office work	11,359	11,453	11,668
Technology, production, maintenance	31,563	32,990	33,337
Sales	6,225	6,237	6,199
Others*	2,252	3,489	4,396
Total	59,831	63,099	64,956

GRI G4-HR1

* Includes such special-duty employees as flight attendants, nurses, and helicopter pilots

Labor-Management Relations

More than 70% of Hyundai's domestic employees are members of the labor union; but the overall percentage of labor union membership has decreased over the past years.

	2012	2013	2014
Labor union membership (Person)	44,351	45,576	46,217
Labor union membership percentage (%)	74.1	72.2	71.2

GRI G4-HR4

Employee Turnover

Both number of employee turnover and turnover rate decreased compared with the previous year.

	2012	2013	2014
Number of employee turnover (Person)	1,018	1,343	1,114
Employee turnover rate (%)	1.70	2.13	1.72

GRI G4-LA1

Return to Work after Parental Leave

The number of employees who use parental leave continues to increase. As the company adopts policies of inducing employees to return to work after their parental leaves, the post-parental leave retention has improved, reaching 95% in 2014.

		2012	2013	2014
Number of employees on parental leave (Person)	Male	18	18	19
	Female	69	96	150
Retention rate after parental leave (%)	Male	100	94	95
	Female	94	97	97

GRI G4-LA3

Accident Rate

The formula for calculating accident rates is based on the number of employees involved in occupational accidents divided by the total number of employees. This rate at domestic and overseas worksites has continued to decrease, recording a 10% decrease in 2014 compared with the previous year.

(Unit: %)

	2012	2013	2014
Accident rate	1.22	1.00	0.90

GRI G4-LA6

Employee Training

Hyundai offers systematic employee training programs, thus contributing to an increase in average training hours per employee.

	2012	2013	2014
Training expenses per employee (KWR 10,000)	74	74	67
Training hours per employee (Hour)	61	55	62
Total training expenses (KRW 100 million)	441	469	436

GRI G4-LA9

Female Employees

The number of female employees, including females in upper management, at both domestic and overseas worksites, has been increasing over the past few years. The 2012 data is for domestic workforce only.

(Unit: Person)

	2012		2013		2014	
	Number of female employees (Number of female directors)	Female employment rate	Number of female employees (Number of female directors)	Female employment rate	Number of female employees (Number of female directors)	Female employment rate
Korea	2,576 (1)	4.31%	2,692 (1)	4.27%	3,046 (3)	4.69%
North America	-	-	927 (4)	13.50%	960 (4)	14.60%
Europe	-	-	1,082 (3)	17.90%	1,058 (3)	15.80%
China	-	-	1,918 (0)	12.30%	2,044 (0)	11.90%
India	-	-	84 (0)	0.90%	140 (0)	1.60%
Others	-	-	402 (0)	9.10%	470 (0)	8.70%
Total			7,105 (8)	6.76%	7,718 (10)	7.02%

GRI G4-LA12

Employees with Disabilities

Hyundai plans to continue increasing employees with disabilities in proportion to total workforce. 116 persons with disabilities were hired in 2014.

	2012	2013	2014
Number of employees with disabilities (Person)	1,625	1,650	1,766
Percentage of employees with disabilities (%)	2.72	2.61	2.72

GRI G4-LA12

Compliance Training

Hyundai provides all of its employees with compliance programs on sexual harassment, ethics and other human rights-related matters. Starting in 2013, the company has reported related data collected through an integrated compliance training system.

	2013	2014
Domestic (Number of trainings/ Number of participants)	37/3,200	41/24,400
Overseas (Number of trainings/ Number of participants)	10/637	14/765

GRI G4-HR2

Outstanding Talent Work Rotation Program Participants

(Unit: Person)

	2010	2011		2012		2013		2014		Total
		1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	
Domestic employees	11	14	7	17	14	14	16	8	8	109
Overseas employees	-	-	-	-	8	10	9	9	10	46

Society

Social Contributions

Hyundai has set up a CSR strategy and has allocated resources by area in accordance with the strategy. In particular, the company has expanded expenditures in education, medical and healthcare, emergency relief and other social contributions, in step with growing social needs and demands.

