

Road to sustainability

2018 Sustainability Report



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CEO Message



Dear Readers,

I sincerely appreciate all of your steadfast support for Hyundai Motor Company.

A handwritten signature in blue ink, appearing to read 'Won Hee Lee', written in a cursive style.

President & CEO,
Hyundai Motor Company
Won Hee Lee

For Hyundai Motor Company (Hyundai), 2017 was a worthwhile year in that the efforts and investments we had made to secure sustainable future yielded definitive results. Though the business environment remained challenging amid the protracting low-growth trend worldwide in addition to the spread of protectionism and intensifying competition in the automobile industry, all of us at Hyundai worked in unison to ensure a fundamental competitiveness that can sustain the weight of any hardships. We also strived to build on the customer and market trust we had earned, and created the value of happiness which grows together based on the belief that innovative technology can change our society for the better.

As a result of these efforts, in 2017 we made meaningful achievements in all our five sustainability values – Customer, Environment, Collaboration, People and Community.

In enhancing customer value, we focused on providing automobiles that excel in convenience and safety as well as quality. Our superior quality was once again acknowledged worldwide as we received top ratings in the Vehicle Dependability Study (VDS), conducted by J.D. Power and Associates, and Genesis brand ranked No. 1 in the US Consumer Report satisfaction survey. Also, by rolling out ‘Sonata Custom Fit’, of which the origin was inspired by customer suggestions, we have demonstrated that we listen to customer voices and reflect their needs in product development. Moreover, by successfully conducting IONIQ EV’s autonomous driving at night and daytime in downtown Las Vegas, U.S., we substantiated our will and technical prowess to bring auto accidents to zero.

In being responsible for the environment, we set up a mid-to-long-term electrification vision centered on electric vehicles, and made public our goal and strategies to lead the global electrification market by 2025. In addition, we opened ‘Hydrogen Electric House’ in Seoul as a way to publicize the eco-friendliness and convenience of hydrogen energy. Going forward, we plan to expand the exhibition house into a special place where the future energy can be experienced today.

In promoting win-win collaboration, we strived to establish a long-term trust, supporting the growth of and building lasting relationships with business partners. We will support around 650 small and medium-

sized enterprises to convert their production sites into a ‘smart-factory’ by 2019, and thus help them reduce product defects and improve productivity. Moreover, we will be more proactive in providing support for our suppliers so that they secure future competitiveness.

As for respecting our people, labor rights and workplace safety have been improved significantly in 2017. ‘Nine Safety Golden Rules’ were adopted at our production sites, ‘Global Safety Standards’ were established by country, management safety leadership lectures were conducted, video conferences were held on safety checks in overseas factories, and other safety-focused measures were implemented. As a result of these efforts, we recorded 0% in fatal accident rate both at home and abroad.

Lastly, in creating sustainable value for local communities, we faithfully fulfill our responsibilities as a responsible global corporate citizen through the conduct of diverse community action programs, including creating the IONIQ Forest and running traffic safety campaigns in Korea, and helping educate children and improve the local environment of the Valparaiso region, Chile, supporting a rainwater filtration project in the Philippine for supplying drinking water, and the Hyundai Green Zone China project for preventing desert encroachment. Moreover, by redefining our CSV strategy system, we further solidified the platform for more systematic social contributions.

Looking forward, we will do our utmost to create shared value together with communities in all our business operations by cultivating a creative and can-do mindset in communicating and cooperating with all stakeholders. Though the global automobile market environment is more than likely to remain challenging in 2018, we will cope with any difficulties by proactively responding to the ever-changing environment and accelerate the speed of innovation toward sustainable growth. We will do our best to help more people see automobiles not just as a means of transportation but a lifetime partner leading to more convenient and pleasant lives than ever before. Please continue your interest in and support for Hyundai Motor Company as we move forward, not through short cuts but through right ways, toward a new horizon of sustainability.

Thank you.

HIGHLIGHTS

Hyundai Motor Company marked its 50th anniversary in 2017. We have grown into a global automaker by taking on challenges and driving innovation in the Korean automobile industry, which had no infrastructure at all when we first began our business. 2017 was the year of laying the foundation for new growth, and 2018 will be the first year of opening the new era of change and innovation, based on which we will achieve sustainable growth in partnership with our stakeholders.



Milestones

History of Hyundai Motor Company

1967-2000

The beginnings.

Since its establishment in 1967, Hyundai Motor Company has grown to become a global automaker by tirelessly challenging itself to new possibility and thus setting a number of first and best records, including the Korea's first passenger car 'Pony'.



1967

Incorporation of Hyundai Motor Company

1976

Launch of Hyundai Pony, the first Korean passenger car; and First export of Hyundai Pony to Ecuador

2000

September of 2000 marks the foundation of Hyundai Motor Group. The launch of Korea's first auto-specializing group with Hyundai Motor Company and Kia Motors as its flagships has ushered in another era of growth for Korea's auto industry, marked by the Group's setting of a one million milestone in vehicle exports in the year.

Beginning of the Global Era

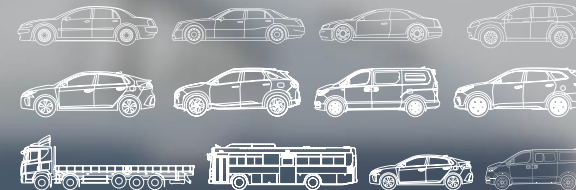
With its first overseas subsidiary, established in 1983 in Canada, Hyundai has been expanding into Europe and Asia, building a global network worthy of a global automaker.



- 1983 Incorporation of the Canadian subsidiary HAC
- 1985 Incorporation of the U.S. subsidiary HMA
- 1995 Inauguration of the Hyundai Motor Europe Technical Center (HMETC)
- 1995 Completion of the Jeonju commercial vehicle manufacturing plant
- 1996 Inauguration of the Namyang Technology Research Center
- 1997 Completion of the Turkey plant and Asan plant
- 1998 Completion of India plant

- 1989 Overseas exports of Excel surpass 1 million units
- 1994 Annual production surpasses 1 million units

1,000,000



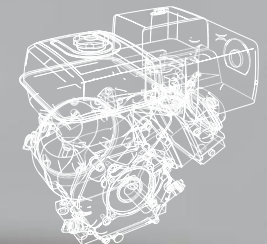
- 1996 Cumulative production surpasses 10 million units

10,000,000

HYUNDAI
MOTOR GROUP

Record of Firsts

- 1991 • Development of Alpha engine, the first engine created in Korea
- 1992 • Unveiling of HCD-1, Korea's first concept car
- 1999 • Development of Korea's first automotive fuel cell battery
- 2000 • Development of Korea's first passenger diesel engine and large commercial engine; and Development of Korea's first fuel cell electric vehicle Santa Fe



2001-2010

New momentum.

Coming into the 21st century, Hyundai Motor Company built new growth momentum as it focused on creating not only economic value as a global company but also social and environmental values as a global corporate citizen.

Global Management

Hyundai has built production bases in the U.S., China, India, Czech Republic and Russia in order to establish a global production system, and by practicing global management based on localization, gathering growth momentum in the global market.



Environmental Value

- 2003** Proclaimed Global Environmental Management
- 2005** Establishment of the Environmental Technology Research Center
- 2008** Launch of Blue Drive brand for green models

No. 1 in the World

- 2004** Sonata placed first in J.D. Power's IQS
- 2006** No.1 non-premium nameplate in J.D. Power's IQS
- 2008** Tau engine named '10 Best Engines Winners' by Ward's Auto
- 2009** Genesis named 'North American Car of the Year'
- 2010** 2012 Elantra received the Residual Value Award from ALG; Tucson ix named as the safest car by the IIHS of the U.S.

Sowing the seeds of innovation for Clean Mobility

- 2001** Unveiling of the fuel cell electric vehicle Santa Fe
- 2007** Unveiling of the 3rd generation fuel cell concept car i-Blue
- 2010** Development of Tucson fuel cell electric vehicle; and Launch of the eco-friendly electric car BlueOn

Social Value

- 2005** Launch of the volunteer corps and the 'Moving the World Together' campaign
- 2007** Launch of Korea's first Global CSR Website
- 2008** Launch of the Happy Move Global Youth Volunteers
- 2010** Establishment of a social enterprise, Easy Move Inc.; Production presentation of 'Robocar Poli' and appointment ceremony for road safety ambassadors



Global Brand Ranking by Interbrand

Since its 2005 selection as one of top 100 'Best Global Brands' chosen by Interbrand, Hyundai has steadily been improving its brand value, making the top 50 list in 2013 and then ranked 35th in 2017 for two consecutive years.



Future Mobility

- 2011** Blue Link introduced at the 2011 International Consumer Electronics Show (CES) in the U.S.
- 2013** World's 1st mass production of ix35 (Tucson) fuel cell electric vehicles; and Unveiling of HND-6, next generation smart car concept car, at the CES
- 2016** Launch of Project IONIQ; and Unveiling of the development strategy for future connected cars
- 2017** Unveiling of the 3 future mobility directions at the CES; Establishment of the Intelligent Safety Technology Center dedicated to the development of autonomous vehicles; and Establishment of Hyundai CRADLE in Silicon Valley

Hyundai Motorstudio

- 2014** Establishment of Hyundai Motorstudio Seoul
- 2015** Establishment of Hyundai Motorstudio Moscow and Hyundai Motorstudio Digital
- 2016** Establishment of Hyundai Motorstudio Hanam
- 2017** Establishment of Hyundai Motorstudio Beijing



Launched global luxury brand 'Genesis' and EQ900 in 2015; Launched Genesis G80 in 2016; and Launched Genesis G70 in 2017



Eco-friendly Model Line-up

- 2011** Sonata Hybrid
- 2013** Grandeur Hybrid
- 2015** Sonata Plug-in Hybrid
- 2016** IONIQ Hybrid, IONIQ Electric
- 2017** IONIQ Plug-in Hybrid
- 2018** NEXO, Kona Electric



2011-2017

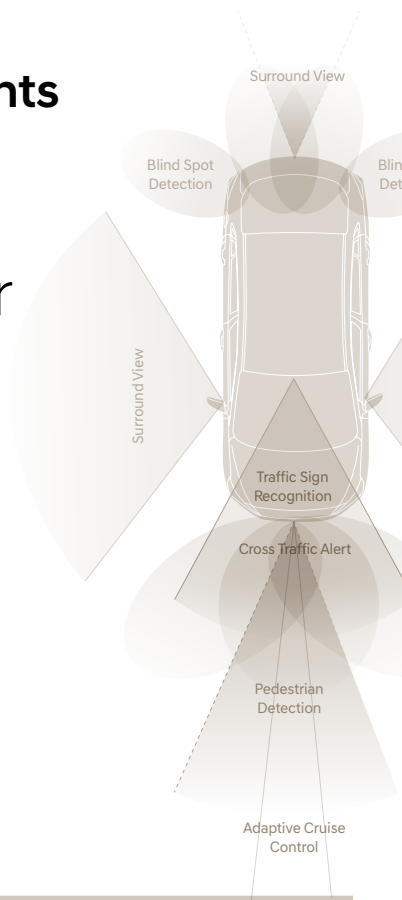
Lifetime partner.

Hyundai Motor Company pursues a 'Lifetime partner in automobiles and beyond'. By seeing a crisis as opportunity and seeking possibilities among limits, we will write a new chapter of future mobility as a most beloved brand.



2017 Highlights

Customer



Hyundai Motor's Autonomous IONIQ in Las Vegas



Product

Succeeded Level 4 autonomous driving at night for the first time in the world

Hyundai's IONIQ autonomous driving vehicle won favorable reviews from participants at the 2017 International CES held in Las Vegas, U.S., especially following a demonstration of the night-time autonomous driving capabilities that are enabled by its high-performance Light Detection and Ranging (LiDAR) sensor, object-recognition camera, GPS antenna, and high-resolution mapping data technology. It successfully completed nighttime autonomous driving on crossroads, underpasses, crosswalks, and lane-joining sections in the city surrounding the Las Vegas Convention Center, proving our advanced autonomous driving technology. The IONIQ thus became the first car to achieve night-time Level 4 autonomous driving, as categorized by the US Society of Automotive Engineers (SAE). This is the second-highest of the five defined levels, which is defined as 'High Automation'.

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Achieved the best ranking in VDS conducted by J.D. Power and Associates

Hyundai has achieved its best ranking ever in the 2018 Vehicle Dependability Study¹⁾ conducted by the US market research firm, J.D. Power and Associates, recording 6th of all 31 brands and 3rd of 19 non-premium brands. The Tucson was ranked 1st in the small SUV category, and the Santa Fe won second place in the mid-sized SUV category. This important achievement is a result of our commitment to quality innovation.

¹⁾ Conducted with customers who purchased their vehicles in the U.S. no less than three years ago, and between September 2014 and February 2015, in order to ascertain their satisfaction towards dependability on 177 items; based on the number of complaints per 100 units, lower score means a higher quality satisfaction level

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H-Ombudsman Sonata Custom Fit



Opened the Hyundai Motorstudio Beijing

We opened the Hyundai Motorstudio Beijing in 2017 in order to widen the channels through which we communicate with customers and publicize our brand in China. The two-story Hyundai Motorstudio Beijing offers a book lounge on the first floor with an air-purifying system and car-related books, and there are a number of art galleries on the second floor. We will use Hyundai Motorstudio Beijing to create opportunities to publicize our brand through a convergence between cars and art, and as a space for supporting the active exchange of ideas between designers, artists and the public.

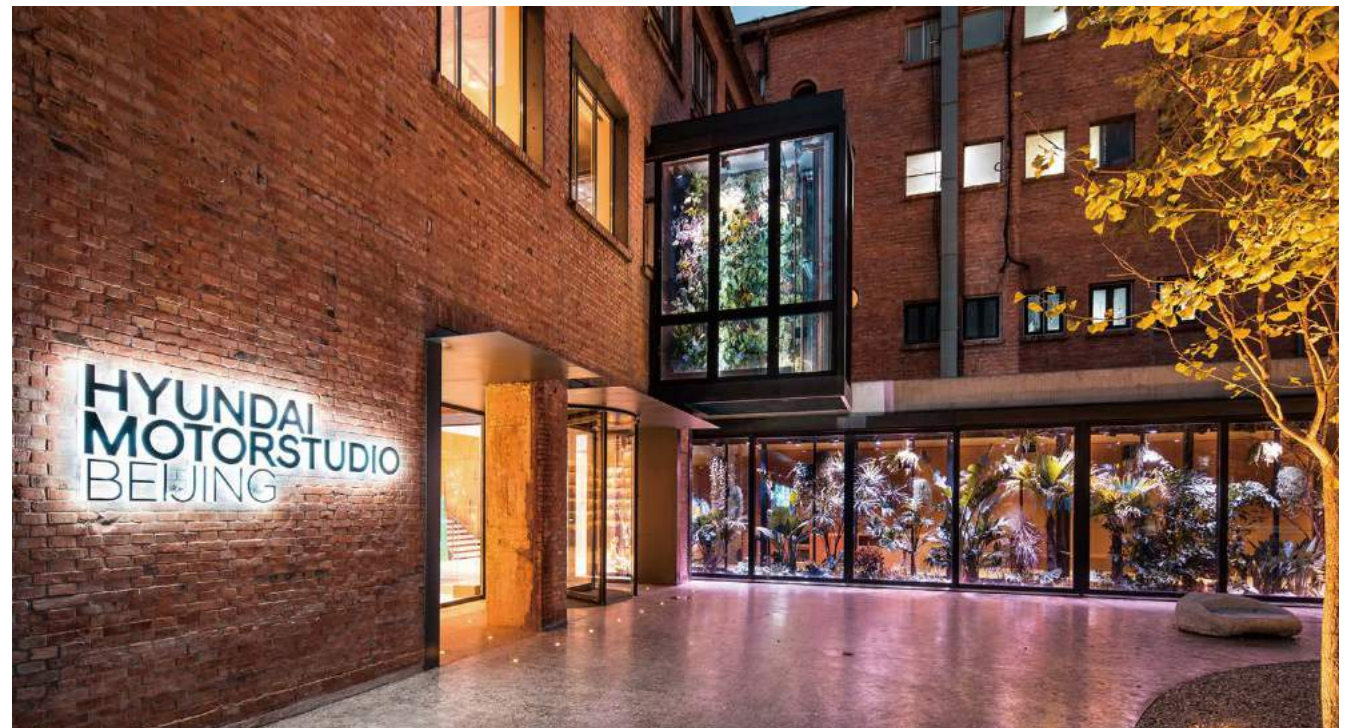
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Service

Launched the 'Sonata Custom Fit', created by customers

The 'Sonata Custom Fit' was created in partnership with our customers through the 'H-Ombudsman' customer communications program, and it was launched in December 2017, and sold for one month. This was the first time in Korea that customers provided ideas for a vehicle that was then actually produced and sold. Approximately 30 customers participated in the overall production process, ranging from key specifications to trim composition and the model name. Basic specifications include a 1.6-liter turbo gasoline engine, rack-type motor-driven power steering, and tuning amplitude selective damper.

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Environment

Promoted the popularization of FCEVs

Hyundai focused on publicizing fuel cell electric vehicles (FCEVs) and related technologies during the 2018 PyeongChang Winter Olympics and Paralympics, as part of our efforts to promote the popularization of FCEVs. We used third-generation FCEV buses as Olympic shuttle buses, showcasing their substantially improved driving distances and charging times, the air purification function, and safety features, including fatigue prevention. We also provided visitors with the opportunity to experience autonomous driving in the 'Nexo' FCEV. By offering test-drives of the Nexo, which is equipped with Hyundai's advanced autonomous driving technologies as well as air purification and other eco-friendly functions, we were able to publicize not only our own technological prowess, but also the whole concept of FCEVs.

In addition, we operated the 'Pavilion', a hydrogen energy experience hall, for visitors to the stadiums throughout the Winter Olympics. Visitors were able to experience a new future of unlimited possibilities that FCEVs are helping to bring about at the 'WATER Hall', which showed the potential of hydrogen, and the 'HYDROGEN Hall', where people experienced FCEV technologies.

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Expanded the visiting EV charging service to nationwide

In Korea, our visiting charging service for electric vehicles (EV) was expanded to cover entire nation. In the event of an emergency, such as a discharge of electricity while driving, our staff goes directly to the site and takes necessary measures. This service was previously available only in Seoul, but, with vehicles now in operation nationwide, we have expanded coverage to entire nation. The visiting EV charging service can be used for free four times a year for five years, and a single charge enables around 44km¹⁾ of travel.

¹⁾ Based on the IONIQ EV

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Collaboration

Raised funds for tier 2 and 3 suppliers to provided support for smart factories

We believe that the growth of automotive parts companies is vital to the competitiveness of automobile companies, and we are therefore unsparing in support of our suppliers as they seek to improve their competitiveness. In 2017, we provided KRW 50 billion to around 5,000 automotive parts companies in order to build a win-win cooperation system with tier 2 and 3 suppliers. In addition, we created a supplier-only loan program of approximately KRW 100 billion, and helped suppliers ease the burden of their labor costs due to the minimum hourly wage rise.²⁾ We will also support around 650 small and medium-sized enterprises (SMEs) to convert their production process into a 'smart factory' from 2015 to 2019 as part of the industry innovation campaign. As of now, 344 SMEs have introduced smart plants thanks to our support, and they have made an average of 45.4% improvements to their key performance index, such as productivity, quality, cost, delivery, safety, environment and management.

²⁾ Based on the performance of Hyundai Motor Group

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People

Achieved “zero” fatal accidents at all business sites by the safety-first management

Our safety goal for 2017 was to achieve “zero” fatal accidents at all our business sites across the globe. In particular, we focused on spreading a safety culture by strengthening safety leadership at the company level, setting Nine Safety Golden Rules, and revising safety key performance indicators (KPIs). As a result of the safety-first management, we achieved zero fatal accidents at all of our production sites around the world.

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Enhanced Hyundai’s employment brand value and customer experiences using H-Career Fair and Job Fair

Hyundai hosts the H-Career Fair and Job Fair at the Hyundai Motorstudio to enhance our employment brand value while also providing distinctive customer experiences. In addition to offline event, we have been using social media live broadcasting to reach out more applicants who were not able to attend onsite, and thus provide them with rich content, including information regarding our recruitment system and job duties, as well as dialogues with Hyundai staff.

[Recruiting website of Hyundai Motor Company](#)

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- 1 Mallang Street Mural Alley Project
- 2 Beautiful Hands



Making the old hillside Balsan Village in Gwangju to be young!



Making the walls of Seoul beautiful - Hyundai's 'Beautiful Hands'

Community

Urban regeneration to re-vitalize local communities

Hyundai has been conducting diverse urban and regional regeneration projects for local communities that are relatively alienated and are becoming dilapidated due to reckless redevelopment and reconstruction. We have joined hands with social enterprises, local residents, and young activists to revitalize Balsan Village in Gwangju which has been suffered from the inner city decline. The ‘Youth Balsan Village Project’ aims to make improvements to design, people, and culture, so that we carried out a color art design project to attract tourists while remodeling deserted houses into a business space for youths. In addition, we have been helping village residents improve their financial conditions through the Balsan Marketplace and cultural experience projects.

Hyundai’s Ulsan Plant has launched the ‘Mallang Street Mural Alley Project’ in partnership with local communities. This urban regeneration project is to improve urban aesthetics by encouraging staff, local residents and young people who are majoring in art to decorate old alleyways near Hyundai’s business sites with murals. The project name ‘Mallang Street’ is derived from a regional dialect that refers to the summit of a mountain. This project, based on close cooperation with the local community, is expected to become a leading model of local urban regeneration, improving the environment while maintaining the existing appearance of a village.

In addition, Hyundai has been implementing the ‘Beautiful Hands’ project to regenerate old spaces in Seoul since 2014, two times a year. In September 2017, Beautiful Hands came to Yeouido Park in Seoul at the same time as the Seoul Garden Show was being held. Our staff and undergraduate PR ambassadors created a Hyundai Park based on the concept of a board game. They also set up a large-scale installation art wall, and communicated the company’s commitment to environmental preservation by encouraging citizens to become interested in rare animals and plants.

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FUTURE Mobility

Connected, shared and open

We pursue a future mobility for all in which freedom in movement will free even our thoughts.

In the era of fusion and connectivity, automobiles evolve into the center of our lives. At the center of change lies the future mobility Hyundai pursues.

We study how people move, how they spend their time, and what kind of life they want. As they move to where they want to be without burdening their societies and the environment, our lives become more pleasant and safer. As a lifetime partner, we will be the first to realize the future mobility.

Related core issue: Customer safety and health

● Social Interest: 1st ● **Business Impact: 3rd**

📄 P. 54-56

CSV perspectives for the efforts to win the future mobility market

Hyundai Value	+	Social Value
Secure future growth drivers		Offer customers better mobility services
Secure technological advantage in the global automobile market		Improve mobility options for the mobility impaired
Increase product safety and convenience		Prevent traffic accidents and reduce air pollutants
Grow through open innovation-based collaboration		Support innovative start-ups



Connecting today to tomorrow

Automobiles, once filled with technologies, become a work and living space. Connected to more things, they will function as a life hub. The work space inside an automobile enhances work efficiencies and keeps children busy with its slew of things to play with. Even the old and infirm go for a safe and stress-less ride. With a creative mindset like no other, a technology approach that puts people first, and a willingness to collaborate with others for greater growth, Hyundai leads in connected car technology.

Setting milestones of future mobility

Hyundai continues to expand its investment in and support for the development of connected cars. Having set up an auto cloud system years ago, we have been developing our own connected car operating system (ccOS), which seamlessly processes all types of data generated within the automobile. In 2017, in particular, by opening our first global big data center in China, we established a system of strategic collaboration with global leaders in networking, cyber security, telecommunication and Internet of Things (IoT). Moreover, in January 2018, in collaboration with the autonomous driving tech firm Aurora, we introduced a 'Roadmap on Commercialization of New Autonomous Driving', a plan to commercialize Level 4 High Automation¹⁾ autonomous driving technology in the smart city by 2021, at the Consumer Electronics Show (CES) 2018.

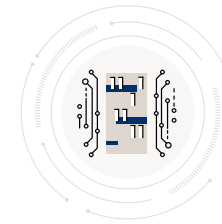
In addition, we have been enhancing our complete advantage in the connected car technology for fuel cell electric vehicles (FCEVs). In 2015, we have obtained the license to self-drive Tucson FCEVs from the state of Nevada in the U.S., and we also obtained Korea's first license to test-drive self-driving vehicles in 2016. Furthermore, we have continued to make

¹⁾ Fully-automated based on Society of Automotive Engineers (SAE) standard

our investment in related infrastructure and R&D projects in Korea and the U.S. As a result, in February 2018, we became the world's first to succeed in the autonomous driving of FCEVs on the highway.

Experiencing the auto life of tomorrow today

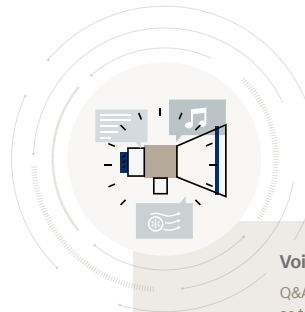
Hyundai has introduced a future automobile that has become a reality beyond our imagination. At the CES 2018, we unveiled the 'Intelligent Personal Cockpit' that features voice-recognition assistance, wellness care services, an automobile personalization technology, and other artificial intelligence-based technologies. At the 2017 Seoul Motor Show, we visualized IoT services of the future. With these as starting points, we plan to debut in Hyundai vehicles a 'Home-to-Car' service, which enables control of automobiles from the outside, from 2018, and a 'Car-to-Home' service, control of the living space from the car, from 2019. In the era of the Fourth Industrial Revolution in which the landscape of industry and science will go through a fundamental change, our connected cars will overpass the existing boundary of roles given to automobiles and move into the living and other spaces never imagined before.



Wellness care service

Measure and analyze the driver's bio-signals through radar sensors embedded in the wellness care seat and fiber electrodes on the steering wheel, and offers features of convenience tailored to the driver's conditions

Intelligent Personal Cockpit



Voice-recognition assistance service

Q&A services related to auto controls and functions, such as text message exchange; search of addresses and other places of the driver's interest; search and play of music by artist, album or genre; weather information and schedule management; and control of A/C, sunroof and door locks



Automobile personalization technology

Create "my own space" inside the car by greeting the driver and riders based on the information of preferences input prior to driving, by suggesting seat configurations appropriate to their individual height, and by changing the inside light to the color of their choice



Acoustic user interaction

Open the driver side door at a door knock by an authorized person based on the recognition of the driver or riders

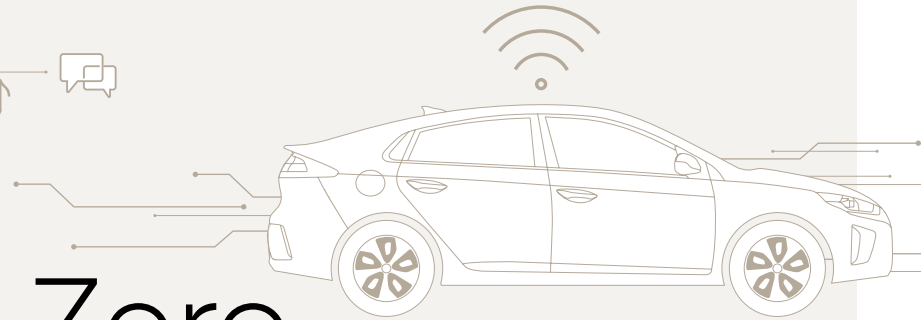
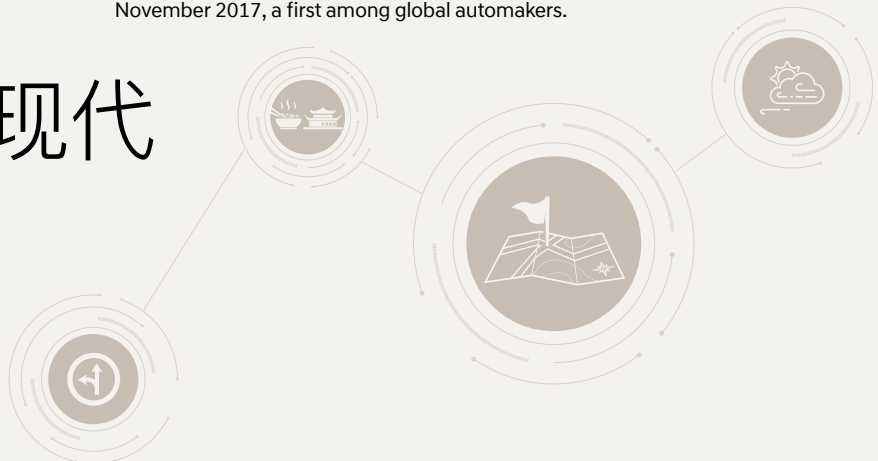
New Roles of Cars



Intelligent Personal Agent

Just say “Hi, Hyundai” and a smart assistance will be ready to serve you. At the CES 2018, Hyundai introduced the voice recognition and AI technologies developed jointly with SoundHound, a Silicon Valley start-up of the U.S. Upon the hearing of users’ voice commands or questions, the AI server either controls the auto or provides most relevant information. Also, we are working with China’s Internet tech giant Baidu on a connected car equipped with a navigation system, ‘Baidu MapAuto’, and a conversation voice recognition system, ‘DuerOS’. These systems, which offer not only real-time traffic information but also other big data-based diverse and useful information, have been applied to Hyundai vehicles since November 2017, a first among global automakers.

你好
北京现代



Zero

Accident-free, Emission-free, Smart Driver

Hyundai succeeded in the challenge of setting new records as did many of the athletes at the PyeongChang 2018 Olympic Winter Games. In February 2018, we successfully completed the 190 km accident-free self-driving of an emission-free FCEV on the highway linking Seoul to PyeongChang. FCEV is ideal for long-hour autonomous driving for its ability to produce electricity. In addition, its 5G network-based rear-seat entertainment system enables riders to check and control the IoTs of their living space and enjoy the riding experience for hours. By succeeding in the real-situation autonomous driving test without an accident Hyundai has demonstrated that our three future mobility visions, ‘Connected Mobility’, ‘Freedom in Mobility’ and ‘Clean Mobility’ are closer to reality than ever before.

Hyundai Autonomous Fuel Cell Electric Vehicle Long-range Drive



Shaping the future of shared mobility

Sharing economy, which encompasses both profit pursuit and social value creation, has been emerging as a new alternative in corporate management, in order to solve inequality, polarization, and other issues of capitalism. In step with this rising trend, Hyundai has been increasing investment in companies of the sharing economy, expanding our market presence. Going beyond the limits of corporate social responsibility (CSR) into the dynamic realm of creating shared value (CSV), we are opening a new future of compassionate capitalism.



Car-sharing – setting a new standard in the sharing economy

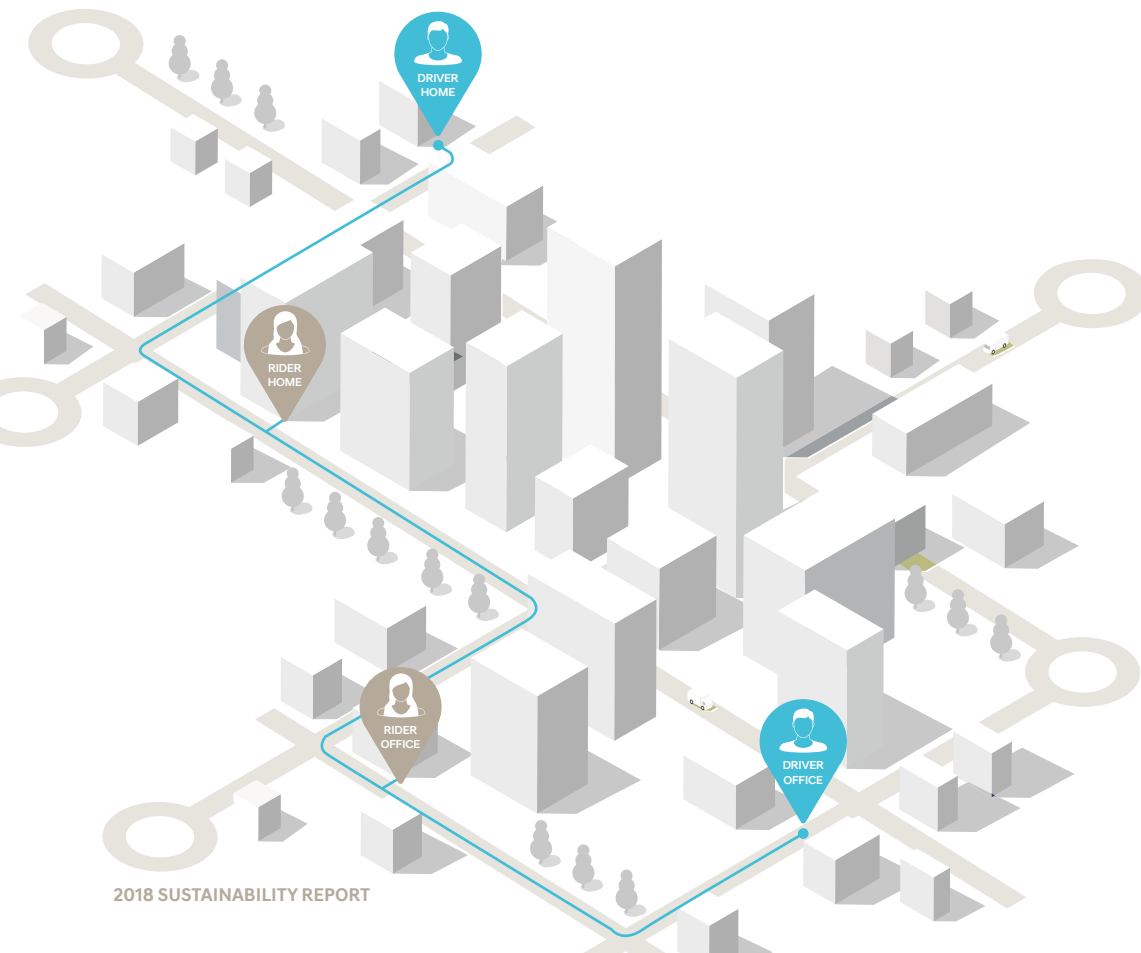
In the sharing economy which allows us to consume goods without owing them, we can enjoy more goods. More than anything else, mobility services have been growing as one of the most ideal business models of the sharing economy. Accordingly, global automakers are building platforms for sharing economic business through smartphone app-based car-sharing and hailing services.

According to Goldman Sachs, the global car-sharing market will grow from USD 36 billion in 2017 to USD 285 billion by 2030, an eightfold increase. This means that the number of auto buyers will decrease while the number of cars sold for sharing will rise. In another word, automakers must make substantial inroads into the car-sharing market in order to secure a position to win the future market and attract potential customers.

As a global automobile company, Hyundai has been developing a keen interest in the sharing economy. In addition, we have been searching for ways to create value of coexistence and innovation within the economy. Having launched 'Deal Car', a car-sharing service, in 2017 with Hyundai Capital, we also conducted a joint marketing campaign with 'GreenCar', a car-

sharing company, promoting free rides of the compact SUV Kona.

Throughout Germany run Hyundai's fuel cell electric vehicles (FCEV). In 2016, we supplied 50 Tucson ix35 models to 'BeeZero', the world's first FCEV sharing service operated by the Linde Group of Germany in the city of Munich. By bringing together zero emission vehicles and car-sharing, which is the major trend in the automobile industry, we have introduced a new concept of eco-friendly transportation. In Netherland, the IONIQ electric vehicle (EV) sharing service was launched in October 2017, while the similar service is under way in the U.S. In 2018, a strategic investment decision was made with regard to Grab, a leading car-sharing company in Southeast Asia, where the car-sharing market is growing at a rapid rate on the back of fast-expanding O2O (online to offline) services. While helping maximize the growth potential of auto markets through its Grab investment, Hyundai plans to gain growth momentum in the southeast Asian market, and go a step further toward solidifying its global market position by contributing to the growth of future mobility services as well as the sharing economy.





Official website of IONIQ Electric car-sharing service in Amsterdam



By using car-sharing services, people can save on car maintenance costs, while helping solve emissions, noise, traffic congestion and other environmental and social issues. We seek the most efficient way of mobility not only for people but also for the environment by accelerating our innovation in the car-sharing service.

Setting a new trend in urban life in Amsterdam

In October 2017, Hyundai launched an EV-only car-sharing service using the IONIQ Electric in Europe. IONIQ EVs are available for rent from one minute minimum to seven days maximum for those who have signed up for the service through the app and website, and can be dropped at numerous return centers located throughout Amsterdam.

For its one-time charge range of 280 km, the IONIQ Electric is ideal for the whole country of Netherland. Also, a total of around 2,200 EV charging stations are set up nationwide, making it one of the best in terms of EV infrastructure. In addition to this extensive network, we also plan to provide a mobile rapid charging service that covers up to 100 IONIQ EVs of the car-sharing service in a bid to further enhance customers' convenience.

Sharing economy is a new economic model that interconnects people and facilitates sharing and communicating among them. As it helps reduce auto-related costs and eliminates the pressure of owning a car, car-sharing enjoys a rising popularity throughout the world in general, and in major European cities in particular, among people who are interested in the efficiency and convenience of transportation. As our EV-only car-sharing service brings more freedom in mobility to European consumers, we will use this as an opportunity to enhance our corporate image, and thus take a step further to realize our future mobility vision.



I am proud of the fact that we have helped the city of Amsterdam reach its climate change goals through Europe's first EV-only car-sharing service. As we have led the eco-friendly mobility services industry, we will continue to expand the supply of eco-friendly models and keep pace with the fast-changing lifestyles of customers.

Thomas A. Schmid
Chief Operating Officer, Hyundai Motor Europe

Open innovation to open new horizons

When people put into practice their various thoughts, imagination turns into an idea which, in turn, is fused to technology, and thus leading to innovation. To innovate the future mobility where automobiles will evolve into an integral part of our lives, our ideas and collective intelligence need further expansion. As fusion has become the norm these days, Hyundai will strive to open up a new horizon of innovation and create new growth engines by expanding our collaboration with global corporations, start-ups, academic experts and young innovators.

Open innovation to grow together through innovation

Ideas that change the world can also be found outside corporate boundaries. Expert insights about the future set the direction of corporate management and new ways of seeing phenomena launch creative services. This sums up the strengths of “open innovation” which sources technology and ideas that corporations need from outside the company and sharing inside resources, in order to create new services and products.

Launched in July 2016, the Project IONIQ Lab is Hyundai’s research activity most representative of the spirit of open innovation and studies long-term effects of changes in the future mobility on customer lifestyles. In addition to developing future mobility scenarios in collaboration with experts in the futurology, mobility, urban construction, humanities, arts and technology areas, the project supports the company in planning future products and devising strategies.

[▶ Project IONIQ Vision](#)

Open Innovation Center – a cradle of innovation

Start-ups, which are brimming in ideas and passion, will become major driving forces of future innovation in the era of the Fourth Industrial Revolution. To collaborate with these innovative players of great growth potential, Hyundai has been setting up ‘Open Innovation Centers’ in five areas where the ecosystem of start-ups is most active.

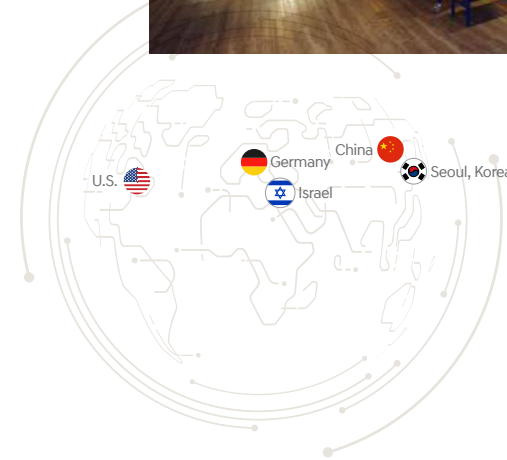
The first one was opened in November, 2017, in the Silicon Valley of the U.S. Named ‘Hyundai CRADLE (Center for Robotic-Augmented Design in Living Experiences)’, this center is built upon the existing ‘Hyundai Ventures’. As its name implies, the center researches artificial intelligence (AI), sensors, data analysis and other robotics-based technologies related to mobility, through open innovation with Silicon Valley start-ups. The conversational voice assistance service debuted at the CES 2018 is the product of innovation jointly developed with SoundHound of the U.S. Back in 2011, Hyundai had started to invest in this start-up with high level of technological capabilities in the voice

recognition, AI, music search and related areas, and began a joint development of auto infotainment systems in 2012. In 2014, a music information search service, the first fruit of joint efforts, was installed on Hyundai vehicles sold in the U.S., and the voice assistance service is scheduled to feature in our products to be released in 2019.

Having opened ‘ZERO1NE’ in Seoul in March 2018, we plan to open additional innovation centers in Berlin of Germany and Beijing of China this year. Also, based on this world-linking network, we will create synergy with start-ups in the long run.



We will help create a world where idea is powered by heightening the value of diverse opinions and rich experiences.



Open innovation center, a cradle of innovation that will lead the Fourth Industrial Revolution and realize the future mobility

FUTURE Energy

Envision, encourage and engineer the future

**What can we do for sustainable future?
Hyundai answers, “Build ultimate eco-friendly vehicles.”**

Hydrogen, a clean and zero-emission energy, is Nature’s gift to humankind. For hydrogen is an energy source for diverse industries and contributes a great deal to creating jobs and solving climate change issues.

We, too, are creating a new future by using hydrogen. Fuel cell electric vehicles (FCEV), an ultimate compilation of next-generation automobile technologies, will validate the unlimited possibility of hydrogen and stand tall as the winner of future technology.

Related core issue: Air emissions

● Social Interest: 3rd ● Business Impact: 5th

[P. 66-68](#)

CSV perspectives for activities and technologies relating to hydrogen – a future energy

Hyundai Value	+	Social Value
Lead the development of hydrogen society		Establish a hydrogen ecosystem
Win and expand the eco-friendly vehicle market		Lead popularization of eco-friendly vehicles
Develop and promote eco-friendly vehicle technology		Respond to climate change



Envision a future of clean mobility

Envisioning a new future for clean mobility

The global eco-friendly vehicle market has been steadily growing. For green cars have been gaining an increasing popularity as a mode of transportation that safeguards both the safety of customers and the future of Earth facing climate change. Though the immediate direction of the market is still unclear amid a rapidly changing and ever-competitive environment, it is clear that eco-friendly vehicles are the future of the global automakers.

To secure the leadership of the eco-friendly vehicle market, Hyundai has established a complete line-up of green cars, ranging from electric vehicle (EV) to plug-in hybrid vehicle (PHEV), hybrid vehicle (HEV), and fuel cell electric vehicle (FCEV). Of these, our HEVs are the world's best in fuel efficiency, while EVs in energy efficiency, attesting to our advanced technology. Tucson FCEV, which set a world record by going into mass production in 2013, has garnered various awards in the global market, proving its technological excellence. In 2015, it became the world's first FCEV to make the 'World's 10 Best Engines' of WardsAuto, a US-based survey specialist, brightening the future of FCEVs led by Hyundai.

We are also thoroughly and proactively responding to the eco-friendly vehicle market emerging on the horizon. While sharpening our competitive edge in types of all eco-friendly cars through accurate market prediction and preemptive acquisition of future auto technology, we are particularly focused on becoming a first mover of the FCEV, the ultimate green vehicle. We are helping create a future where people can breathe only clear air, free of energy concerns.