(Unit: KRW million)

	2012	2013	2014
Social welfare	34,311	33,602	24,058
Medical and healthcare	350	14	102
Education	18,334	13,953	15,236
Culture & Sports	12,389	14,970	9,722
Environmental protection	1,347	1,531	1,285
Emergency relief	1,557	883	4,662
International exchange	4,937	3,780	2,713
Others	1,001	6,267	7,422
Total	74,226	74,999	65,201

GRI G4-EC1

Voluntary Performance

	2012	2013	2014
Number of volunteer activities	2,998	2,982	2,691
Number of participants	31,862	33,262	23,480
Number of hours participated	135,047	216,434	132,887

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SUSTAINABILITY REPORT	
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APPENDICES



GRI Index Core

G4 Core

GRI G4	No.	Description	ISO 26000	Page Reference
1. General Standard Disclosures				
Strategy and analysis	G4-1	Statement from the most senior decisionmaker of the organization	4.7, 6.2, 7.4.2	004~005
Organizational profile	G4-3	Name of the organization	6.3.10, 6.4.1~6.4.5, 6.8.5, 7.8	006
	G4-4	Primary brands, products, and/or services		006
	G4-5	Location of organization's headquarters		006
	G4-6	Countries with significant operations		006
	G4-7	Nature of ownership and legal form		006
	G4-8	Markets served		006
	G4-9	Scale of the reporting organization		006
	G4-10	The total workforce by employment type, gender, employment contract and region		091~092, 112
	G4-11	The percentage of total employees covered by collective bargaining agreements.		090, 112
	G4-12	Description of the organization's supply chain		112
	G4-13	Significant changes during the reporting period relating to size, structure, or ownership or its supply chain		006
	G4-14	Implementation of the precautionary approach or principle		048~049
G4-15	External initiatives that the organization endorses	122		
G4-16	Memberships of associations such as industry associations	122		
Identified material aspects and boundaries	G4-17	Entities included in the organization's consolidated financial statements or equivalent documents	5.2, 7.32~7.3.4	002
	G4-18	Process for defining report content		002
	G4-19	Material Aspects identified in the process for defining report content		057
	G4-20	Aspect Boundary within the organization		056~057
	G4-21	Aspect Boundary outside the organization		056~057
	G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements		054, 055
	G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries		006
Stakeholder engagement	G4-24	Stakeholder groups engaged by the organization	5.3	049
	G4-25	Basis for identification and selection of stakeholders with whom to engage		049
	G4-26	Approaches to stakeholder engagement by type and by stakeholder group		049
	G4-27	Key topics and concerns raised through stakeholder engagement, and how the organization has responded to them		049
Report profile	G4-28	Reporting period	7.5.3, 7.6.2	002
	G4-29	Date of most recent previous report		122
	G4-30	Reporting cycle		122
	G4-31	Contact point for questions regarding the report or its contents		123
	G4-32	Table identifying the location of the Standard Disclosures in the report		116~118
	G4-33	Policy and current practice with regard to seeking external assurance for the report		002, 119
Governance	G4-34	Governance structure of the organization, including committees of the highest governance body	6.2, 7.4.3	050~051
Ethics and integrity	G4-56	Organization's values, principles, standards and norms of behavior	7.7.5, 4.4, 6.6.3	047
2. Specific Standard Disclosure				
Economic				
Economic	DMA	Disclosure on Management Approach	5.3	052
	G4-EC1	Direct economic value generated and distributed		052~055
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change		074~075
Market presence	DMA	Disclosure on Management Approach	6.4.3, 6.8.1~6.8.2, 6.8.5, 6.8.7	090
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation		091~092
Indirect economic impacts	DMA	Disclosure on Management Approach	6.3.9, 6.8.1~6.8.2, 6.8.7, 6.8.9	055
	G4-EC7	Development and impact of infrastructure investments and services supported		055, 114
	G4-EC8	Significant indirect economic impacts, including the extent of impacts		055, 112~113