¹⁾ Certified by the United States Environmental Protection Agency

²⁾ Based on the unit converted to the Korean standard

Complete line-up of eco-friendly cars



HEV



Worlds' best fuel efficiency

- IONIQ HEV
- 58 mpg (24.7 km/L²⁾¹⁾



EV



Worlds' best energy efficiency

- IONIQ EV
- 136 MPGe (57.8 km/L²⁾¹⁾
- Selected as the 'Greenest' car by American Council for an Energy-Efficient Economy (ACEEE)



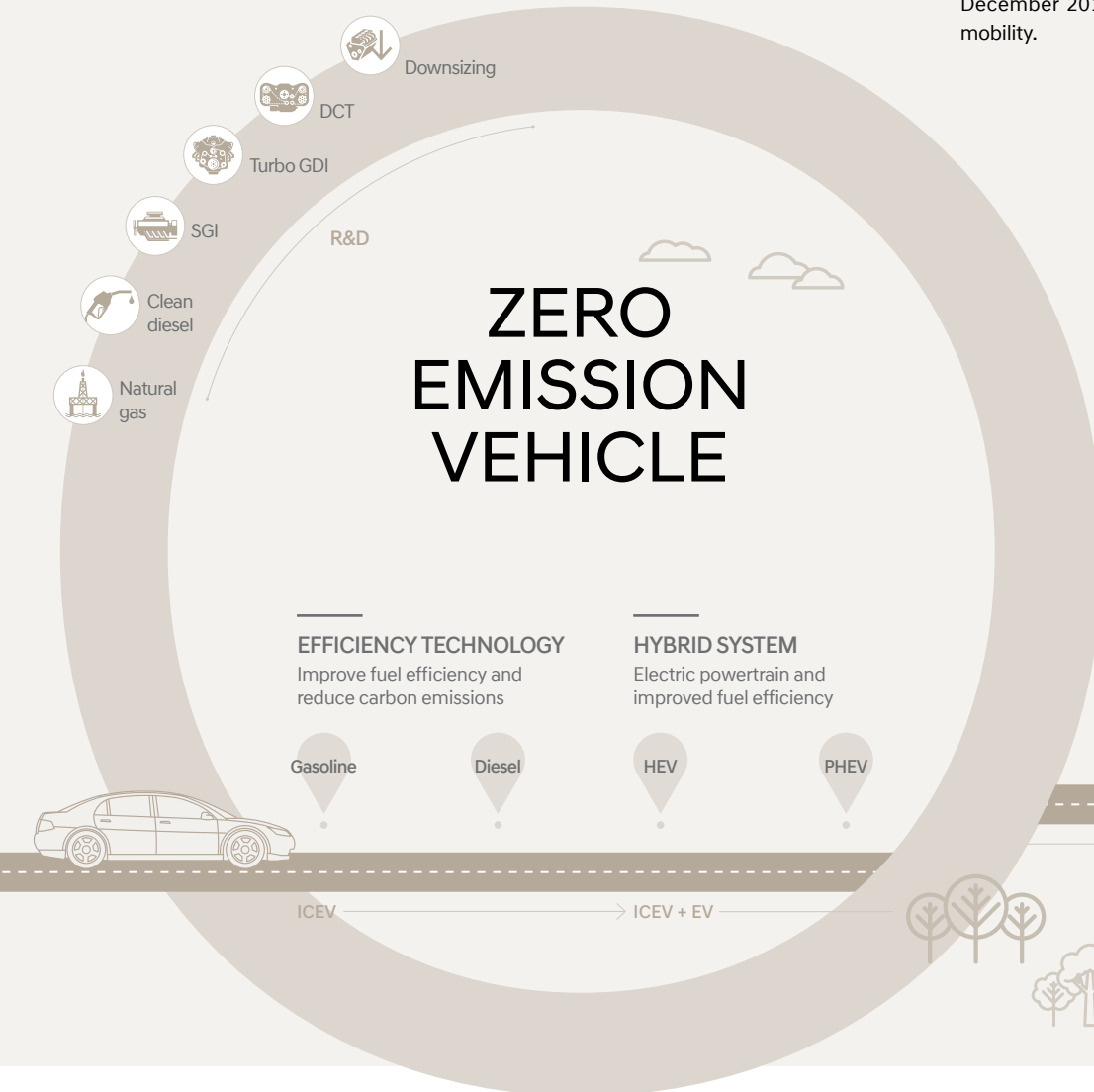
FCEV



World's first mass-production

- Tucson FCEV in 2013

Hyundai Motor Group's roadmap for eco-friendly cars



Proposing a new direction for clean mobility

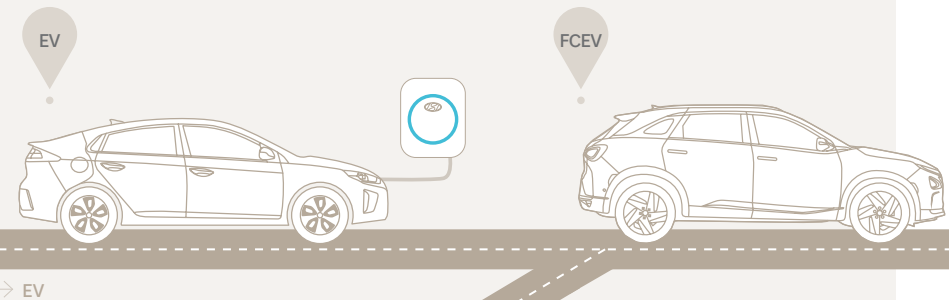
Hyundai offers an increasingly diverse selection of eco-friendly vehicles. To proactively respond to the eco-friendly vehicle market, we have continued to shift our business focus from internal combustion engine vehicles (ICEVs) to zero emission vehicles (ZEV). Also, by unveiling a new roadmap for eco-friendly cars in December 2017, we accelerated our shift into clean mobility.

The newly established roadmap includes a plan to increase the number of eco-friendly vehicle models from 13 as of the end of 2017, to 38 by 2025. The 38 models represent 22 HEVs and PHEVs, 14 EVs, and 2 FCEVs, and thus we will offer customers all types of eco-friendly vehicles ranging from compact cars to large SUVs.

The global eco-friendly vehicle market has been growing at an average 24% over the years on the back of many countries offering the carrot of purchase incentives and the stick of tougher environmental regulations, and is expected to reach 16.27 million units by 2025¹⁾. Though it is not clear to which direction the market will grow, based on our advanced technology and firm commitment to a better tomorrow, we will override the waves of uncertainty and lead the ultimate future of eco-friendly vehicles.

¹⁾ Hyundai's own figure based on the compilation of many institutions' forecasts

CLEAN MOBILITY
Clean energy system





Encourage a clean energy – hydrogen society

The Hydrogen Council – bringing hydrogen society closer to reality

Hydrogen, a clean energy that arises from and returns to water. Facing depleting fossil fuels and multiplying environmental pollutants, humankind has dreamed of a society thriving on hydrogen energy. According a roadmap to the hydrogen economy provided by the global consulting firm McKinsey & Company, hydrogen-related industries will be worth USD 2.5 trillion by 2050, employing over 30 million people, as hydrogen fuels the growth not only of electricity production and storage but also of transportation, building, industrial raw materials and other upstream and downstream industries.

Of these, we will focus on the transportation sector in an effort to bring the hydrogen society closer to reality. In November 2017, Hyundai has been chosen as the chair company of the Hydrogen Council, thereby taking the lead in realizing the global hydrogen society. The Hydrogen Council is a global consultative body formed

by companies from automobile and energy industries to fulfill the goals of the 2015 Paris Agreement through development of hydrogen energy. Through collaboration with Air Liquide, the Council's co-chair company, and other member companies, we will push forward diverse efforts to bring the hydrogen society closer to reality.

For example, as the representative of the Hydrogen Council, Hyundai has taken part in the Clean Energy Ministerial, a global forum of high-level government officials in charge of energy issues of many countries, and contributed to the launch of a global joint R&D project promoting the use of hydrogen energy. In addition, as a joint chair company of the council, we are coordinating collaborations among international energy institutions in order to make hydrogen part of the global agenda.

 [Official website of the Hydrogen Council](#)

Hydrogen Electric House – a window to the hydrogen society of tomorrow

In the near future where hydrogen energy is available in our daily lives, FCEVs also will function as a power plant on the go. Every time 'Nexo' is charged, the FCEV produces 70kw of electricity, enough to power a four-member family for 10 days. The electricity generated during the charging of FCEVs can power household electronic goods, and the water produced as a byproduct can be used as residential water.

Hyundai opened a 'Hydrogen Electric House' in Seoul in 2017 and another one in Ulsan in 2018, to promote FCEVs as clean energy sources as well as eco-friendly transportation. As customers glimpse a future of zero-emission energy in a house powered by the energy from green automobiles, they have a better understanding of what a hydrogen society will be like and look forward to its coming.

“ Conversion to a carbon-less hydrogen energy system is essential to the successful implementation of the Paris Agreement. As the chair company of the Hydrogen Council, Hyundai will exert efforts to put hydrogen energy on the national agenda for climate action.

Woong Chul Yang
Vice Chairman at Hyundai Motor Company



Hydrogen Electric House





Each FCEV purifies air, enough for two adults for a year



Driving range of 609 km by a single charge



Short charging time which takes around three to five minutes



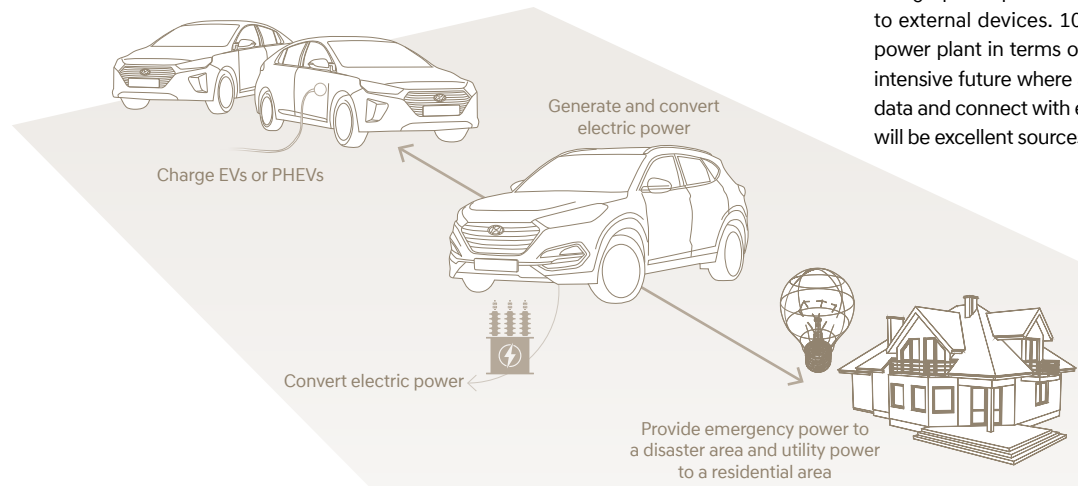
Can be used as a utility power generator

FCEV – an air purifier on wheels

FCEVs are useful either running or idling on the street. FCEVs use the most eco-friendly and economical fuel, such as a byproduct hydrogen discharged from chemical plants and a hydrogen produced through steam methane reformation. The only thing that is emitted by the FCEV is water (H₂O) as it uses oxygen and hydrogen to produce electricity to run on. Also, in the process of producing electricity, a high-performance air filter is used to generate an oxygen of high purity, purifying in the process the air we breathe in. As FCEVs can filter out 99.9% of very fine dust (PM2.5), they are often called an “air purifier on wheels”.

Hyundai’s Nexo FCEV, launched in 2018, has overcome many practical issues that had long been thought as limits to FCEVs. A smaller battery is used, and though a hydrogen tank is put in place of the fuel tank, a storage space is maintained similar in size to that of vehicles with the internal combustion engines of the same horse power. Also secured is a driving range of 609 km (domestically certified), the best among all FCEVs currently available in the market. Hydrogen charging time is three to five minutes, similar to the time it takes to fuel conventional ICEVs.

Engineer a clean future – zero emission vehicle



Being a power plant on the go, FCEVs can supply electricity to external devices. 100,000 FCEVs match one nuclear power plant in terms of power generation. In an energy-intensive future where automobiles effortlessly exchange data and connect with each other while self-driving, FCEV will be excellent sources of electricity.



The Nexo is Hyundai's first FCEV-dedicated model equipped with our exclusive hydrogen fuel cell technology as well as a technological flagship model compiled of the company's superior technological prowess in electric motor parts. Through the Nexo, one can glimpse future mobility today.

Ki Sang Lee

Senior Vice President at Hyundai Motor Company
From the speech at the CES 2018

NEXO – a first mover of the FCEV

A smart transportation, an air purifier on wheels, and a personal power plant – all these are assembled in a vehicle by the advanced technology of Hyundai. As a follow-up to the August 2017 roll-out of a next-generation FCEV, we introduced the Nexo to the world in January at the CES 2018. Meaning 'spirit of water' in ancient German and 'fusion' in Latin and Spanish, Hyundai Nexo completely embodies the characteristics of FCEVs which produce energy and water through the fusion of oxygen and hydrogen.

It is a futuristic SUV compiled of new fuel cell system technology, advanced driver assistance systems (ADAS) and other future technologies, embodying Hyundai's three mobility visions¹⁾. In addition, true to our eco-friendly vehicle development philosophy of high energy efficiency without a loss of power, the Nexo delivers a better power

performance and fuel efficiency than ICEVs of the same class – its most prominent feature and strength. Moreover, its aerodynamic design and use of bio-based interior materials, certified by Underwriters Laboratories (UL), clearly show why the Nexo is an automobile representing the future we dream of.

When many companies were vacillating over technical limitations, Hyundai focused on popularizing FCEVs for we have been confident that the future will be in need of a clean and efficient energy. The FCEV market has now opened. Believing that hydrogen technology will sweepingly solve the problems of humankind and Earth, as the first mover of the FCEV, Hyundai will advance toward the future driving the vehicle that will fuel the world.

¹⁾ Connected Mobility, Freedom in Mobility, Clean Mobility



Steering clear of traditional auto design practices, we have designed everything anew, from top to bottom. In particular, we focused on developing a futuristic design that would stand out and at the same time, complement FCEVs.

Luc Donckerwolke

Executive Vice President at Hyundai Motor Company
From the speech at the CES 2018



FUTURE Generation

Our ability to drive positive change to communities worldwide.

We make unified efforts to be positive force for future generation.

The future of the human race looks brighter when the future generation realizes their dreams and local communities solve their problems.

We will be a trustworthy partner for our society along the journey ahead. The capabilities we have accumulated as a global automaker and the passions developed as a global corporate citizen will form the basis upon which the future generation develops their dreams in all local communities across the globe.

Related core issue: Social contributions

● Social Interest: 5th ● **Business Impact: 10th**

[P. 99-108](#)

CSV perspectives for social contribution activities for the future generation

Hyundai Value	+	Social Value
Enhance the image as a model corporate citizen		Contribute to health development of local communities
Leverage capabilities as a global automaker		Improve the convenience of the mobility impaired
Secure outstanding talents for future and expand potential customers		Foster and support future talents



Sincerity

To fight for hope



Hope on Wheels – delivering hope to little heroes fighting pediatric cancers

Launched in 1998, ‘Hyundai Hope on Wheels’ is our leading social contribution program helping the fight against pediatric cancers. The program’s donation comprises contributions of Hyundai Motors America’s (HMA) auto dealers pitching in a certain amount every time they sell a new car and of HMA matching the dealers’ share. Over the last 20 years, participated by around 830 dealers throughout the country, the program has donated a total of USD 145 million to more than 200 pediatric cancer hospitals and research centers¹⁾. In addition to donation, through social media and portal site advertising, fundraising and charity activity, the program promotes pediatric cancer awareness and donation. All activities of the program are recorded in the Congressional Record of the United States every year.

The road is paved by Hyundai, but it is the dealers who have chosen it. The small drops of individual participations collect into a torrent of social change. And when efforts of true sincerity long continue, the resultant hope will double in power. We will therefore continue to help little heroes triumph over their cancers.

¹⁾ As of the end of June 2018



Hope Detector spreading gentle yet deep inspirations

During the 2018 National Football League Super Bowl championship match, Hyundai ran a commercial based on a Hope on Wheels story. Viewed by millions tuned into the biggest US sports festival, the commercial touched a number of hearts by celebrating true winners of the most important fight of their lives without showing a car.



[Official website of Hyundai Hope on Wheels](#)

[Official Facebook page of Hyundai Hope on Wheels](#)



Hyundai has been earning respect from many Americans not only through its business success but, more importantly, through its proactive social contributions.

Ho Young Ahn, Korean Ambassador to the U.S.

From the speech at a 2017 U.S. Congressional event held to promote pediatric cancer awareness



Pediatric cancer is a terrible disease that impacts far too many kids each year and robs them of their youth. As part of our efforts to help children, who stand for our future, Hyundai and its dealers have been taking active part in the fight against this disease since 1998.

An officer of Hyundai Motor America

Creativity

To build a better society



H-Social Creator – an innovative idea for a better world

‘H-Social Creator’ is a program developed in 2015 to encourage young social innovators to take active part in social innovation. By supporting college students’ development of creative ideas of how to solve social problems, the program aims to make positive impacts on society for the better.

In 2017, after a starting ceremony in May, the program began to build up basic competencies through workshops and design camps. In October, the ‘H-Ombudsman Presentation’ was held at which participants presented the social innovation ideas they had developed for months. The presentation was significant in that the H-Social Creators met in person ‘H-Ombudsmen’ who are tasked with setting things straight in the interest of Hyundai.

Turning the problems we face today into social issues to be solved by communities and viewing the world from a perspective unlike any other are future leaders of our society as well as customers of Hyundai. Together with H-Social Creators, Hyundai will continue to pursue better ways to sustain our society. The H-Social Creator class of 2018 plans to write new growth dramas on issues related to four social impacts – invigoration of eco-friendliness, participation of the growing generation, support for culture and art, and improving of traffic safety.

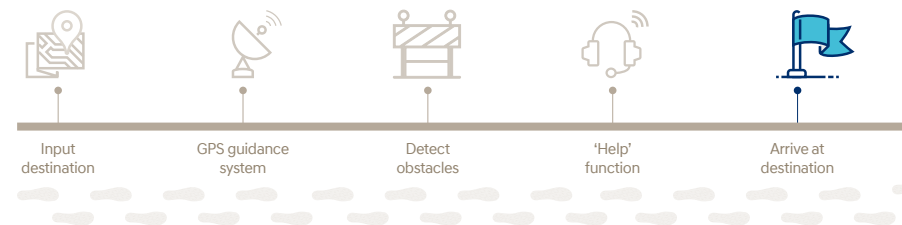


‘Able Road’ helping the blind navigate street obstacles, created by Able Move

Big city sidewalks, as well as roads, are littered with obstacles that can pose a serious threat to the safety of sight-challenged pedestrians. ‘Able Road’ pedestrian navigation system therefore has been developed to help the blind navigate big city streets without worries. Based on Hyundai’s advanced driver assistance system (ADAS) technologies, Able Road detects nearby obstacles and helps the user avoid them by making sounds.

How Able Road works

ADAS-based pedestrian navigation system for the visually impaired





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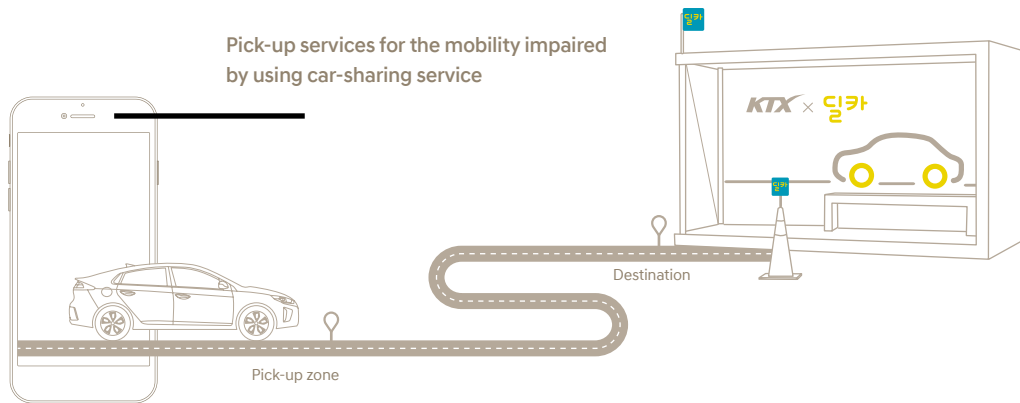
I believe small yet refreshing ideas of young social innovators together can contribute to solve problems facing our society. By suggesting ideas that can lead to beautiful changes in the world, I will do my best to help create value that has a positive and pervasive effect.

Ka Eun Paek
H-Social Creator, 4th Class

“

I have received positive influences through H-Social Creator activities. In particular, I have realized that self-growth begins with challenging myself to a goal, based on which I have grown a lot. I hope to challenge myself and other young creators together to the task of guiding our society toward a better future.

Yoon Jo Chung
H-Social Creator, 3rd Class



Pick-up services for the mobility impaired by using car-sharing service

‘DELIGHT’ offering freedom of movement to the disabled created by Zero-Back

This ride share program got its idea from the fact that Korea has only one wheelchair-accessible taxi per every 200 disabled people. The idea has become viable by bringing in customers of Hyundai Capital's delivery car-sharing service 'Deal Car' willing to pick up disabled people being along the same routes as their movements. In addition to providing freedom of movement to the disabled, the program awards the drivers rental discount and other benefits.