GRI G4	No.	Description	ISO 26000	Page Reference
Environmental				
Materials	G4-EN1	Materials used by weight or volume	6.5.4	109
	G4-EN2	Percentage of materials used that are recycled input materials		109
Energy	G4-EN3	Energy consumption within the organization	6.5.4	111
	G4-EN5	Energy intensity		111
	G4-EN6	Reduction of energy consumption	6.5.4~6.5.5	111
Water	G4-EN8	Total water withdrawal by source	6.5.4	109
	G4-EN10	Percentage and total volume of water recycled and reused		109
Biodiversity	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	6.5.6	079~080
	G4-EN12	Significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		080
	G4-EN13	Habitats protected or restored		080
	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		079
Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	6.5.5	111
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)		111
	G4-EN18	Greenhouse gas (GHG) emissions intensity		111
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	6.5.3, 6.5.5	111
	G4-EN20	Emissions of ozone-depleting substances (ODS)		110
	G4-EN21	NO _x , SO _x , and other significant air emissions	6.5.3	110
Effluents and waste	DMA	Disclosure on Management Approach	6.5.3~6.5.4	071
	G4-EN22	Total water discharge by quality and destination		078, 081
	G4-EN23	Total weight of waste by type and disposal method	6.5.3	110
	G4-EN24	Total number and volume of significant spills		071~072, 110
	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention 2 Annex I, II, III, and VIII, and percentage of transported waste shipped internationally		NA
Products and services	DMA	Disclosure on Management Approach	6.5.3~6.5.5, 6.7.5	070
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services		073, 110
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category		073
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	6.4.6	110
Transport	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	6.5.4, 6.6.6	077
Overall	G4-EN31	Total environmental protection expenditures and investments by type	6.5.1~6.5.2	080
Supplier environmental assessment	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	6.3.5, 6.6.6, 7.3.1	086

Social

Labor Practices and Decent Work

Employment	DMA	Disclosure on Management Approach	6.4.3	090, 092	
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region		113	
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		6.4.4, 6.8.7	094~095
	G4-LA3	Return to work and retention rates after parental leave, by gender		6.4.4	113
Occupational health and safety	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	6.4.6	094	
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of workrelated fatalities, by region and by gender	6.4.6, 6.8.8	113	
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	6.4.6	094	
Training and education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	6.4.7	113	
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	6.4.7, 6.8.5	092~093	
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	6.4.7	094	

GRI G4	No.	Description	ISO 26000	Page Reference
Diversity and equal opportunity	DMA	Disclosure on Management Approach		090
	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	6.2.3, 6.3.7, 6.3.10, 6.4.3	112~113
Labor practices grievance mechanisms	DMA	Disclosure on Management Approach		090
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	6.3.6	049, 090
Human Rights				
Investment	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	6.3.5	047~048, 114
Non-discrimination	DMA	Disclosure on Management Approach		090
	G4-HR3	Total number of incidents of discrimination and corrective actions taken	6.3.6, 6.3.7, 6.3.10, 6.4.3	090
Child labor	DMA	Disclosure on Management Approach		086
	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	6.3.3~6.3.5, 6.3.7, 6.3.10, 6.6.6, 6.8.4	086
Forced or compulsory labor	DMA	Disclosure on Management Approach		086
	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	6.3.3~6.3.5, 6.3.10, 6.6.6	086
Human rights grievance mechanisms	DMA	Disclosure on Management Approach		090
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	6.3.6	049, 090
Society				
Local communities	DMA	Disclosure on Management Approach		098
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	6.3.9, 6.5.1~6.5.3, 6.8	105
Anti-corruption	DMA	Disclosure on Management Approach		046, 086
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	6.6.1~6.6.3	086
	G4-SO4	Communication and training on anti-corruption policies and procedures	6.6.1~6.6.3, 6.6.6	046~047, 086
Anti-competitive behavior	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	6.6.1~6.6.2, 6.6.5, 6.6.7	No such cases
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	4.6	108~109
Grievance mechanisms for impacts on society	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	6.3.6, 6.6.1~6.6.2, 6.8.1~6.8.2	086
Product Responsibility				
Customer health and safety	DMA	Disclosure on Management Approach		060
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	6.7.1~6.7.2, 6.7.4~6.7.5, 6.8.8	061
	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	4.6, 6.7.1~6.7.5, 6.8.8	No violations
Product and service labeling	DMA	Disclosure on Management Approach		072
	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	6.7.1~6.7.5, 6.7.9	072~073
	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	4.6, 6.7.1~6.7.5, 6.7.9	No violations
	G4-PR5	Results of surveys measuring customer satisfaction	6.7.1~6.7.2, 6.7.6	063
Marketing communications	G4-PR6	Sale of banned or disputed products	-	No such cases
	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	4.6, 6.7.1~6.7.3	109
Customer privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	6.7.1~6.7.2, 6.7.7	109
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	4.6, 6.7.1~6.7.2, 6.7.6	No such cases

Third Party Assurance Statement



Terms of Engagement

This Assurance Statement has been prepared for Hyundai Motor Company, Korea.