Ingenuity

To connect today and tomorrow



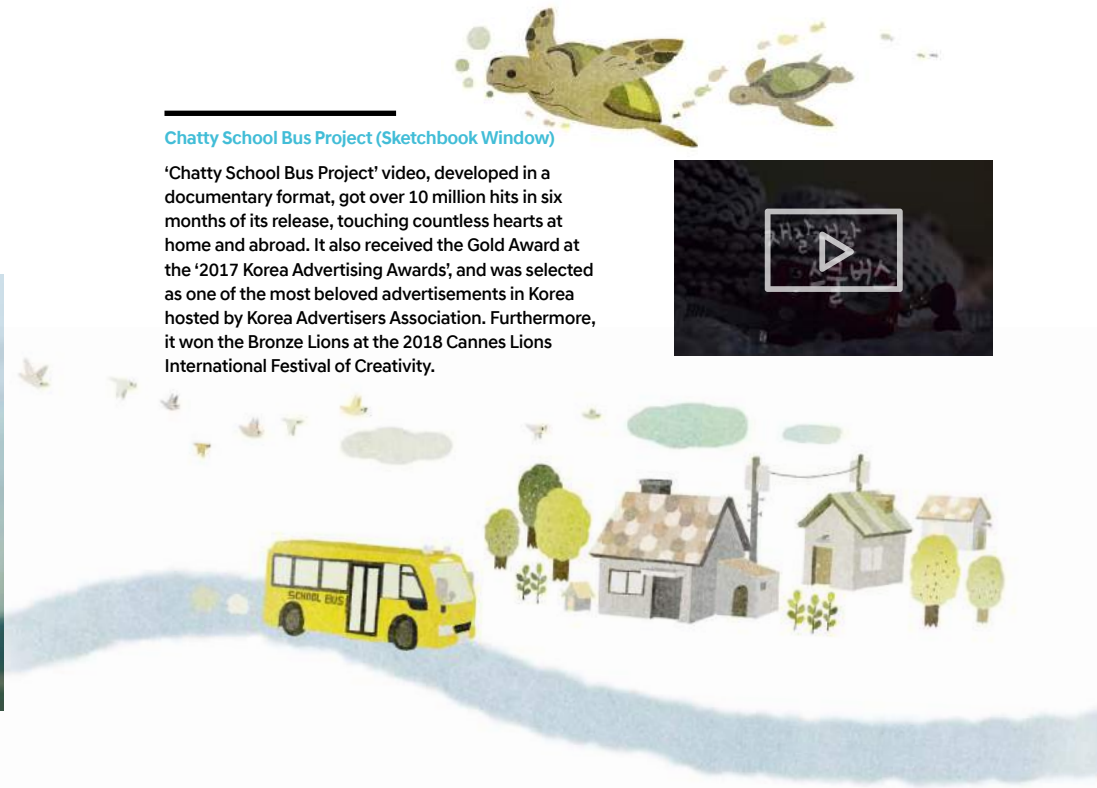
Chatty School Bus – a technology of happiness, Sketchbook Window

It is 64 km between the city of Cheong-ju and Chung-ju Sungsim School – the distance many students travel to the school for the hearing-impaired. Four hours a day, the students, all seat-belted, would endure the numbing boredom of watching the same street scenery pass by outside the window day after day in silence. Until one day Hyundai installed a new technology on the bus. When we heard about the news of this sad sight, Hyundai knew that ‘Sketchbook Window’, a digital drawing and sketching program grand-prized at the 2016 Hyundai Motors Group R&D Idea Festival, was the right one for the students. The program fogs up bus windows when its barometer sensor senses human breaths, allowing the students to draw pictures on the windows, and save them on the linked cloud server, or send them wirelessly. The hearing-impaired students are the first recipient of this technology, which is sure to be an infotainment hit of the connected car.

These days, Suk-hoon looks forward to going to school. Yea-rim, too, says she is happy to be able to send her dad birthday draws. Eun-ju wants to become a developer of cool technologies someday. For it can nurture wonderful memories and help foster limitless imagination, Sketchbook Window is a technology that warms hearts.

Chatty School Bus Project (Sketchbook Window)

‘Chatty School Bus Project’ video, developed in a documentary format, got over 10 million hits in six months of its release, touching countless hearts at home and abroad. It also received the Gold Award at the ‘2017 Korea Advertising Awards’, and was selected as one of the most beloved advertisements in Korea hosted by Korea Advertisers Association. Furthermore, it won the Bronze Lions at the 2018 Cannes Lions International Festival of Creativity.



“

Technology may change our lives beyond our imagination, but can never override people. This is the reason why we first thought of children with hearing disability when we were developing the application of Sketchbook Window technology. Because we had the objective – technology that makes children happy – we believe we were able to succeed in developing the technology.



**So Young Kim, Min Young Yoon,
Ji Won Yun, Seung Ho Jeong,
Chung Hoon Cho**

Research Engineers at Namyang R&D Center of Hyundai Motor Company

Safety

Towards zero traffic accidents



Safety is the foremost of values we pursue. To help our dear future generation have fun learning and practicing it, we will keep our expectations and pace at their level.



Traffic safety campaign for kids as fun to learn as a play

Safety is the value that should not be compromised in any circumstance and one of the foremost values Hyundai pursues. This is why we conduct many types of traffic safety education and training for the future generation in local communities across the globe. In particular, to help children enjoy learning traffic safety, we have developed the 'Traffic Safety Stories with Robocar Poli', an animated road safety education campaign to be shared through various online and offline activities.

In Korea, we have been offering traffic safety-related education and experience programs since 2010 by using the 'Robocar Poli' character. In 2017, we opened 'Hyundai Poli Traffic Safety Playground', a year-round experience space. Designed for children to play traffic safety together with their parents, the playground helps children learn that traffic safety is not difficult or boring but fun and easy to learn and apply to their daily lives by offering educational and entertaining programs tailored to children's curiosity and cognition levels.

In China, 'Hyundai Kids Traffic Safety Zone' is under way. In 2017, a traffic safety space based on Robocar Poli contents was opened as a pilot program at three car dealer branches of Beijing Hyundai Motor Company (BHMC) and Beijing Zingxian Motor Safeguard Service. Around 60 Korean and Chinese college students participated as volunteers to teach children on traffic safety at the opening ceremony, thereby making the event more meaningful. By expanding the program to include Taiwan and conducting it in link with our social contribution programs in China, we aim to launch a traffic safety campaign for Chinese children across the Greater China region, and thus endear the Hyundai brand image to the Chinese public.

Robocar Poli with Hyundai Motor Company



Sustainability

To drive resilience and prosperity



Global CSV activities dreaming of sustainable future

Dream Village Project in India – improving a village environment for a better life

The sound of children running through the alleyways is delightful. Drinking water is now available and what used to be dilapidated buildings are made new. Moms and dads are working again and schools are filled with sounds of learning. These are some of the delightful changes brought by the Dream Village Project.

Since 2010, Hyundai Motor India (HMI) has been carrying out Dream Village Project to improve a village environment in the Chennai region where HMI is based. The company has been repairing school facilities, improving the water quality of a village pond to lessen the problems of limited drinking water supplies that had plagued village people for years, and supporting small entrepreneurs in the hope of steering the whole village in the direction of economic independence. In particular, by offering diverse economic opportunities to women, the illiterate and other socially marginalized people, HMI supports the village's sustainable growth. The Dream Village Project is one of our global social contribution activities through which we envision the self-reliance of, and coexistence with local communities.



▶ Dream Village Project in India



To take the first step of dreaming a future is to live today. By shouldering some of what local communities have long carried on themselves, we seek to become a good neighbor they love and respect.



▶ Providing Drinking Water Project in the Philippines



Providing Drinking Water Project in the Philippines – a miracle made of rainwater

A loud downpour of rain quenches the thirst not only of the field but also of village people. It is the miracle made of rainwater and also made possible by the efforts and passion Hyundai has exerted for the sake of global local communities.

In 2017, we launched a providing drinking water project to solve water shortage problems that had long agonized people of the Tandang Kutyo village in the Tanay autonomous region of the Philippines. Situated 70 km southwest of the nation's capital, Manila, the village is isolated from government-run infrastructure systems so that it has no running water. Wells, streams, underground water and other water sources of the village are too polluted that getting water safe enough to drink was a daily challenge for village people. By constructing a 60-ton water tank equipped with a rainwater purification system, Hyundai has helped secure drinking water for the village. In addition, through collaboration with a group of experts and an NGO, we have been providing education, consulting and infrastructure supports. Going forward, we plan to continue our support to help the village operate and build up the project facilities into a sustainable water circulation system.



ANNUAL PERFORMANCE

In 2017, Hyundai Motor Company strived to overcome uncertainties in the global automobile market and developing future growth drivers based on the experience and expertise we have accumulated over the last 50 years. We also focused on establishing transparent and advanced corporate governance, and ensuring outstanding company management. Now we are well positioned to create greater value and achieve sustainable growth, while at the same time sharing that success with all of our stakeholders around the world.

2

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- 2.1 Company Overview
- 2.2 Corporate Governance
- 2.3 Business Performance
- 2.4 Financial Highlights
- 2.5 Distribution of Economic Values

3 SUSTAINABILITY PERFORMANCE

4 APPENDICES

Company Overview

Company Profile

Corporate Information

Company Name	Hyundai Motor Company
CEOs	Mong Koo Chung, Won Hee Lee, Ha Eon Tae
No. of Employees	122,217 persons
Type of Business	Manufacturing business (Production and sales of automobiles)
Date of Establishment (IPO)	December 29, 1967 (June 28, 1974)
Total Assets	KRW 178,199.5 billion
Sales Revenue	KRW 96,376.1 billion
Production	4,506,996 units

* As of the end of 2017; Based on K-IFRS consolidated financial statements

Global Production and Sales in 2017

(Unit: Vehicle)

	Production	Sales
Korea	1,651,718	688,939
Overseas	2,855,278	3,817,336
Global	4,506,996	4,506,275

[Global production by region \(P. 111\)](#) [Global sales by region \(P. 38\)](#)

Number of Employees as of 2017

Total **122,217**

(Unit: Person)

Korea	68,876
Overseas	53,341
North America	10,942
Europe	9,955
China	19,100
India	9,318
Others	4,026

2017 Best-selling Models

(Unit: Vehicle sold globally)

Avante

669,663



Tucson

644,598



Accent

411,724



i10

373,032



* As of the end of 2017

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2.5 Distribution of Economic Values

3 SUSTAINABILITY PERFORMANCE

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Product Line-up

Hyundai offers sedans, sports utility vehicles (SUVs), multi purpose vehicles (MPVs), recreational vehicles (RVs), commercial vehicles such as trucks and buses, and an eco-friendly line-up. The company also has the premium brand Genesis.

Sedan		RV		Eco-friendly vehicle	Commercial vehicle		Genesis
		SUV	MPV				
							
Eon	i10	Kona	Grand Starex	IONIQ Hybrid	Porter II	County	G70
							
Grand i10	Xcent	Creta	Grand Starex Urban	IONIQ Electric	Porter II Special Vehicle	Aero Town	G80
							
Elite i20	i20	Tucson	Grand Starex Special Vehicle	IONIQ Plug-in Hybrid	Mighty	Green City	G80 SPORT
							
i20 Coupe	ix20	Santa Fe		Sonata Hybrid	Mega Truck	Super Aero City	EQ900
							
Accent 5DR	Accent	New Santa Fe		Sonata Plug-in Hybrid	Xcient	Unicity	
							
Elantra Sport	Elantra	Grand Santa Fe		Azera Hybrid	Solati	Universe	
							
i30	i30 N			Kona Electric	Solati Special Vehicle	Elec City	
							
Veloster	i40 Sedan			ix35 Fuel Cell			
							
i40	Sonata			NEXO			
							
Sonata Turbo	Azera						

1 HIGHLIGHTS

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ANNUAL PERFORMANCE

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3 SUSTAINABILITY PERFORMANCE

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Global Network

Hyundai operates production plants, technology research institutes, and design centers in major markets overseas. We sell vehicles across the globe, with around 6,200 sales networks in approximately 200 countries.

ASIA & PACIFIC

- 1 Namyang Technology Research Center / Namyang Design Center
- 2 Korea Central Research Institute
- 3 Environmental Technology Center
- 4 Namyang Technology Research Center Proving Ground
- 5 Hyundai Motor Ulsan Plant
- 6 Hyundai Motor Asan Plant
- 7 Hyundai Motor Jeonju Plant
- 8 Hyundai Motor Group China (HMGK)
- 9 Beijing Hyundai Motor Company (BHMC)
- 10 Hyundai Motor China R&D Center
- 11 Sichuan Hyundai Motor Company (CHMC)
- 12 Sichuan Hyundai Product Development Research Center
- 13 Japan Technical Center
- 14 Hyundai Motor Japan (HMJ)
- 15 Hyundai Motor India Headquarter (HMI HQ)
- 16 India Technical Center
- 17 Hyundai Thanh cong Commercial Vehicle (HTCV)
- 18 Asia & Pacific Regional Headquarter
- 19 Hyundai Thanh cong Hyundai Motor Vietnam (HTMV)
- 20 Hyundai Motor Company Australia

MIDDLE EAST & AFRICA

- 21 Africa & Middle East Regional Headquarter
- 22 CV Africa & Middle East Regional Headquarter

EUROPE

- 23 Hyundai Motor Europe Headquarter (HME HQ)
- 24 Hyundai Motor Manufacturing Czech
- 25 Hyundai Motor Czech
- 26 Hyundai Motorsport GmbH (HMSG)
- 27 CIS & Eastern Europe Regional Headquarter
- 28 Hyundai Motor Company Italy (HMCI)
- 29 Hyundai Motor Deutschland GmbH (HMD)
- 30 Hyundai Motor United Kingdom, Ltd. (HMUK)
- 31 Hyundai Motor France (HMF)
- 32 Hyundai Motor Europe Technical Center GmbH (HMETC) / Design Center
- 33 Hyundai Motor Poland (HMP)
- 34 Hyundai Motor Espana, S.L. (HMES)
- 35 Hyundai Motor Netherlands b.v (HMNL)
- 36 Hyundai Motor Commonwealth Independent States (HMCIS)
- 37 Hyundai Motor Manufacturing Russia (HMMR)
- 38 Hyundai Truck and Bus Rus (HTBR)
- 39 Hyundai Assan Otomotiv Sanayi (HAOS)

NORTH AMERICA, CENTRAL & SOUTH AMERICA

- 40 Hyundai Motor North America Headquarter (HMNA HQ)
- 41 Hyundai Auto Canada (HAC)
- 42 Hyundai America Technical Center Inc. (HATIC)
- 43 Hyundai Motor Manufacturing Alabama (HMMA)
- 44 Central & South America Regional Headquarters
- 45 CV Central & South America Regional Headquarters
- 46 Hyundai Motor de Mexico (HMM)
- 47 HYundai Prccision MEXico (HYMEX)
- 48 Hyundai Translead (HT)
- 49 America Technical Center (California Proving Ground)
- 50 Hyundai Motor America (HMA)
- 51 Hyundai Design Center America
- 52 Hyundai Motor Brazil (HMB)

*As of July 2, 2018

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Major Facility Investments

Hyundai operates the Seoul headquarters, Namyang Technology Research Center, and Ulsan, Jeonju, and Asan Plants, as well as other plants and business sites around the world. Important facilities used in the production of automobiles, which is the main activity of the company, include land, buildings, structures, machines, delivery equipment, tools and apparatus, and furnishings and fixtures. Please refer to the following table for the status of major facility establishment and expansion in 2017.

(Unit: KRW billion)

Details	Expenditures
Land	68.9
Buildings and structures	558.7
Machinery	1,030.6
Tools	95.4
Molds	491.3
Office equipment	186.5
Vehicles	48.4
Total	2,479.8

* Based on 2017 Business Report

Major Investments in 2017

'Hyundai CRADLE' in Silicon Valley

The former Silicon Valley Office of the company has been expanded and reorganized into Hyundai CRADLE. It will discover and invest in start-ups in Silicon Valley and undertake joint development regarding key technologies, including artificial intelligence (AI), robots and mobility, in addition to providing support to promising Korean start-ups so that they can enter into the Silicon Valley technology community. It will also cooperate closely with other global open innovation centers of Hyundai Motor Group, and thus identify new growth drivers more efficiently.

Open Innovation Center in Israel

Hyundai has been forming a partnership with promising start-ups in Israel in order to lead the automotive industry by increasing investments into the development of the new technologies of the future. We therefore established the Open Innovation Center in Tel Aviv, Israel in 2018, and will develop it as a joint research center with start-ups which have innovative technologies, such as future mobility and AI, over the mid- to long-term.

Chongqing Plant in China

On July 19th 2017, Hyundai's Chongqing Plant, our fifth plant in China, held a ceremony to celebrate the beginning of production. Full operations began in late August to support Hyundai's business in Midwestern China. The Chongqing Plant is a strategic production base centered around a 298,000 m² plant, built on a 2,034,000 m² site in the Liangjiang New Area, a national economic development zone in Chongqing. It is equipped with press, body frame, painting, and design lines, as well as an engine plant. Hyundai Motor Company and Beijing Automotive established the Chongqing Plant together through a joint investment of USD 1 billion. The plant has an annual production capacity of 300,000 vehicles, and, once full production is under way, we will have five passenger vehicle production bases across China with total production capacity of 1.65 million vehicles.



1 Hyundai CRADLE
2 Open Innovation Center in Israel
3 Chongqing Plant in China

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Corporate Governance

Corporate Governance Charter

The Corporate Governance Charter was established in 2016 as the foundation for global standards of transparent and responsible management at Hyundai.

 [Corporate Governance Charter of Hyundai Motor Company](#)

Composition and Operation of the BOD

As the company's top decision-making body, our Board of Directors (BOD) with independence and expertise acts on behalf of shareholders and other stakeholders in order to meet their interests. It makes decisions on key management issues and other matters stipulated in laws and the articles of association, and also supervises the activities of directors and executives.

The BOD is comprised of a total of nine directors – four executive directors and five outside directors. By age and gender, the BOD consists of one male member aged between 30 and 50, and eight male members aged 50 or more. It holds regular quarterly meetings and other BOD meetings as required in order to pass a resolution of the BOD. 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 relevant laws.

 [Composition of the BOD \(registered directors\) and other BOD information](#)

Qualification for Director

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

Expertise of the BOD

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

Protection of Shareholder Rights and Interests

Notification for the annual general meeting (AGM) is given three weeks in advance, earlier than the two weeks stipulated in the commercial law, so that shareholders have sufficient time to examine the agenda in detail. We also notify shareholders with holdings of less than 1% about the AGM, so that all shareholders can assert their rights and interests. We disclose our audit report two weeks ahead of the AGM, rather than one week that was previous policy. In addition, we report directly to shareholders at the AGM on the appointment of an independent auditor. All these measures ensure the prompt, full and transparent disclosure of information.

Although the BOD can approve financial statements and dividend payments under the current law, Hyundai deals with these issues at the AGM, to encourage shareholders' participation and feedback. More information on the BOD and executive compensation is available in our business report. Other matters relevant to shareholders, including details of stock issues, ownership of related Group stocks, stock distributions, and dividends for the last three years, are available on the Hyundai Motor Company website.

 [Annual report of Hyundai Motor Company](#)

 [Shareholders](#)

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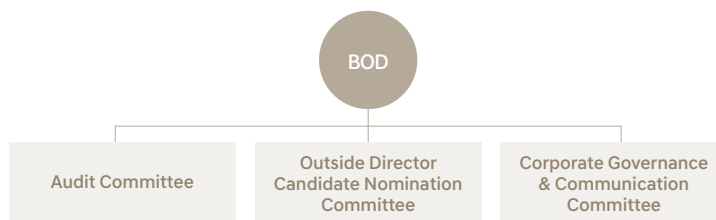
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BOD Sub-Committees

The sub-committees under the BOD are the Audit Committee, the Outside Director Candidate Nomination Committee, and the Corporate Governance & Communication Committee. Roles and responsibilities are broken down among the sub-committees to promote professional decision-making. In particular, the Audit Committee and the Corporate Governance & Communication Committee consist only of outside directors.



Information regarding auditors

Audit Committee

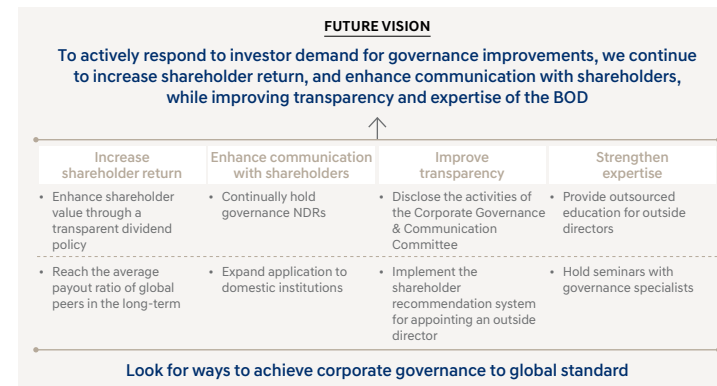
The Audit Committee includes at least one accounting and financial expert, and at least two-thirds of the members are independent outside directors who do not have business relations with Hyundai. Audit Committee members are appointed through the AGM, and the Committee is responsible for auditing the company's finances and operations. It also requires directors to provide information on business operations and investigates the financial status of the company, which is then reported to the BOD. In addition, it discusses with external auditors about the plans and the results of audits of the company's financial statements to perform auditing work.

Outside Director Candidate Nomination Committee

In accordance with a law stipulating that outside directors account for a majority of the outside director candidate nomination committee, we have made our Outside Director Candidate Nomination Committee consist of five members – outside directors Sung Il Nam, You Jae Yi, and Eun Soo Choi, and executive directors Mong Koo Chung and Won Hee Lee. The Committee has the right to recommend outside directors. When designating new outside directors, Hyundai submits a 'Confirmation of Qualification for Outside Director' to Korea Exchange that ensures the independence of new directors and other legal compliance. Two outside directors Dong Kyu Lee and Byung Kook Lee were re-elected based on recommendation by the Outside Director Candidate Nomination Committee at the 2018 AGM, which is the recent AGM as of the date of report issuance.

Corporate Governance & Communication Committee

On April 23rd 2015, we expanded deliberated matters and functions of the previous Ethics Committee, a BOD sub-committee, and reorganized it to the Corporate Governance & Communication Committee through a BOD resolution. All four members of the Committee are outside directors, excluding the executive directors that were previously members of the Committee, resulting in increased independence and transparency in activities.



In particular, the committee member whose mandate is to protect shareholder rights and interests attends domestic investor discussions and non-deal roadshows (NDRs) for overseas investors, in order to serve as a channel for communications between the BOD and shareholders.

The committee made interim dividend payments for the first time in 2015, and established the Corporate Governance Charter in 2016. It also publicly announced the mid- to long-term dividend policy in 2017, and adopted the shareholder recommendation system in 2018, in addition to other various activities intended to increase shareholder rights and interests and BOD transparency. The committee plans to actively communicate with shareholders and perform key roles to build a corporate governance which meets global standard.



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Business Performance

Performance Overview

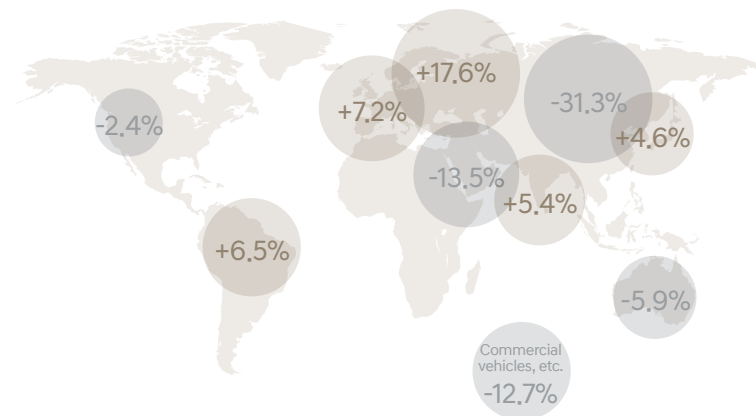
Growth in the global automobile market in 2017 saw low growth and a difficult business environment, with the exception of some emerging markets. Among the three major automobile markets, the U.S. saw a clear downward trend, and China and Europe grew more slowly than the previous year. Given this very challenging environment, our business remained sluggish, so that we did not meet sales targets in China, the U.S., the Middle East and Africa, and profitability also went down.

Even amidst these difficulties, we strived to retain our position as a world-leading automobile company, and enjoyed some meaningful achievements as a result. In particular, the IONIQ, our first line-up consisting solely of eco-friendly cars, achieved year-on-year growth of 150% worldwide, thanks to very positive responses from customers in Korea and overseas. This proved that Hyundai will be a leader in the new automotive market for electric cars.

The recently launched G70 from our luxury brand 'Genesis' won positive reviews from customers in Korea, leading to a strong sales performance. In the U.S., the G80 continued to maintain strong sales, and also won the Best Residual Value Award from the Automotive Lease Guide, one of the most trusted guides in the U.S. for evaluating the residual value of used cars.

Our market share in Korea rebounded in 2017 as we actively sought to regain customer trust and launch customer-focused new cars. Sales in important emerging markets, such as Russia and Brazil, also recovered.

Global Sales Performance



Global Sales

Total 4,506,275 vehicles

Korea	688,939
Passenger vehicles	656,618
Commercial vehicles	32,321
Overseas	3,817,336
North America (U.S., Canada, Mexico)	881,250
India	527,322
Europe (Western, Eastern, Turkey)	600,811
Russia	165,804
Central & South America (Brazil, Other Latin American countries)	304,095
Middle East & Africa	311,335
Asia-Pacific (Other countries in Asia-Pacific region, Australia)	181,669
China	785,006
Overseas commercial vehicles, etc.	60,044

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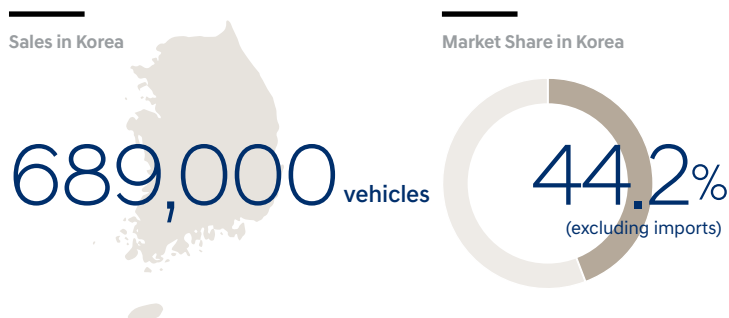
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Market Condition and Business Review by Region

Korea

Market Condition Sales of small SUVs in the Korean market grew by 33.6% in 2017. In contrast, sales in the semi-midsize and midsize segments were sluggish, and fell by 11.0% and 12.0%, respectively. A total of 1.56 million vehicles were sold in Korea in 2017 (excluding imports), a year-on-year decline of 2.5%.



Business Review In 2017, Hyundai sold 689,000 units, a year-on-year increase of 4.6%, driven by the continued new car effect of the Grandeur and strong sales of the new Kona. Our market share recorded 44.2% (excluding imported cars).

Even in a difficult market, Hyundai strives to deliver customer satisfaction through product, price, and service. With customer lifestyles becoming ever more diverse, we launched a range of new models to meet customer requirements, including the i40 Saloon and Tucson gasoline model, and we also expanded our line-up of diesels. In 2017, we launched the Kona, a small SUV, and the Genesis G70, which strengthened our range of SUVs and premium cars. In addition, we implemented the 'nice price' policy, reducing the price of popular mid- to large-size models and four high-performance models to increase our product accessibility. The 'bluemembers' service brand was expanded and reformed as the foundation for a major innovation in customer services.

We remain focused on creating environmental and social value by developing eco-friendly cars, supporting a low-carbon society, and achieving joint growth in partnership with our suppliers. We have selected 37 social welfare projects through an open and transparent process, and provide them with diverse support.

U.S.

Market Condition Sales of small commercial vehicles in 2017 grew by 3.7% thanks to strong sales of SUVs and pickup trucks. In contrast, however, sales of mid-size and large passenger cars saw declines of 15.9% and 11.6%, respectively, reflecting the sluggishness of the overall market. Total sales in the US automotive market fell by 1.8% year-on-year, down to 17.23 million units.



Business Review In 2017, Hyundai sold 686,000 units in the US market, down 11.5% compared to the previous year, and recorded a market share of 4.0%. Although sales of the Tucson rose by 27.9%, sales of the Sonata and the Elantra went down by 33.9% and 4.9%, respectively, causing the reduction in overall sales.

However, there were meaningful successes during the year. As a result of our active quality management, Hyundai ranked 3rd among non-premium brands for the second consecutive year in the '2018 U.S. Vehicle Dependability Study (VDS)' from the US market research firm J.D. Power and Associates. The Tucson was chosen as the Best Car in the small SUV segment. In the '2018 Brand Report Card' by Consumer Reports, a consumer survey firm, the Genesis recorded an excellent score in four categories – driving performance, reliability, customer satisfaction, and collision safety – winning first place overall ahead of vehicles from the U.S., Germany, and Japan.

Our brand value also grew as a result of improvements in product quality and customer satisfaction. Of the 100 major global brands assessed in 2017 by Interbrand, a global brand consulting company, Hyundai ranked 35th for the second consecutive year, and was recognized as the fastest-growing automotive brand. In addition, the Elantra won the International Design Award (IDEA) in the Automotive & Transportation Design category, one of the world's three major design awards, and the Sonata was selected as a top ten automobile by Kelley Blue Book, a vehicle valuation company.

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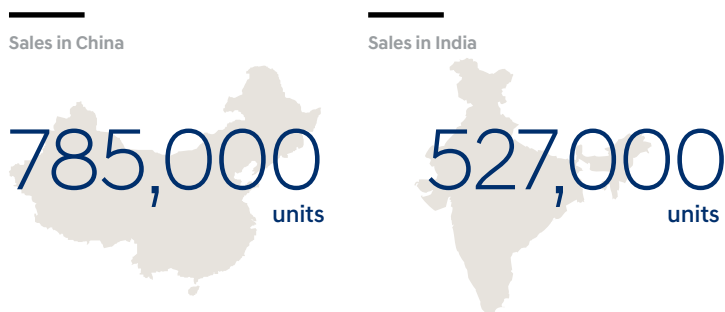
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Asia

Market Condition 24.14 million passenger cars (including mini vans) were sold in China in 2017, a year-on-year increase of 1.3%. Although SUV sales went up by 13.9%, sales of other models declined by 6.2%, resulting in the small increase in the overall market. In India, sales rose to 3.21 million units, a year-on-year increase of 8.7%. Maruti Suzuki was the leading company, with sales up by 14.9% to 1,603,000 units. Honda and Tata sold 178,000 and 172,000 units respectively, increases of 14.5% and 18.4%.

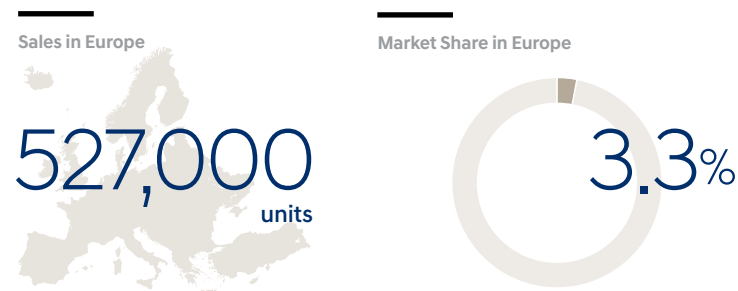


Business Review Hyundai sold 785,000 units in China in 2017, a year-on-year decline of 31.3%. This was the result of a change in purchase tax policy and Sino-Korean political conflict due to the deployment of the THAAD anti-missile system in Korea. However, thanks to our efforts to improve customer satisfaction in China, we won the No. 1 position from among 43 non-premium brands in the China Sales Satisfaction Index (SSI) Study from J.D. Power and Associates in two years after being selected in 2015, demonstrating once again our quality competitiveness. We have also increased our social contribution activities, including a child traffic safety campaign and raising funds to help children bereaved by traffic accidents. In addition, Hyundai is involved in sports marketing in China, including sponsoring China's national soccer team and the Beijing Marathon. These activities show customers in China how our brand is closely related to their lives.

Sales in India in 2017 recorded 527,000 units, a year-on-year increase of 5.4%. In particular, the Grand i10, the Elite i20, and the Creta was designated the Indian Car of The Year (ICOTY) in 2014, 2015, and 2016, respectively, reflecting that we are satisfying local customer expectations.

Europe

Market Condition The automotive market in Europe saw signs of recovery. Automotive sales were up in four major economies – Germany, France, Italy, and Spain – but down in the UK. A total of 16.01 million units were sold, recording a year-on-year increase of 3.2%.



Business Review Hyundai's sales in Europe in 2017 grew by 3.4% over the previous year, to reach 527,000 units, a market share of 3.3%. This was mainly the result of new car effects of the IONIQ EV and Kona. Hyundai remains focused on profitability, and thus strives to achieve qualitative growth by strengthening business fundamentals and avoiding excessive sales incentives.

Our position in the European market continues to improve, thanks to our technological prowess and excellence in design. We were ranked first and third in 2016 and 2015, respectively, in a survey on quality satisfaction from Auto Bild, one of the most prestigious automobile magazines in Europe, ahead of local European automakers, thereby earning considerable recognition for our quality competitiveness. In March 2014, thanks to the success of the advanced technologies of the Tucson FCEV, we were chosen to implement an EU project on hydrogen fuel cell vehicles. In addition, the new Genesis and the i10 won Red Dot Design Awards in 2014, followed by awards for the i20 and Sonata in 2015 and the IONIQ in 2016. Winning Red Dot Design Awards, one of the three major global design awards, for three consecutive years was further recognition of our design excellence. Furthermore, we unveiled our high-performance brand, 'N', at the 2015 Frankfurt Motor Show, and continue to launch cars that maximize the enjoyment of driving.

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Financial Highlights

Balance Sheet

(Unit: KRW billion)

	2015	2016	2017
Assets	165,368	178,836	178,199
Current assets	67,529	72,450	73,976
Non-current assets	97,839	106,386	104,223
Liabilities	98,487	106,491	103,442
Borrowings	64,932	73,444	72,001
Equity	66,881	72,345	74,757
Total asset growth	12.3%	8.1%	-0.4%

Income Statement

(Unit: KRW billion)

	2015	2016	2017
Sales revenue	91,959	93,649	96,376
Operating income	6,358	5,194	4,575
Income before income tax	8,459	7,307	4,439
Profit for the year	6,509	5,720	4,546
Sales growth	3.0%	1.8%	2.9%
Profit growth	-14.9%	-12.1%	-20.5%

Financial Ratio

	2015	2016	2017
Liability to equity	147.3%	147.2%	138.4%
Borrowing ratio	97.1%	101.5%	96.3%
Return on sales	7.1%	6.1%	4.7%
Basic EPS (KRW)	23,861	20,118	14,993

Cash Flow

(Unit: KRW billion)

	2015	2016	2017
Cash and cash equivalents at the beginning of the year	7,097	7,331	7,890
Net cash flows provided by operating activities	1,248	997	3,922
Net cash flows used in investing activities	-8,060	-6,312	-4,744
Net cash flows provided by financing activities	7,214	5,691	2,181
Cash and cash equivalents at the end of the year	7,331	7,890	8,822

Credit Rating

Domestic	Overseas
Korea Ratings AAA	Moody's Baa1
NICE Investors Service AAA	S&P A-
Korea Investors Service AAA	

* Sources of financial information, financial statements, and notes to the financial statements

- [Financial information](#)
- [2017 Consolidated and separate financial statements and notes to the financial statements](#)
- [Credit ratings](#)

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Distribution of Economic Values

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

Distribution of Economic Value in 2017 (Consolidated figures basis)

(Unit: KRW billion)



* Retained economic value is the value that results from subtracting distributed economic value from generated economic value. It is therefore not equal to retained earnings or internal reserves

(Unit: KRW billion)

	2015	2016	2017	
Consolidated	Dividends (Shareholders and investors)	1,080	1,080	1,080
	Interest expenses (Shareholders and investors)	259	272	333
	Salaries (Employees)	8,846	8,878	8,921
	Raw materials costs (Suppliers)	52,095	52,102	53,039
	Income tax (Government)	1,950	1,587	-108
	Donation (Local communities)	66	76	69
	Total	64,296	63,995	63,334
Separate	Dividends (Shareholders and investors)	1,080	1,080	1,080
	Interest expenses (Shareholders and investors)	111	129	191
	Salaries (Employees)	6,259	6,265	6,266
	Raw materials costs (Suppliers)	26,740	25,001	25,828
	Income tax (Government)	1,245	841	526
	Donation (Local communities)	51	50	48
Total	35,486	33,366	33,938	

SUSTAINABILITY PERFORMANCE

Hyundai Motor Company is creating a more sustainable future through automobiles. As a global automaker, we are leading the future mobility market, and we are also striving to fulfill our role as a global corporate citizen. Based on our five values – customer, environment, collaboration, people, and community – we are leveraging our position as a leading global automaker to shape a better future and create a society filled with hope and happiness.

3

3 SUSTAINABILITY PERFORMANCE

3.1 OUR SYSTEM

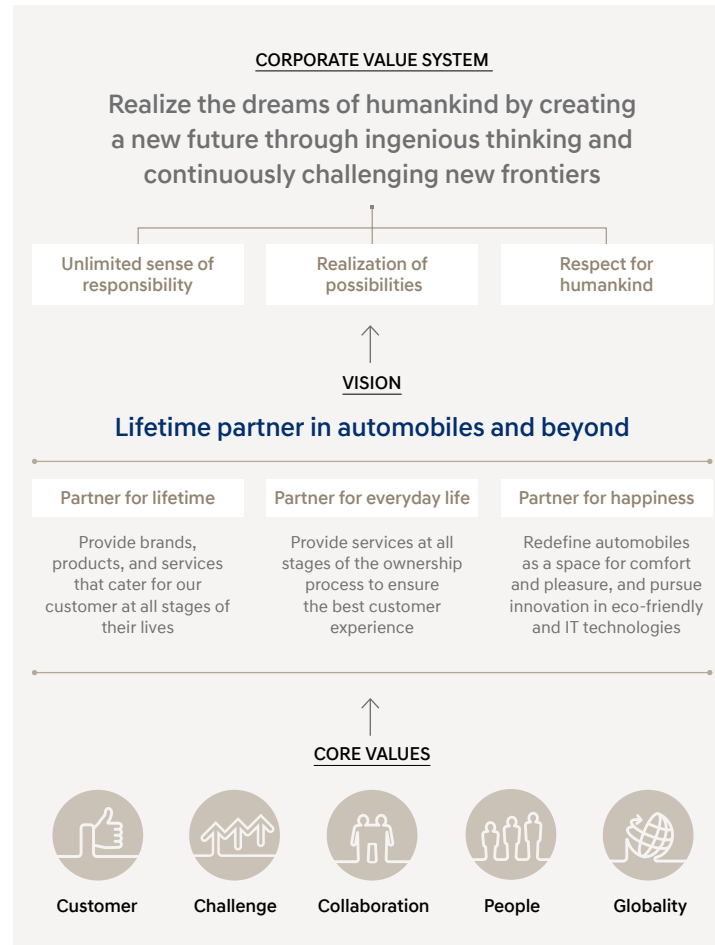
- Management Philosophy
- CSV Strategy System
- Ethical and Compliance Management
- Risk Management
- Stakeholder Engagement

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Management Philosophy

Management Philosophy, Vision, and Core Values



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 humankind’. Based on these, Hyundai Motor Company has established a management philosophy to ‘realize the dreams of humankind by creating a new future through ingenious thinking and continuously challenging new frontiers’.

[Management philosophy of Hyundai Motor Company](#)

3 Key phrases of management philosophy

- 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 humankind**
 - 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

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3.1 OUR SYSTEM

- Management Philosophy
- CSV Strategy System
- Ethical and Compliance Management
- Risk Management
- Stakeholder Engagement

3.2 OUR VALUE




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Vision

We have set our core vision to become a 'Lifetime partner in automobiles and beyond' based on which we will redefine the concept of automobiles that used to be focused on mobility. We will therefore provide new space to make a better life by creating the best in mobility through customer-centered, eco-friendly, innovative technology and comprehensive services.

3 Major Strategic Directions

We have adopted three major strategies in order to realize our vision for the future and take a step closer to our customers. These strategies are providing the best customer experience, finding new growth opportunities, and optimizing global operation. Furthermore, as a member of the Hyundai Motor Group, we are fully committed to the Group's vision – Together for a better future.

<p>Providing the best customer experience</p>	<ul style="list-style-type: none"> • Service innovation across all customer contact points • Ensuring perfect quality • Improving brand value • Developing human-centered technology for the future 
<p>Finding new growth opportunities</p>	<ul style="list-style-type: none"> • Launching localized strategic models, and improving sales channels • Expanding and strengthening the materials and parts industries • Developing eco-friendly cars, green technology, and new materials 
<p>Optimizing global operation</p>	<ul style="list-style-type: none"> • Realizing 'smart scale' • Creating synergy between overseas business sites • Social contributions and globality 

Core Values

We have selected five core values to practice our management philosophy and to realize our vision – customer, challenge, collaboration, people, and globality. These core values were created by identifying the unique characteristics embedded in the mind-set of our employees that have contributed to our success, and then adding to that a set of values that will act as guidelines for everyone at the company.

The core values will guide not only our business operations but also the decision-making and daily work lives of our employees. They will also help us develop a strong sense of community among our employees, 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.

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3 SUSTAINABILITY PERFORMANCE

3.1 OUR SYSTEM

- Management Philosophy
- **CSV Strategy System**
- Ethical and Compliance Management
- Risk Management
- Stakeholder Engagement

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CSV Strategy System




Vision

Lifetime partner in automobiles and beyond

Mission

Scaling social impact and building a sustainable business ecosystem by creating shared value






Value

Innovation	Communication	Growth
		
Develop ideas on value creation through a creative and innovative approach	Take actions based on communication and collaboration with stakeholders	Build a future society where we and communities grow together in harmony

Strategy

Create social value through business model and innovation	Contribute to solve social problems by using business capabilities	Support community development based on social responsibility
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Area

				
Eco-friendly	Mobility innovation	Traffic safety	Future generation	Community

As public interests have been increasing in sustainable growth, so are calls for corporations to create social value through their business operations. Also, non-financial factors including environment, social contribution and governance are considered during the process of credit evaluations. As a result, creating social value has become an essential factor not only in securing sustainable future growth engines, but also in evaluating corporate value.

To stay in step with these developments in the business environment, Hyundai has upgraded our strategy for newly defined creating shared value (CSV) by realigning the business operations with the solution of social issues and strengthening the content of our social contribution programs. By linking the CSV strategy to all our business operations, we will take steps that are designed to transform the economic value we create into social value which will bring about positive changes in every corner of global local communities where we operate our business.

Based on the newly established strategy, we will accelerate our pace of innovation. Taking a step further, we will help create a better future by communicating with more stakeholders about ways of growing together with local communities.

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Ethical and Compliance Management

Ethical Management

Hyundai practices corporate-wide ethical management, based on our Ethics Charter, the Code of Conduct, and the Guidelines for Ethical Business Conduct. In order to ensure that we continue ethical management over the long-term, we have also established an ethical management system based on the same guidelines, and undertake continuous monitoring to ensure that it is put into practice. This system is regularly updated to reflect changes in the business environment, regulations, and laws.