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by Hyundai Motor Company to assure its GHG Inventory Report for the calendar year 2014. The Hyundai Motor Company data as presented in the GHG Report have been prepared in accordance with GHG Target Management Scheme for quantification and reporting of greenhouse gas emissions in Korea. The Report relates to direct GHG emissions and energy indirect GHG emissions. The Hyundai Motor Company comprised of the Headquarters, Ulsan Plant, Asan Plant, Jeonju Plant, R&D Centre, A/S Centre and Sales Branch Offices.

Management Responsibility

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

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

LRQA's Approach

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

In order to form our conclusions we have:

- Conducted site tours of the facilities and reviewed processes related to the management of GHG emissions data and records
- Interviewed relevant staff of the organization responsible for managing and maintaining raw and consolidated data, and
- Verified the historical data and information at an aggregated level for the calendar year 2014.

Level of Assurance & Materiality

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

LRQA's Opinion

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

- The emissions (purchased electricity) from the others' corporations located in the Hyundai Motor Company's premises have not been excluded within the data. The amount is not considered to be material.
- The emissions from the rented Sales Branch Offices have not been included within the data. The omission is not considered to be material.

Dated: 19 March 2015

A handwritten signature in black ink, appearing to read 'Sang-Keun Yoo'.

SANG-KEUN YOO

LRQA Korea Ltd.

17th Floor, Singsong Building, 67 Yeouinaru-ro, Yeongdeungpo-gu, Seoul, 150-923, Republic of Korea

LRQA Reference: SEO6012382

This document is subject to the provision below:

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

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

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

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

Sonata History

1st Generation

In the mid-1980s, Koreans started to enjoy more leisure life as the economy grew, which greatly affected automakers, including Hyundai which introduced to the nation the first made-in-Korea model, the Sonata. The first generation of Sonata was equipped with a 5-speed transmission and viewed as a luxury model of Hyundai Stella.



1985

~1988

2nd Generation

In the summer of 1988 when the Seoul Olympics was hosted, the second generation, New Sonata, was developed as a strategic export automobile. New Sonata had curved shape comparable to the previous generation and equipped with a front-wheel drive for the first time among Korean mid-sized vehicles, ideal for the icy and snowy road conditions of Korea in winter. In 1991, Hyundai introduced a modified model of New Sonata which featured a new emblem as well as the Hyundai CI.



1988

~1992

3rd Generation

In the early 1990s, Korea experienced dramatic cultural changes. Sonata II was introduced at a time when LP and CD, and pagers and cell phones coexisted. Sonata II applied such advanced technologies as folding side mirrors, SRS airbag and ABS, and recorded 600,000 sales in 33 months from its May 1993 launch. In February 1996, Sonata III was introduced as a Sonata II with a face lift. Sonata III was praised for its most "Korean-like" yet world-class design.



1992

~1998

4th Generation

EF Sonata, introduced in 1998, hit a sales bump during the ensuing 1997 financial crisis, but, from February 1999 to August of the following year, quickly soared to and remained in the top spot in sales for 19 consecutive months.

An interesting fact about this model is that it was the only model, among the Sonata models, with the license plate on the bumper, not on the trunk. New EF Sonata, a modified 4th-generation model, was ranked as the No.1 mid-sized vehicle in the 2004 Initial Quality Study conducted by J.D. Power of the U.S.



1998

~2004

5th Generation

PF Sonata, released in September 2004, was produced during a rapid economic development of Korea. PF, or 'Never-ending Fame', is a dream project of Hyundai, embodying the company's spirit. Developed at a cost of KRW 290 billion for a period of 26 months, the model was praised for its outstanding product competitiveness including advanced safety features.



2004

~2009

6th Generation

YF Sonata, launched in September 2009, sported 'Fluidic Sculpture', Hyundai's design concept, for the first time. The model improved its engine efficiency by first adopting the 2.0 Theta II engine, 2.4 Theta GDi engine and a six-speed automatic transmission. The model then switched to stronger engines such as 2.0 Gnu engine and 2.0 Theta II Turbo engine. In May 2011, Hyundai introduced Korea's first gasoline hybrid vehicle as one of the YF Sonata series.