[Ethical management website of Hyundai Motor Company](#)

Establishment of a foundation	Ethics Charter	Code of Conduct	Guidelines for Ethical Business Conduct
	Provide a basis for ethical decision-making while carrying out work for Hyundai staff and its suppliers	A code of conduct for all employees and suppliers to practice the spirit of the Ethics Charter	Stipulate detailed procedures and content for all employees in relation to practicing ethics
	Full text of the Charter	Full text of the Code of Conduct	Full text of the Guidelines
Governance	Corporate Governance & Communication Committee		
	Expanded and realigned the composition and mandate of the previous Ethics Committee under the BOD		
	Overview of the Corporate Governance & Communication Committee (P. 37)		
Related activities at work	Compliance Program	Joining of the UNGC	Cyber Audit Office
	Ensure fairness and transparency when doing business with suppliers	Declared, both internally and externally, our compliance with ethical management by joining the UNGC in 2008	Perform the role of receiving reports and providing counseling on unfair trade that may lead to corruption, unfair demands, and corrupt practices
	Compliance Program (P. 77)	UNGC Participants	Cyber Audit Office

Compliance Management

Hyundai has established a compliance management support system, and undertakes a range of compliance activities in order to identify in advance any legal risks associated with our operations. This also helps to earn the trust of all of our stakeholders, and fulfills our social responsibilities.

Compliance support activities

Under the slogan 'The Right Way, A Bright Future', Hyundai has produced compliance guidelines to help our employees better understand the legal risks that may occur in their work, and how to properly respond to those risks. In addition, to improve staff awareness of compliance management, we continually provide compliance training to new hires with or without previous work experience. We also offer online training and distribute compliance newsletters to all staff, which is strengthening the compliance mindset corporate-wide.

Compliance self-assessment

We have put into place a compliance support manager system whereby each department creates a self-assessment checklist for each legal area related to its specific work. The department then undertakes a regular compliance self-assessment based on the checklist. A compliance self-assessment consists of three parts – inspecting the level of knowledge of compliance, identifying work-related risks, and establishing countermeasures for work risks. Departments that are subject to these self-assessments are able, and encouraged to, compare self-assessment results. Staff members participating in the self-assessment use the compliance support IT system to check results, and also to access interpretations of relevant laws whenever the need arises.

In 2017, a compliance self-assessment related to corruption, prohibition of solicitation, personal information, and trade secrets was conducted across various departments. We plan to expand the number of areas that are subject to self-assessment, and we continually encourage voluntary participation by all departments that are subject to self-assessment. This will help us to develop systems and support programs that promote effective compliance.

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Risk Management

Global Risk Management System

In order to respond effectively to the various internal and external risks that have arisen as a result of the recent rapid changes in the automotive industry, in 2014, we set up a corporate-wide risk organization within the Headquarters Corporate Strategy Department. In addition, all of our overseas business sites designate a risk management team and manager, which has helped us to establish a global risk management system at sites across the world.

This global risk management organization undertakes daily monitoring of the internal and external risk factors in our businesses around the world. We preemptively respond to risk by performing scenario analyses for major risk factors, and by establishing a strategy to counter risk.

Key Risk Factors and Opportunities

The automotive industry is currently facing an unprecedented level of risk. Hyundai is therefore concentrating on responding preemptively to macroeconomic, social and environmental risks, including climate change.



Macroscopic risk factors

Since the 2008 financial crisis, long-term stagnation has hit the economies of China and other emerging countries which had led global economic growth, not to mention demand for automobiles. Also, there is greater intensity in such risk factors as natural disasters as well as oil price and foreign exchange fluctuations. In addition, the recent strengthening of protectionism of major countries and increasing trade conflict between the U.S. and China (G2) are impacting our business.



Industry risk factors

Such trends as autonomous driving, mobility, electric vehicles, and connectivity have been gaining speed, resulting in sharp changes in stakeholder demands for vehicles, such as electrification and smart technology. Since the Dieselgate emissions scandal, demand for eco-friendly vehicles is growing quickly especially in Europe and China. This is pointing to the need to strengthen technological development through active investments in the relevant field and M&As and collaboration with other industries, such as ICT.



Business operation risk factors

Extremely diverse risks are arising in relation to corporate operation as well due to large-scale recalls, outflow of key personnel to other industries and the resulting shortage of personnel, regulation violations, patent right disputes, and increased terrorism and violence due to political conflict. This points to the need to build customer trust by enhancing product and service quality, developing products and services that are adequate for market characteristics, and carrying out responsible activities for local communities.

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Stakeholder Engagement

Stakeholder Communication

By strengthening communication across all areas of our business activities, we do our utmost to reflect and develop stakeholder expectations and solidify relations of trust.

Definition of key stakeholder groups

Customers and Dealers	Employees	Government	Shareholders and Investors	Suppliers	Local Communities
					
Dealers deliver Hyundai's products and services to customers, while customers decide on making a purchase based on delivered product and service information.	Employees handle product development, production, sales as well as all activities that support the above. Their competencies mean the company's competencies.	The government enacts laws and regulations that are related to the automobile industry or decides on regulation levels on corporations' business operation, so that it can influence the company's business activities.	Shareholders and investors provide finance and capital to the company, so that Hyundai can maintain growth engines while implementing diverse strategies or running its business.	Suppliers provide parts or materials to Hyundai, enabling the company to produce quality products. Their quality competitiveness has impacts on Hyundai's quality.	Local communities refer to residents in areas located close to our business sites as well as all global citizens who are influenced by the company's activities. Hyundai strives for their sustainable development.

Communication channels by key stakeholder groups

<ul style="list-style-type: none"> • Test driving • Before Service • Motor show and new car launching ceremony • Customer satisfaction survey • Car club • On-line communication • Website • My Car Story 2.0 • Sports sponsorship • Dealer seminars • Dealer conventions • Dealer events • Agent conventions 	<ul style="list-style-type: none"> • Labor-Management Council • Employee satisfaction surveys • Meetings and events • Grievance handling system • Occupational Safety and Health Committee • Work-related education and training 	<ul style="list-style-type: none"> • Policy-making discussions, briefings, public hearings, etc. 	<ul style="list-style-type: none"> • Company briefing • IR meetings • Annual general meeting • Corporate Governance & Communication Committee 	<ul style="list-style-type: none"> • Win-win growth and fair trade agreement • Energy-Saving Technology Exchange Meeting • R&D Tech-Day • R&D symposium • R&D Motor Show • Seminar and training for suppliers • Foundation of Korea Automotive Parts Industry Promotion 	<ul style="list-style-type: none"> • Social contribution programs • Communication with local communities nearby the company's business sites • Recruitment • Family inviting events
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Issues of interest by key stakeholder groups

<ul style="list-style-type: none"> • Sustainable mobility • Excellent quality • Enhancement of vehicle safety • Customer satisfaction improvement 	<ul style="list-style-type: none"> • Employee satisfaction improvement • Fostering outstanding employees • Human rights protection • Health and safety 	<ul style="list-style-type: none"> • Compliance with laws and regulations • Fulfillment of tax obligations 	<ul style="list-style-type: none"> • Improvement of the corporate value • Protection of shareholder interests • Stable growth • Transparent information disclosure 	<ul style="list-style-type: none"> • Win-win growth • Fair trades • Long-term partnership 	<ul style="list-style-type: none"> • Invigoration of local economy • Job creation • Social contribution activities
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CUSTOMER

A silver Hyundai SUV is parked on a city sidewalk. In the background, there is a modern building with a large, wide wooden staircase leading up to it. The scene is set in an urban environment with palm trees and streetlights. The lighting suggests a bright, sunny day.

What is the primary value a corporation should pursue?

At the center of all areas in which Hyundai operates lie customers. From product development to production, supply and to after-sale service, we always think and act from a customer's perspective. Through safe and superior products and convenient and practical services, we will enhance not only customer satisfaction but also the value of their lives.

We care our customers.

Hyundai strives to deliver value and a sense of pride to customers by enhancing safety and convenience as part of the underlying performance of vehicles, and by offering innovative technologies. We are aiming to maximize the customer experience value while actually using our vehicles by delivering the best in emotional product quality. In addition, we are becoming leaders in customer safety and convenience through detailed relevant research and development.

We do our utmost to ensure the safety and health of customers.

We are committed to providing customers with 'high quality vehicle with no defects'. We therefore continue to research the entire vehicle process, from production to delivery, so that we deliver safe vehicles that customers can trust entirely. We have built a creative quality management system through which everyone at Hyundai communicates and collaborates to bring about the best in safety and quality for our customers. Through this system, we focus on the entire quality management chain, including development, manufacturing, sales and after-sales servicing.

Preemptive and creative quality management

Carry out customer-centric quality management activities at the corporate level by offering customers with 'high quality vehicle with no defects' and building a preemptive, creative quality management system



Best response to customer safety

Actively undertake recalls to resolve safety issues of vehicles, and respond with continuous quality enhancement and repairs for vehicles with minor quality issues

Efforts made in 2017 to ensure customer safety

[P. 52-56](#)

We focus on transparency with our customers.

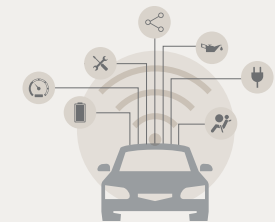
We have overhauled our communication channels at the corporate level, so that we can deliver detailed and transparent product information to customers, and also communicate with them about all their experiences with our products. We do our utmost to ensure effective sharing of customer opinions, at the right time and in the right place. We aim to predict and prevent any problems that customers might have in using our vehicles, and communicate with customers in advance. We also communicate in-depth with customers and undertake regular reviews, so that voice of customers can contribute to product and company development in the mid- to long-term term.

Before



Respond after customers make inquiries about a product issue

After



Provide preemptive solutions to inconveniences that may be experienced while driving

Efforts made in 2017 to enhance communication regarding products and services

[P. 57-61](#)

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Product and Service Responsibility

Protecting Customer Safety

The Global Safety Office was created in 2016 to perform a central role in ensuring the quality of major safety parts and enhancing customer safety throughout the entire process of vehicle development and production. The Department collaborates closely with Hyundai's research centers and business units, and also with affiliates and suppliers that support our manufacturing and R&D. It also communicates with the government and NGOs in order to identify and respond to safety-related laws and regulations.

In particular, we are focused on developing new safety technologies that could prevent automobile accidents, and offering them to a greater number of customers. We strictly manage the materials used in our vehicles, and have eliminated entirely any dangers to our customers from the use of hazardous substances.

Developing New Safety Technologies

Hyundai is moving beyond passive safety, which protects customers in the event of a collision, and we are focusing on innovative safety technologies that actively prevent collisions. Moreover, in the preparation for the era of autonomous vehicles, we are researching an active and passive safety control that minimizes injury by putting a driver into the safest position possible when there is the risk of an accident.

Autonomous driving technology

Hyundai has been developing autonomous driving technologies based on our long-term, constant planning around this technology. We are embedding technologies those instantly responding to drivers' mistakes and unexpected accidents into our products. We will continuously apply smart autonomous driving technologies to our vehicles with an aim to remove short comes and therefore to produce technology-leading products.

Autonomous Driving Experience



During the PyeongChang 2018 Olympic Winter Games, we unveiled the 'Nexo' autonomous driving vehicle to Korean and international media, and offered rides in these vehicles at locations close to stadiums. We also successfully completed a long-distance autonomous driving demonstration in which government officials used autonomous driving vehicles to travel the entire 190-kilometer distance between Seoul and Pyeongchang. These driving experiences demonstrated the effectiveness of our advanced autonomous driving technologies.



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Developing the next-generation powertrain technology



Smartstream

Powertrains are the key to overall car performance, including fuel efficiency, acceleration, and drivability. Hyundai has been working on developing ‘Smartstream’, a next-generation powertrain, by bringing together the technologies we have used in engines that have now been selected as ‘10 Best Engines’ in the world eight times over the last decade. We will continue to improve our powertrains by developing new technologies that will enable engines to increase fuel efficiency and power

performance, and transmissions to meet diverse needs of customers regarding drivability.

[Development of powertrain technology](#)

Hyundai SmartSense

SmartSense is an intelligent safety technology that we have been using in our vehicles since the Grandeur IG, and enables vehicles to actively prepare for situations that may result in accidents. By preventing lane deviation, maintaining a certain distance between vehicles, providing driving assistance, and analyzing driver patterns and fatigue, SmartSense vehicles can assess situations that may threaten driver safety and take necessary measures.

[Technologies included in SmartSense](#)

MOU with the KIDI

Despite accident prevention effects of the advanced driver assistance system (ADAS), drivers in Korea were until recently not able to benefit from reductions in their insurance premiums. However, given the recent increase in the availability of ADAS functions and smart sensors, we signed a memorandum of understanding (MOU) with the Korea Insurance Development Institute (KIDI) to provide ADAS premium discounts so that more customers can enjoy the benefits offered by these new technologies. We will widen this scheme through collaboration with more individual insurance companies in the near future.

Strengthening Safety Management Products

We strictly manage safety, so that no harm is caused throughout the entire lifecycle of our vehicles, from development to production, commercialization, delivery, and use by customers. All departments related to safety collaborate closely with each other as well as with suppliers. In addition, we thoroughly monitor the production process and completed vehicles.

Establishing a hazardous substance response system

In 2017, Hyundai established a team dedicated to systematically managing the chemical substances used in its products, and to ensuring that no hazardous substances get into its vehicles. This team was created when the previous system, whereby each unit responded to any issues, was integrated into a corporate-wide management system. Also, Hyundai Chemical Management System (HCMS), an integrated hazardous substance IT system, was built in the early 2018, and is under operation to manage hazardous substances by such category as parts and materials. HCMS covers not only Hyundai, but also all of our suppliers related to chemical substance, so that we are now able to check regulatory information on hazardous substances as well as suppliers’ regulatory test and responses on a real-time basis. Regulatory information prior to the establishment of HCMS is managed by existing regulatory response system. We also run meetings by the corporate-side committee, which consists of staff in change, more than two times per month with an aim to respond to hazardous substances through the system operation, and also to build a system to respond to hazardous substances in a preemptive manner.

Lot Tracking System

Parts and materials used in vehicle manufacturing are managed at the level of each lot. A lot tracking system is a product risk back-tracking system used to identify a part that is the cause of a faulty product, as products that use parts from the same lot are more vulnerable to similar risks. This system enables us to identify potential vehicle breakdowns or other parts issues that may affect customer safety. We are expanding the use of this system to all of our business sites around the world.

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Increasing Customer Safety and Convenience through Service

Hyundai is committed to increasing customer convenience and economic efficiency by constantly monitoring and upgrading the state of our vehicles, as improving service quality will ensure the safe use of vehicles.






4 Service directions

Proactive Caring Manage safety preemptively	Smart Convenience Continue to increase convenience	Cost Saving Enabler Save costs for use and maintenance	Connected Efficiency Enhance time efficiency through connectivity
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Service network

We operate 'Bluehands', our official service supplier, and offer our customers the safety and convenience of the largest network in Korea, with some 1,400 sites. In addition to providing rapid services that reduce car maintenance and repair time, Hyundai is widening the scope of our vehicle diagnostics through dealer workshop servicing, pre-delivery inspection, Auto Link while driving, and visiting Before Service. These self-diagnosis and repair services are part of our response to a shifting market landscape that is now characterized by technologies such as autonomous driving and the Internet of Things (IoT).

Bluehands services

<p>Car repair</p>  <ul style="list-style-type: none"> • Warranty repair, general repair • Consumables exchange and vehicle management 	<p>Home-to-Home Service</p>  <ul style="list-style-type: none"> • Pickup and delivery of maintenance (repair) vehicles 	<p>Emergency dispatch</p>  <ul style="list-style-type: none"> • 24/7 service that is provided through Hyundai's Emergency Dispatch Support Center 	<p>Installation of TUIX</p>  <ul style="list-style-type: none"> • Specialized TUIX installation service after vehicle processing 	<p>Blue Members</p>  <ul style="list-style-type: none"> • Joining Blue Members and providing services
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Blue Members






The 'Blue Members' system reflects our commitment to service, so that our customers are able to enjoy their automobiles more, and use our services according to their requirements.

Blue Link

The 'Blue Link' service is a connected car service that brings together automobiles and IT. It provides a safer, more convenient driving environment by increasing safety in emergency situations, enabling remote control using smartphones, and providing fastest route information in real time.

Blue Link services



Vehicle maintenance	<ul style="list-style-type: none"> • Vehicle inspection • Monthly report • Driving information 	
Concierge	<ul style="list-style-type: none"> • Blue Link Concierge 	
Route information	<ul style="list-style-type: none"> • Blue Link route information (real-time information on the fastest route) • Portal site area search • Sharing my car's location • Server-based voice recognition 	
Safety security	<ul style="list-style-type: none"> • SOS emergency dispatch • Automatic notice on airbag deployment • Theft tracking • Theft alert • Careless driving alert 	
Remote control	<ul style="list-style-type: none"> • Remote air-conditioning control • Remote door unlock and lock control • Confirm parking location • Transmit destination • Check vehicle state 	

Autolink

In 2017, we adopted the smartphone-based 'Autolink' service so that customers overseas who could not use Blue Link could enjoy the same level of service. Autolink offers a range of convenience functions and automobile maintenance information based on customer preferences in each country.

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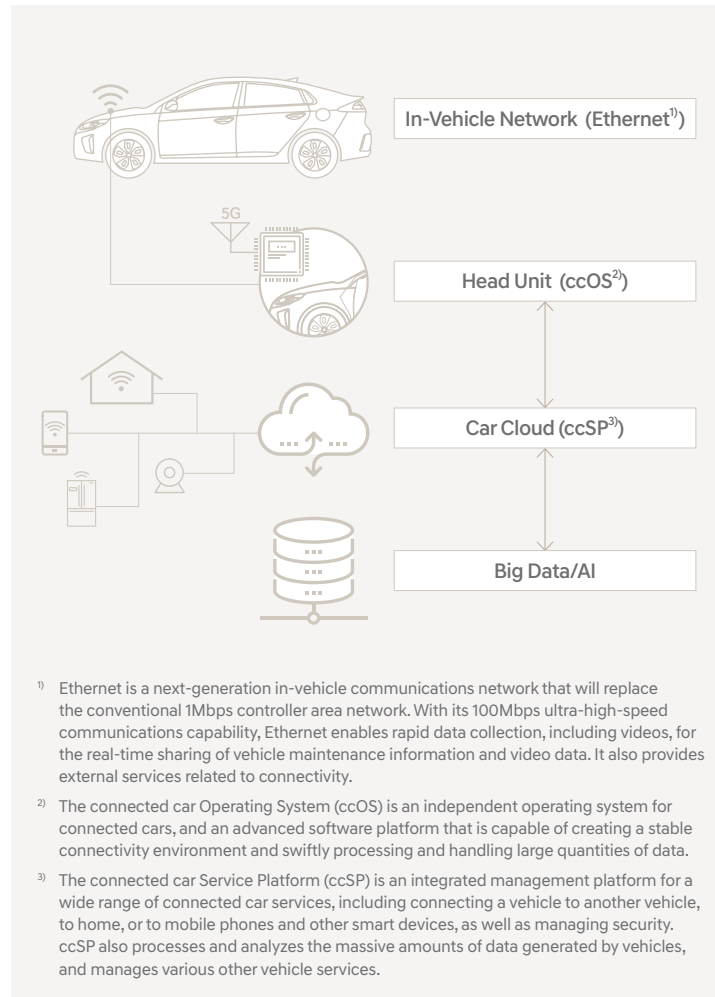
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Connected car technology

'Connected Mobility' is one of the three directions for the future mobility that Hyundai announced at the 2017 CES, and connected car technology is the key to connected mobility.

We will develop and apply connected car technologies across various fields, including vehicle control, artificial intelligence (AI), networks, and security technology, which are used in all aspects of daily lives.

Components of connected car technology

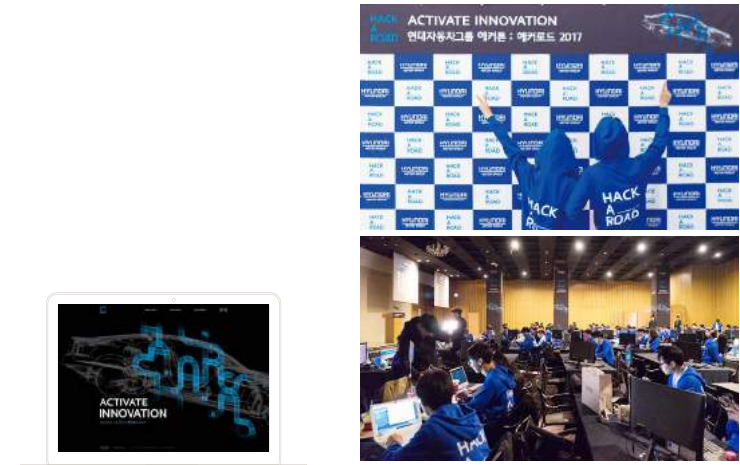


HACKAROAD – Hyundai Hackathon

Hyundai has been hosting the Hackathon¹⁾ since 2016 to anticipate the future of the automobile industry, including connected cars, by providing an arena for competition on ideas related to connectivity technology. In 2017, participants competed for 24 hours, generating unique ideas on the themes of 'infotainment' and 'connected cars'.

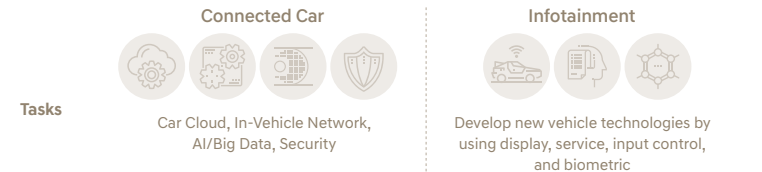
¹⁾ Hackathon is a compound word which refers to how participants must conceive and develop ideas by striving over long hours, just like a marathon.

2017 HACKAROAD



Complete a project on developing a service that will be implemented in future connected cars based on creative ideas

- Overview**
- Participated by undergraduate or graduate students, start-up employees, and others, the Hackathon had teams, with each team consisting of no more than three members, plan and implement services in the fields of connected car and infotainment
 - The allotted time was a total of 24 hours, starting from the morning to the morning on the following day



- * Results were determined by comprehensively considering marketability, creativity, and feasibility
- Prize**
- Prize money totaling around KRW 18 million, and recruitment and internship benefits to outstanding talent
 - Priority is given for submission for the TIPS program and connection is made to advanced development after internal reviews

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Visiting charging service

Hyundai is providing a range of visiting services for customers with EVs, including the IONIQ, in response to the increasing number of eco-friendly vehicles on the road. Eco-friendly cars risk energy depletion while driving, and in order to minimize this risk, we plan to expand both charging infrastructure and the visiting charging service.

Automobile selective warranty system

In the past, customers were offered the same warranty, irrespective of their driving habits and life patterns. Hyundai became the first company in Korea to offer the 'selective warranty system', which allows customers to choose a warranty period that aligns with their requirements, personal preferences, and lifestyle. Customers of vehicles launched after January 1, 2018¹⁾ can select warranty repair conditions, depending on time period and distance. They can also change warranty conditions as many times as they want.

¹⁾ This system does not yet apply to the Genesis or to business and small commercial vehicles.

Global Service Support

Hyundai ensures world-leading service quality under the slogan 'Right Here, Right Care'. The company has established a global service organization, strategies and service methods to make sure that the quality of products sold overseas and the level of services are the same as those offered to customers in Korea. In 2017, we improved our global service operations by strengthening the dealer management system and by establishing digital and other specialized services for vehicles including the Genesis and our eco-friendly cars.

Stakeholder communication channels have been overhauled by bringing in new systems for overseas service promotions, PR and efficient marketing. We have improved service quality in Korea, and now use 'workshop automation' overseas to collect in-the-field service information which is then used to generate service quality improvements. The 'Workshop automation' system has computerized and automated the processing of all tasks that are handled inside workshops, from first receiving the vehicle to processing. In addition, we are now using the 'Hyundai Assurance Program' in various regions overseas.

In recognition of the different cultural and social environments in each country where we operate, Hyundai uses distinctive sales support programs in each region, aiming to build a service system that connects most effectively with local circumstances. Responses to global services are independently monitored and measured, including through the initial quality, durability, reliability indices and the customer satisfaction index.



Visiting charging service

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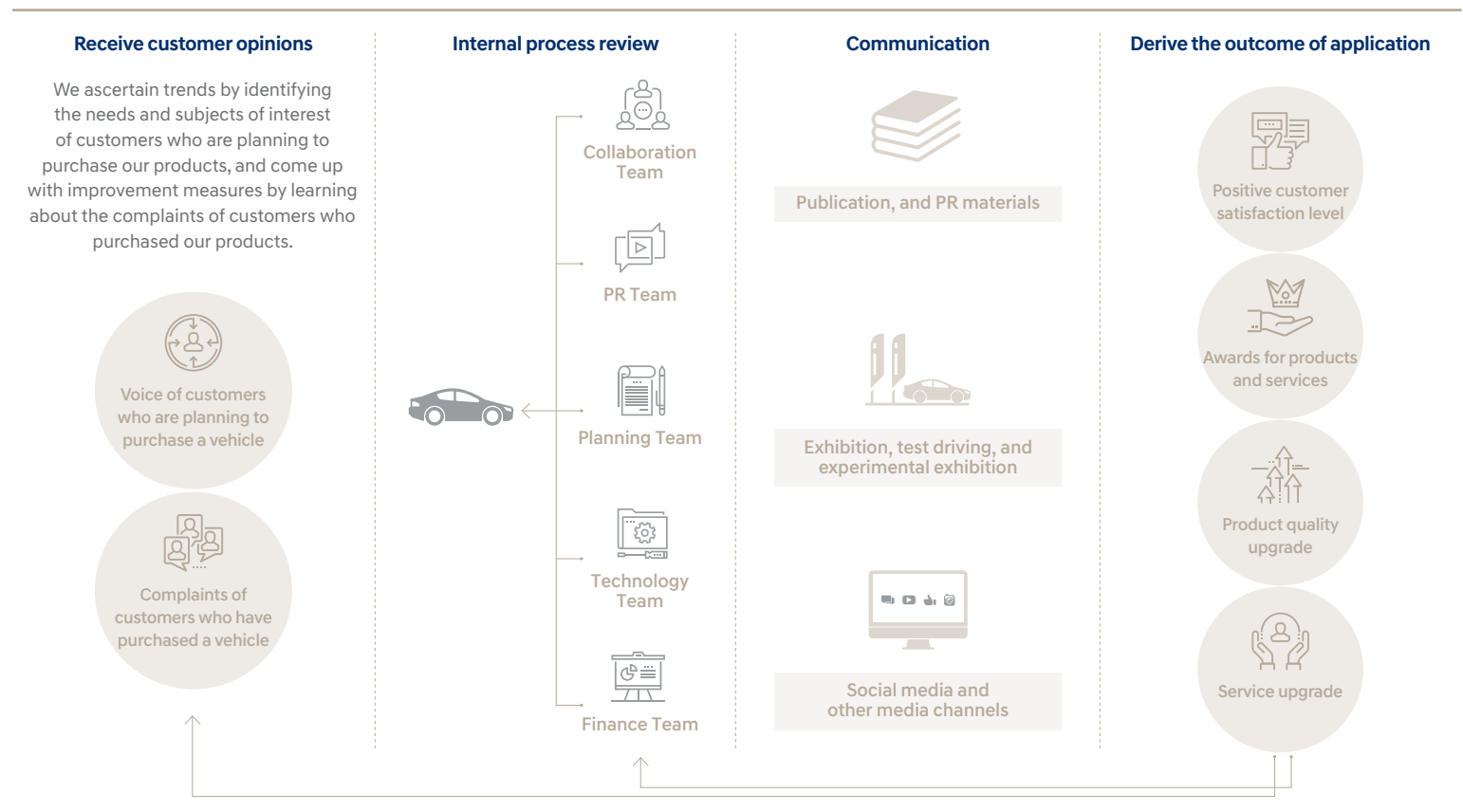
Customer Communication

Enhancing Customer Satisfaction through Communications

Hyundai always focuses on listening to the voices of its customers as effectively as possible. We therefore recently created a department that looks at customer complaints and inconveniences, and aims to collect all customer opinions, without omission. These customer communications are quickly delivered to the relevant departments to develop measures for improvement. In addition, we have overhauled the corporate system for categorizing these measures, so that they are immediately reflected in product quality.

Strengthening customer communications and listening attentively to our customers will enable us to enhance product quality and services, and we will continue to find better ways to align ourselves with customer opinions.

VOC-based customer satisfaction enhancement process



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Delivering Value through Communications

We use various channels to share with customers the technologies that are embodied in our vehicles, our commitment to eco-friendliness, our design philosophy, and the “brand sensitivity” that we seek to deliver. In addition to product brochures, sales and marketing promotions, and advertisements, we are working on different channels and activities that will enable us to share our unique philosophy and values.

Technology	Design	Brand	Motor Shows		
<p>Technology</p> 	<p>Eco</p> 	<p>Design Philosophy</p> 	<p>Modern Premium</p> 	<p>N Brand</p> 	<p>Hyundai Motorstudio</p> 
					
<ul style="list-style-type: none"> • Provide customers with safety and convenience by combining perfect basic performance and sensitivity 	<ul style="list-style-type: none"> • Realize clean mobility that is free from environmental issues • Develop and produce various eco-friendly cars that are free from environmental issues, such as HEVs, PHEVs, EVs, and FCEVs 	<ul style="list-style-type: none"> • Next-generation design direction that embodies Hyundai's unique design DNA • Maximize emotional value through perfect harmony among proportion and structure, styling, and technology 	<ul style="list-style-type: none"> • Deliver a sense of pride and an emotional experience to customers by providing value and experience that exceed customer expectations in this era • Provide Hyundai's unique modern premium experience that is concise, creative, and thoughtful 	<ul style="list-style-type: none"> • A high-performance lineup that was developed based on technology and experience accumulated through motor sports • Deliver the enjoyment of dynamic driving in daily life – not only race tracks – through the outstanding driving performance and high-performance sensitivity of the high-performance N 	<ul style="list-style-type: none"> • A brand experience space where visitors can encounter Hyundai's modern, premium lifestyle • Deliver the new value of Hyundai, which has become a partner in life, through a culture and art experience that is connected to automobiles
 Smart Caring  Safety	 FCEV  PHEV  HEV/EV	 Sensuous Sportiness	 Premium emotion offered by Hyundai	 World Rally Championship	 Goyang, Hanam, Seoul, Digital, Beijing, Moscow
 Technology	 Eco	 Design	 Modern Premium	 N & World Rally Championship	 Hyundai Motorstudio

ART

- Look for new perspectives towards the future, and provide more opportunities to experience and enjoy art
- Form partnerships with National Museum of Modern and Contemporary Art, Tate Modern, and Los Angeles County Museum of Art, and share thoughts about what automobile and art industries need



MMCA Hyundai Motor Series 2017:
IM HEUNG SOON – “Things that do us part”
Photography by GIM IKHYUN
Provided by National Museum of Modern and Contemporary Art

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H-Ombudsman

H-Ombudsman is a customer suggestion program through which Hyundai listens carefully to customer opinions on various matters, including products, marketing, and creating shared value (CSV), and then reflects those opinions in the direction of its corporate development. The H-Ombudsman program is an opportunity to reflect customer opinions in actual products. It performs an important role as a bridge allowing us to communicate openly with our customers about product quality, and then develop better quality new products that reflect customer requirements.

Key activities of H-Ombudsman

			
Launching ceremony	Workshop	Customer suggestion presentation	H-Ombudsman Festival
	2016		2017
Period	From early July to early December		From May to early December
Participants	79		86
Areas of idea suggestion	<ul style="list-style-type: none"> • New technology • Product development • Marketing communication • Sales and services 		<ul style="list-style-type: none"> • Product • Customer value • Social contributions
Selected ideas	<ul style="list-style-type: none"> • Safety Door • First-time buyer marketing • Personalized intelligent navigation • Emotion-driven services for female customers 		<ul style="list-style-type: none"> • Sonata Custom Fit • Blue Assistant • New option of a ventilation handle • Eye Link







An open innovation program was carried out in 2017 to run a customer-participated experiential program that involved commercializing products that reflected customer needs and ideas. For a total of 168 days from May through October, the 2nd Group of H-Ombudsman participated in the overall process of developing the Sonata Special Edition, ranging from key specifications to trim composition and the final model name. The finished special edition was named the 'Sonata Custom Fit' and was actually sold.

We held the 'H-Ombudsman Festival' at the end of the year, where six top teams were invited to share their ideas with customers. There were also special lectures by Jeong Tae Kim, CEO of MYSC Social Company, Gil Yeong Song, Vice President of Daumsoft, and Professor Dennis Hong from the UCLA School of Mechanical and Aerospace Engineering.







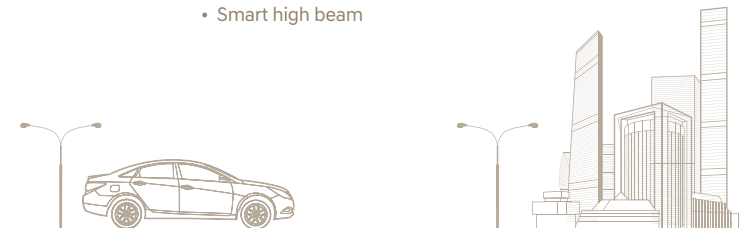
Outline of the Sonata 'Custom Fit'

My City Edition – suitable for downtown driving

-   **Functions for road congestion**
 - Smart blind spot detection (BSD)
 - Electric parking brake (EPB)
-   **Design and auxiliary lights**
 - LED rear combi lamp, LED turn signal, LED auxiliary brake light, 18" dark sputtering wheel and tire
-   **Parking assist system**
 - Front parking assist system
 - Around view monitoring system (optional item)

My Trip Edition – suitable for long-distance driving

-   **Functions for long-hour driving assist**
 - Advanced smart cruise control (ASCC)
 - Automatic emergency braking (AEB)
 - Lane keeping assist system (LKAS)
 - Driver attention alert (DAA)
-   **Nighttime driving assist functions**
 - LED headlamp
 - Hi-pass room mirror (ECM)
 - Smart high beam



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Hyundai Motorstudio

The 'Hyundai Motorstudio' is a brand experience space that aims to share with customers our brand direction, 'Modern Premium Experience'. It provides a new car experience through creative, innovative content and cultural communications with customers. We have continued to innovate in our brand experience halls, ranging from Hyundai Motorstudio Seoul, our first brand experience hall opened in 2014, to Hyundai Motorstudio Moscow, our first overseas brand experience hall, Hyundai Motorstudio Digital, which allows people to see all of our models in a digital environment, and Hyundai Motorstudio Hanam, which was the first Motorstudio in a mall.

Visitors to Hyundai Motorstudio can enjoy the Hyundai brand experience, helped by the automotive culture expert 'Guru' and the exhibition commentator 'Storyteller'. There are also culture and art exhibitions, live performances, a library specializing in automobiles, expert lectures and talk shows, and delicious cuisines.

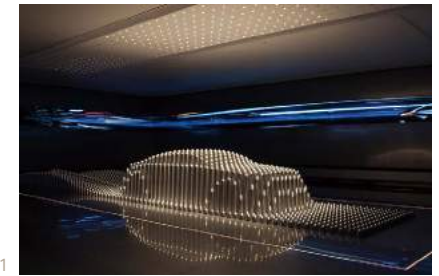
- **Hyundai Motorstudio**
A space to create a new lifestyle through cars, and a space to reflect on the way cars enrich our lives
- **Hyundai Motorstudio Seoul**
Stories about culture beyond automobiles
- **Hyundai Motorstudio Moscow**
A space where inspiration and innovation unfold
- **Hyundai Motorstudio Digital**
The here and the space of hereafter, Beginning of the new car experience
- **Hyundai Motorstudio Hanam**
Welcome to a new form of brand space, Explore and experience the future vision of mobility
- **Hyundai Motorstudio Goyang**
Inviting you on a new automotive journey with experiences you can see, hear and touch
- **Hyundai Motorstudio Beijing**
We communicate with customers through creative thinking and art

Opened in 2017

Hyundai Motorstudio Goyang Opened in April 2017, the Hyundai Motorstudio Goyang is an automobile theme park, where visitors can see, hear, and touch automobiles. In the Permanent Exhibition Zone, visitors can experience the entire process of automobile manufacturing, starting right at the beginning with molten metal at our plants, through to research centers that develop our innovative automotive technologies, and the designs that embody Hyundai's philosophy. In Showcase, the largest car exhibition space in Korea, visitors can see our major models as well as recently launched new vehicles. The Theme Exhibition Zone features various exhibits, in addition to stories about the World Rally Championship.

Hyundai Motorstudio Goyang offers other experiences as well, including 'Drive Out', a themed test-drive program, the food and drink facilities 'KITCHEN' and 'CAFÉ', and a brand shop. We have also opened a cutting-edge maintenance facility and service lounge that use digital information to enable customers to get car maintenance while they are enjoying the exhibitions.

Hyundai Motorstudio Beijing Hyundai Motorstudio Beijing was officially opened in November 2017, in an artistic community in Beijing known as The 789 Art Zone. The space was built to reflect the kind of sustainability and creative energy that can resolve modern social issues, and which is reflected in our brand direction, defined as 'Modern Premium Experience'. In particular, the cutting-edge air handling units located at the entrance and in the hallway depict real-time outdoor air quality and the indoor air purification process in an artistic, intuitive way using indoor and outdoor LEDs, and showing visitors that they are breathing clean air.



1, 2 Hyundai Motorstudio Goyang
3 Hyundai Motorstudio Beijing

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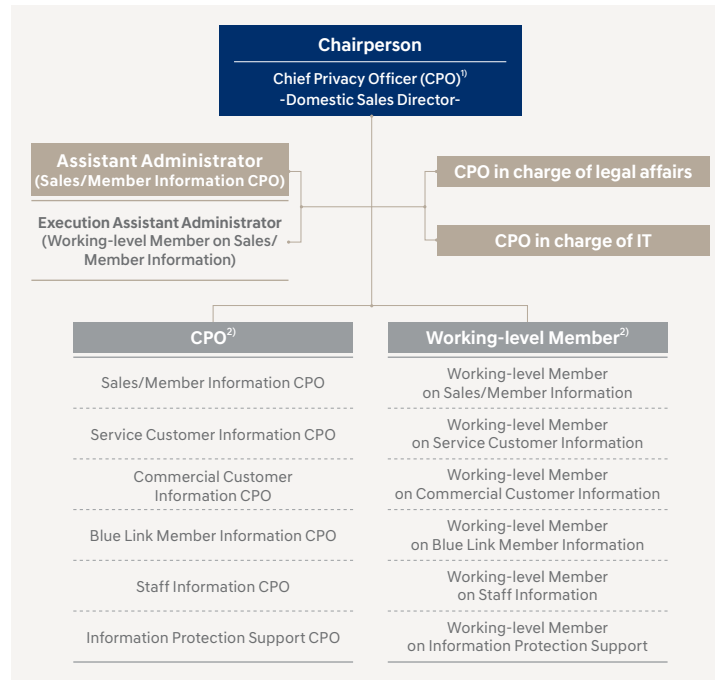
Providing Information in an Ethical, Transparent Way

Hyundai ensures at all times that communications relating to its products and services are completely free from any infringement of stakeholder privacy, including customers, and never include dual standards or attempts to influence vulnerable groups. We respect and adhere to the ethical and cultural standards of every region in which we operate, and we review these standards in advance of launching any communications. Marketing communication activities only take place after a detailed process of listening to and reflecting local opinions.

Protecting customer information

We have established the Personal Information Protection Committee which is responsible for protecting the personal information of our customers and other stakeholders. In addition, our Chief Privacy Officer (CPO) is responsible for managing the personal information management process, and our Personal

Organization chart of the Personal Information Protection Committee



* As of April 2018
 ¹) Chief Privacy Officer (CPO) is in charge of overseeing the organization's personal information protection management and operations, as well as relevant policy and decision-making
 ²) CPO: Executive in the respective area | Working-level Member: Member of each department

Information System (PIS) manages the entire process of distributing customer data and the post-processing phase. We fulfill all the privacy obligations stipulated in relevant laws, and improve security by inspecting all business units and systems regularly, as well as by constantly implementing improvements. In addition, Hyundai's service providers are subject to thorough verification prior to the signing of contracts. They are also subject to security controls and periodical on-site assessments during their period of service, to ensure that our standards of data security are being maintained across our business network.

Product labeling

Hyundai has established and fulfills all labeling obligations in every market in which it operates, to ensure that customers have the complete information they need when purchasing or using its vehicles.

Product labeling obligation by market

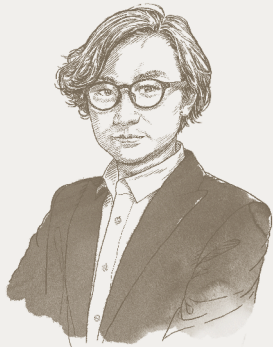
Market	Product information	Labeling obligation
Korea	Product information	ID labeling (year of production, vehicle weight, vehicle identification number, types of car, model name, etc.)
	Fuel efficiency (environmental) information	Fuel efficiency labeling; and exhaust gas-related sign
	Product safety information	Recommended tire air pressure, and front passenger seat airbag warning for children sitting in front seats
China	Product information	ID labeling; and VIN (Vehicle Identification Number, stamped, W/screen)
	Fuel efficiency (environmental) information	Fuel efficiency labeling
	Product safety information	COC labeling; child restraint system (CRS) warning labeling; airbag labeling; and anti-theft labeling
EU	Product information	ID labeling (vehicle weight, WVTA certification number, etc.); and E-mark for various item certification (lamp, safety belt, horn, tire, mirror, glass, etc.)
	Fuel efficiency (environmental) information	Refrigerant labeling: diesel engine car smoke labeling (corrected absorption coefficient value indication); battery recycling labeling; and fuel labeling (law planned to take effect in October 2018)
	Product safety information	Airbag warning labeling; temporary spare tire (if provided) speed alert labeling; brake fluid labeling; and ISOFIX CRS anchor labeling
North America (U.S., Canada)	Product information	Manufacturer's suggested retail price (MSRP) labeling (Fuel efficiency, NCAP information, etc.)
	Fuel efficiency (environmental) information	VECI labeling (certified exhaust gas data); and refrigerant labeling (refrigerant information, refrigerant volume, type of compressor lubricant, lubricant volume, manufacturer information, SAE compliance information, warning symbols, etc.)
	Product safety information	Tire air pressure information labeling (proper air pressure and vehicle load capacity); safety certification labeling (vehicle weight, tire information, etc.); and airbag warning labeling (consumer warnings/precautions in relation to deployment of airbag)

We will further care our customers.

In order to maximize customer safety, Hyundai is committed to ensuring that a greater number of customers can enjoy the benefits of the safety features in its vehicles. We are therefore aiming to apply the insurance discounts that are currently available for personal passenger vehicles to commercial cars, including taxis, and trucks from 2018. We finalized roles and responsibilities related to hazardous chemicals management in 2017, and we will standardize it for our global business sites as well, starting in 2018.

In customer communications, we will focus on providing customers with a better experience throughout the entire ownership process, from purchase to use. We are also making improvements in how we measure customer satisfaction. In particular, for eco-friendly vehicles, we will use communications to help customers feel more familiar with these types of vehicles as a whole, and not just Hyundai vehicles. This reflects our responsibilities as the leader in the Korean automobile market, and our commitment to the environment.

Stakeholder Interview



Li Jie (李杰)
Artist participating in the Hyundai Blue Prize

I am greatly honored that the 'Boat Travelling on Land' exhibition won an award at the Hyundai Blue Prize held at the Hyundai Motorstudio Beijing. The theme of the exhibition was onsite projects by Chinese artists in Nature and social spaces, from the 1990s to the present. Beijing's exhibition space was remodeled to create mountains and canyons, enabling visitors to experience the exhibition from various different angles.