2009

~2014

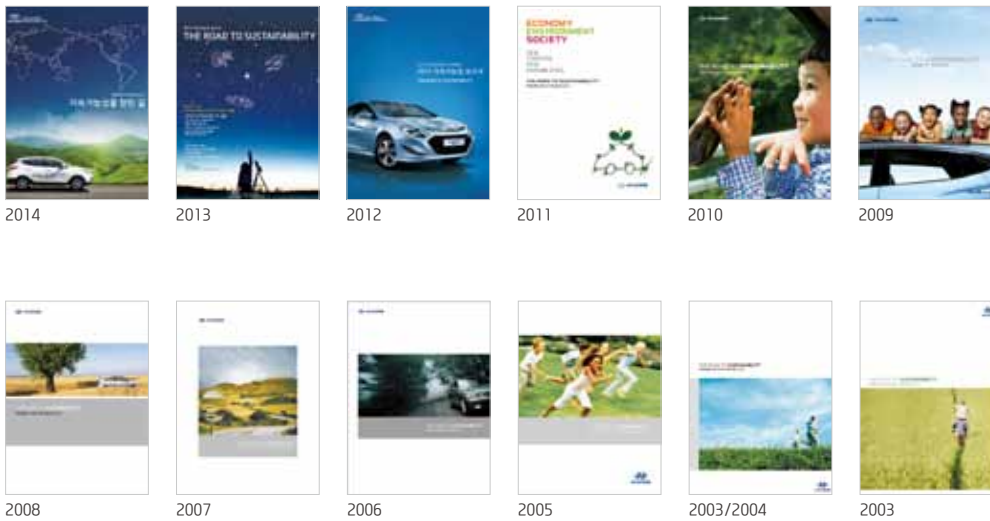
7th Generation

LF Sonata is Hyundai's strategic model introduced in 2014, five years after the YF Sonata series. Sporting the slogan 'From Fundamentals', the model is made true to the fundamentals of automobiles, "run, turn, stop, and protect".



~2014

Sustainability Report Publication History



UN Global Compact Index

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

	Principles	Page Reference
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	090
	Principle 2: make sure that they are not complicit in human rights abuses.	086, 114, 122
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	090
	Principle 4: the elimination of all forms of forced and compulsory labour;	086
	Principle 5: the effective abolition of child labour; and	086
	Principle 6: the elimination of discrimination in respect of employment and occupation.	090
Environment	Businesses should support a precautionary approach to environmental challenges;	078
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	079~080
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	070~073
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	046, 086

Thanks to

(In alphabetical order)

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Dae Hyung Lee	Kyung Min Do
Dae Il Jeon	Mi Jin Hwang
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Dong Ho Kwak	Min Kyu Kang
Dong Hyeok Son	Min Suk Park
Dong Wook Lee	Min Young Park
Eun Hye Jeon	Myung Ro Lee
Eun Jin Choi	Nak Seung Jeong
Eun Jin Seok	Nam Soo Han
Gwang Su Kim	Sang Cheol Lee
Gyo Hoon Jeong	Sang Hee Lee
Hae Sung Jeong	Sang Hyup Kim
Han Yoon Seol	Sang Keun Bang
Hea Ho Ahn	Sang Mi Han
Hong Seok Jeong	Sang Soon Park
Hun Deok Lim	Sang Yoon Lee
Hwan Il Kim	Se Jong Kwak
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Hyun Sik Baek	Seung Yoon Shin
Il Sang Jeong	Soo Hee Nam
In Gyo Jeong	Sook Cho
Jae Ho Jeong	Soon Jae Hong
Jang Ho Kook	Soon Jeong Jeong
Jang Ho Shin	Sung Yoon Jeong
Jeong Wook Huh	Tae Hoon Kim
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Jin Won Seo	Yong Joon Park
Jong Gon Bae	Yoon Bok Hwang
Jong Rae Cho	Young Deok Han
Jong Wook Hwang	Young Deok Ko
Joo Hyeon Kim	Young Eun Choi
Joo Hyung Ryu	Young Gil Lee
Joo Yong Park	Young Pyo Kim
Jun Cheol Shin	Young Soo Yoon

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12, Heolleung-ro, Seocho-gu, Seoul, 137-938, Korea

Tel: +82-2-3464-8614

Email: HMCSR@hyundai.com

Website: www.hyundai.com



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