Hyundai Blue Prize has encouraged professional exchanges and dialogue between curators, even those who differ in their artistic perspectives. It has provided important support to many curators and social innovators who are looking for new art and a wider social dialogue. I was pleased to participate, as it seemed to be a rare platform and opportunity within Asia, and I hope it develops into a long-term program. I also hope that it will encourage the establishment of more arenas of international exchange for the curation of the arts.



Achievements in Customer Safety

No. 1 in the 2018 IQS by J.D. Power and Associates

J.D. POWER

The Genesis, our premium brand, ranked first among a total of 31 brands, including non-premium brands, and first among 13 premium brands in the '2018 U.S. Initial Quality Study (IQS)' conducted by the J.D. Power and Associates. In particular, it ranked No. 1 among premium brands for two consecutive years, and received its best ever score at 68 points only in two years after entering into the US market.

The Best Car Brand of the Year selected by the US Consumer Reports

In the '2018 Brand Report Card' by Consumer Reports which comprehensively evaluates driving performance, reliability, customer satisfaction, and safety, the Genesis recorded an excellent score - 81 out of 100 - and thus won first among a total of 34 brands.

1
No.

No. 1 in KSQI for three consecutive years

We ranked first for three consecutive years in the automobile follow-up management category at the 2017 Korean Service Quality Index (KSQI).



Achievements in Customer Communication

Hyundai Motorstudio Goyang Received the Red Dot Design Award

Opened in April 2017, the Hyundai Motorstudio Goyang received Red Dot Design Awards in three categories, including the 'Best of the Best' award and 'Winner' placing for the space category, and the 'Winner' placing for the retail space category, in recognition of our efforts for consistent communication with consumers regarding our brand identity, which is the most important characteristic of a brand.



Selected as one of the most beloved advertisements in Korea

The 'Hydrogen Electric House' and the IONIQ's outdoor advertisements in 2017 were selected as the most beloved advertisements in Korea hosted by Korea Advertisers Association in the online category and outdoor advertising category, respectively.



Ranked top 35 on the list of 'Best Global Brands 2017' by Interbrand

We ranked 35th among all brands and sixth in the automobile category for two consecutive years. Our brand value rose 5.1% over the previous year to reach USD 13.2 billion.

Interbrand
35th

ENVIRONMENT

What should a corporation do for a sustainable future?

Hyundai thinks thoroughly about ways to balance economic and environmental values for the sake of the healthy growth of the company and the communities where we belong to. Our eco-friendly management of keeping the environment beautiful for our future generations and green technology of making the ultimate clean mobility free of pollutants combine to give a green light to a sustainable future.



We pursue eco-friendly growth.







Hyundai recognizes the automobile industry's impact on the environment, and the consequent responsibilities that we have. As a result, we have set out our 'global environmental philosophy and guidelines', and we do our utmost to build a sustainable future through eco-friendly cars and management. We are actively responding to climate change by improving fuel efficiency and developing eco-friendly vehicles and technologies that reduce exhaust gas emissions. In addition, we focus on reducing our greenhouse gas emissions by improving energy efficiency, recycling our resources, and controlling the hazardous substances in the manufacturing processes at all our business sites.

We maximize the eco-friendliness of our products.

Hyundai has developed numerous eco-friendly vehicles, including hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs), electric vehicles (EVs), and fuel cell electric vehicles (FCEVs). We will expand the number of eco-friendly car models to 31 by 2020 and then to 38 by 2025¹⁾, becoming a leader in the global eco-friendly car market. In addition to offering new eco-friendly cars, Hyundai continues to use the automobile manufacturing technologies that it has accumulated over the last 50 years to improve fuel efficiency and thus maximize eco-friendliness.

We minimize the environmental impact of our business operations.

Hyundai is responding to climate change by minimizing greenhouse gas emissions from energy usage in its manufacturing processes. Our internal control criteria for air and water pollutants, which are generated during the manufacturing process, are stricter than required by law and regulations, and we continue to focus on preventing environmental accidents, thereby minimizing the environmental impact of our business operations.

Developing vehicles that use eco-friendly fuel		Reducing the environmental impact of existing vehicles	
HEV-PHEV			Make lightweight vehicles
FCEV			Use eco-friendly materials
EV			Recycle waste resources

¹⁾ Based on the Hyundai Motor Group's line-up

Efforts made in 2017 to maximize eco-friendliness of our products

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Efforts made in 2017 to minimize the environmental impact of our business operations

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Maximizing the Eco-friendliness of Products

Developing Eco-friendly Vehicles

In order to reflect on recent trends with stakeholders ever more aware of the impact of climate change, Hyundai has been actively researching and developing 'faster and more convenient cars', and 'cars with a reduced impact on the environment'. Based on that, the company aims to become a leader in the fast-growing eco-friendly vehicle market, and will also fully support the expansion of the infrastructure and services required by eco-friendly cars, so that customers can use them with complete convenience.

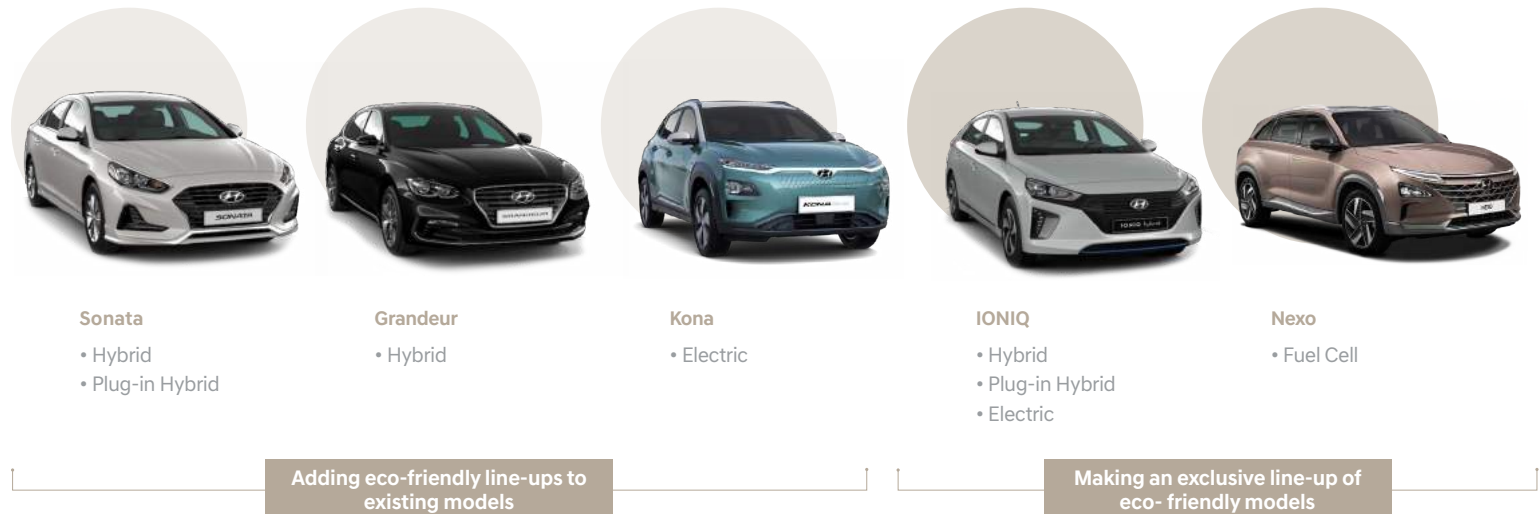
Furthermore, as well as launching eco-friendly cars, we will maximize the eco-friendliness of our internal combustion engine vehicles (ICEVs). This commitment can be seen throughout the entire vehicle process, from product planning to manufacturing, including by making our vehicles lightweight and using eco-friendly and renewable materials.

Establishing an Eco-friendly Vehicle Line-up

The most effective way to maximize the eco-friendliness of vehicles is to change the basic mechanism for generating power by avoiding the use of fossil fuels, such as gasoline, diesel and LPG. Many car manufacturers are therefore focusing on developing vehicles that replace internal combustion engines with electric motors, including HEVs, PHEVs, FCEVs, and EVs.

Hyundai has eco-friendly variants, such as an HEV, for existing car models, and is also developing new model lines that will consist exclusively of eco-friendly vehicles, including EVs and FCEVs.

Eco-friendly Vehicle Line-up



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Leading the FCEV Market

In order to lead the global FCEV market, we began mass production of the Tucson ix FCEV, the world's first FCEV, in 2013, and launched the Nexo FCEV, a second-generation FCEV, in 2018. The Nexo is a futuristic SUV that brings together our outstanding technologies relating to the electricity-driven parts of HEVs, PHEVs and EVs, our FCEV technology, and other advanced car technologies.



Launching the 'NEXO', a Next-Generation FCEV

In September 2017, Hyundai first unveiled the 'Nexo', a second-generation FCEV that has reduced charging time to just five minutes and has increased the driving range for a single top-up of charging to around 609 km. The Nexo was officially launched at the CES in January 2018.

The Nexo is powered by electric energy produced by a reaction between hydrogen and oxygen. It therefore does not discharge any exhaust gases or other substances that could pollute the environment. It maximizes its eco-friendliness by using a high-performance air purification filter which filters out 99.9% of ultrafine particles (PM 2.5 or less).



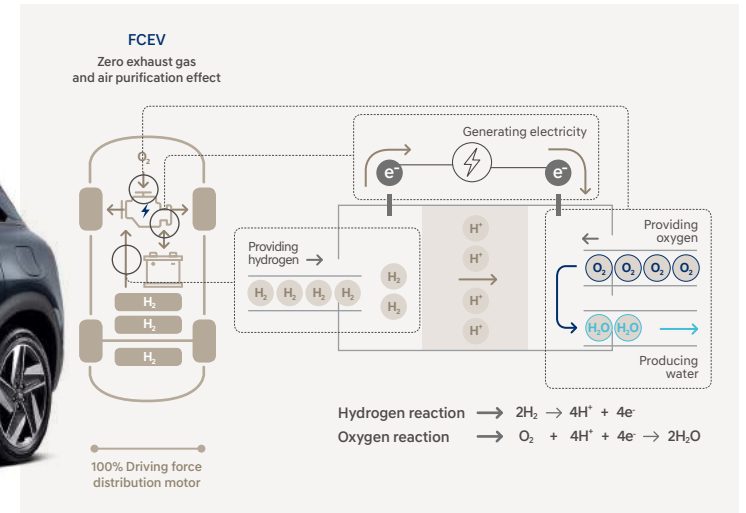
Hyundai plans to establish 210 FCEV charging stations by 2025, and the price of FCEVs is forecast to fall by 40% compared to the current level by 2030 with increased supply of FCEVs. Hyundai is a member of the Board of Directors at the H2KOREA, a hydrogen convergence alliance established jointly by the Korean government and the private sector in August 2016, with an aim to promote FCEVs and expand charging infrastructure. Hyundai is also a founding member of the 'Hydrogen Council', an organization of global hydrogen leaders, and the company was selected as a co-chair company in 2017. By doing so, we are making efforts in a range of areas to develop the competitiveness required to lead the global eco-friendly vehicle market.

Driver assistant system in FCEV



* Outline of the drive system and how it works, energy flow information, station information, possible driving distance information, hydrogen tank monitoring

How FCEVs work



* The 'stack' uses electricity that is created by combining hydrogen stored in tanks with oxygen to power a motor.

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Expanding the Eco-friendly Vehicle Market

Hyundai strives to lower the psychological barriers still slowing down the development of the eco-friendly vehicle market, so that customers embrace eco-friendliness as an important factor in their choice of vehicle, and prioritize eco-friendly vehicles over other models. We therefore operate diverse eco-friendly vehicle experience zones, enabling customers to experience the benefits of eco-friendly vehicles, such as FCEVs and EVs, and green energy with greater convenience.

Activities to Promote Eco-friendly Vehicles

Hydrogen Electric House At the unveiling of the Nexu, Hyundai also opened the 'Hydrogen Electric House', an experiential exhibition space in the Yeouido Hangang Park in Seoul. Here visitors can learn about the eco-friendliness and safety of hydrogen-electric energy, experience how the electric energy created by FCEVs is actually used, and how FCEVs work. Hydrogen Electric House offered visitors augmented reality (AR) devices, so that they could experience the eco-friendliness of FCEVs, and the technologies which enable FCEVs to produce only clean water and electricity, without discharging any harmful gases or ultrafine particles. After the very positive customer response to the Hydrogen Electric House, which was open from August to November 2017, we now plan to open Hydrogen Electric Houses in various regions, including Ulsan, across Korea in 2018.



Experience augmented reality Experience zero emission Experience how FCEVs work

The IONIQ Jeju Diorama Project Hyundai has been providing sufficient information on EVs, in response to increasing global demand for EVs. Jeju Island in Korea is an eco-friendly region, and has an extensive EV charging infrastructure. We therefore linked Jeju Island and the IONIQ EV by setting up an outdoor diorama at Jeju International Airport to inform visitors of how lives can be changed by EVs.



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Project IONIQ

The major industry changes now under way are opportunities for advancement to us. Hyundai therefore launched the Project IONIQ, an innovation incubating project, in 2016. We have set the 'Freedom in Mobility' as an ultimate goal, selected four major areas of research, and connected them with the future of Hyundai in order to research and improve the inherent limitations of vehicles. Under the direction of the 'Project IONIQ', we run the Project IONIQ Lab where we use collective intelligence-based research to forecast and respond to industry changes, host the 'IONIQ Longest Run' and create the 'IONIQ Forest' because the IONIQ does not cause air pollution by not discharging carbon while being driven, and carry out other various activities connected to the Project IONIQ.

4 Major Areas of the Project IONIQ and Major Activities

4 Major areas of 'Freedom in Mobility'

- 1 **Free from Traffic Hazard, Congestion & Burden** Automobiles are developing fast, but the issues created by vehicles, such as traffic congestion, accidents, and the physical burden of driving, have yet to be completely resolved. Hyundai will create vehicles that better forecast traffic, avoid accidents, and travel independently to their destinations, thus minimizing customer inconvenience and the risk of accidents.
- 2 **Free to Connect Everyday Life** With the development of network technologies, automobiles are more than just a simple means of transportation – they are becoming a mobile living space, and the boundaries between travel and everyday life are breaking down. Hyundai is converging travel and everyday life, creating a freer lifestyle in which all aspects of daily life are possible even inside a car, including work, shopping, rest, and everything in daily lives.
- 3 **Free to Use Mobility Wherever & Whenever** Changes in society and lifestyles are triggering sharp changes in patterns of vehicle usage. Transportation in the future may be quite different from the image that comes to mind now when people hear the word 'car'. Hyundai will provide innovative means of transportation, so that everyone can enjoy true freedom in mobility, without restrictions of time and space.
- 4 **Free from Environmental Pollutant & Energy Exhaustion** The mobility of the future must use eco-friendly technologies, so that automobiles and the environment can co-exist. The IONIQ's line-up of HEV, PHEV, and EV is the first of its kind in the world, and marks the beginning of Hyundai's journey to deliver the enjoyment of driving free from any sense of burden related to environmental pollution and energy waste.





Project IONIQ Lab

This Project IONIQ research group conducts open innovation research into the future of society, engineering, and design. It is shaping the future of Hyundai through active exchange with our Strategy & Technology Division.

Unveiled the '2030 Future Mega Trends', and developed the future mobility scenario



The IONIQ Longest Run

We donate funds that match the number of kilometers covered by participants in the Longest Run. The funds are used to help people who are exposed to air pollution, and to improve the environment.



The Roadable Synapse

Jonathon Keats at the Los Angeles County Museum of Art has utilized Hyundai's technological advice and sponsorship to combine neuroscience with automobiles, and has realized a synapse that delivers the internal and external status of vehicles, and applied it into the IONIQ.

Applied a creative technology into the IONIQ by sponsoring the 'art + technology' project



The IONIQ Forest

Hyundai has signed an agreement with Sudokwon Landfill Site Management Corporation (SL Corp.) and Tree Planet to create a forest at a Sudokwon (metropolitan) Landfill Site, and plans to plant up to 30,000 trees by 2021 at the Dream Park-IONIQ Forest.

Created the Dream Park-IONIQ Forest, and planted 8,450 trees as of April, 2018

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Enhancing the Eco-friendliness of Existing Cars

Hyundai uses various technologies and systems to maximize the eco-friendliness of its market-leading ICEVs as a complement to developing high growth potential eco-friendly vehicles, such as EVs and FCEVs.

Enhancing the Eco-friendliness of Cars



Expanding the application of new materials

Developing new process technology

We plan to actively use lightweight aluminum material for vehicle body frames to improve fuel efficiency. To overcome the limitations of the previous aluminum casting, we are currently developing 'centrifugal casting', in which molten aluminum is rotated at high speed to increase the pressure and cooling efficiency, and also 'counter pressure low-pressure casting', which uses the pressure differences between the mold and the molten aluminum to increase the pressure.



Making lightweight vehicles

Increasing the application of lightweight materials

We are developing new lightweight materials that deliver high durability and corrosion resistance, and replacing existing materials to reduce the weight of vehicle body frames. To more actively apply new materials, such as aluminum and carbon fiber materials, to body frame steel sheets, we plan to develop joining methods for a wide spectrum of materials and joining techniques that can be used in mass production.



Improving engine fuel efficiency of ICEVs and reducing exhaust gas

Next-generation powertrain: "Smartstream"

We are bolstering powertrain competitiveness to respond to the sharply-changing market. As part of this effort, we released the Smartstream, a next-generation powertrain that is the outcome of development efforts carried out over the last five years to develop global leadership in engine+transmission technology. By applying the Smartstream, which was developed with the aim of improving fuel efficiency and practical performance and reducing exhaust gas, we will respond to strengthening fuel efficiency and environmental regulations in different countries and satisfy various driver demands for car power performance.



Reducing environmental impact of end-of-life vehicles

Recycling waste resources

By developing recycling methods for automobile engineering plastics and seat foams, we are increasing the recycling rate of resources that were used for end-of-life vehicles. Engineering plastics are mainly applied to functional components, such as engines and chassis parts. In case of seat foams, we developed a technology to convert these foams into sound absorption materials. We are currently using this technology to mass-produce package trays and luggage coverings.

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Minimizing the Environmental Impact of Business Operations

Reducing the Environmental Impact of Business Sites

Hyundai's facilities consist of Headquarters, manufacturing plants, research centers, and overseas business sites. Because all of these facilities are different in their purpose and main work, there are major differences in the amount of energy that they consume and the environmental pollutants that they generate. Hyundai therefore annually plans and implements customized environmental preservation activities in line with each site's purpose and activities. Moreover, in advance and from a mid- to long-term perspective, we detect any changes needed at our business sites in terms of sources of energy and product trends, and collaborate with stakeholders, including the government, to identify effective responses.

We have been replacing old and less efficient facilities in order to reduce energy consumption and environmental pollution in a preemptive manner. We are also making efforts to develop an environmental mindset within our staff through corporate-wide campaigns and environmental monitoring.

Building Accident-free, Eco-friendly Green Plants

In order to ensure that our plants are as eco-friendly as possible, Hyundai's internal control criteria for the air and water pollutants generated in its manufacturing processes are stricter than regulatory requirements. We have also set in place urgent measures in case of an emergency by holding chemical incident response drills and oil spill drills. In addition, we do our utmost to prevent environmental accidents by operating an integrated environmental facility control system that checks the operation status of environmental facilities, such as wastewater treatment facilities and air pollution prevention facilities, and whether there is any pollutant leakage into streams and drains.

Minimizing air pollutants

The air pollutants generated in our manufacturing processes consist mainly of dust and volatile organic compounds (VOCs). VOCs, which are mainly generated at paint shops, produce fine dust, thus requiring strict management. We therefore strive to reduce the generation of VOCs by improving and installing more waste thinner recovery facilities, and minimizing the discharge of pollutants by installing regenerative thermal oxidizer (RTO) facilities.

Minimizing water pollutants

We are committed both to minimizing the discharge of water pollutants and managing rivers in order to minimize critical operational risks due to local stream pollution. We have installed CCTVs, oil detectors, and drains within the plants and nearby streams to constantly monitor potential leaks of water pollutants. In addition, in order to address the underlying issue of water pollutants flowing into streams through rainwater, we have installed diaphragm seal water-oil separators along the major drains that lead to nearby streams.

Minimizing waste materials

We focus on increasing the number of items that we recycle, while making comprehensive efforts to reduce the amount of waste being generated. We will continue to implement waste reduction measures, including improving old waste equipment and minimizing the use of arm-roll boxes for designated and general waste.

Minimizing hazardous chemical materials

In order to comply with the Toxic Chemicals Control Act that took effect in 2015, Hyundai has strengthened standards for our facility inspections, and is replacing highly hazardous materials such as caustic soda, nitric acid, hydrochloric acid and sulfuric acid, with less hazardous materials. This is being done in close cooperation with our suppliers, including suppliers of chemical products.

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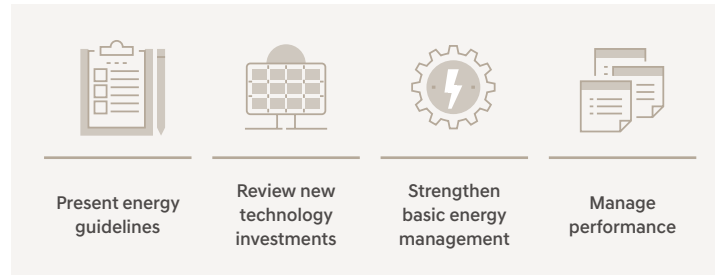
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Managing Energy and Reducing Greenhouse Gas Emissions

Hyundai has been carrying out a wide range of activities to reduce the use of energy, and the resultant greenhouse gas (GHG) emissions. Its manufacturing plants systematically manage their energy usage in many ways, including leakage management, high-efficiency facilities, process improvements, and better heat sources. All of its business sites, including manufacturing plants, focus on building sustainable management systems from a mid- to long-term perspective to overcome the limitations of the previous mere facility replacement and the personnel management paradigm.

In addition, Hyundai has formed the GHG Council, which consists of energy managers from all of its business sites working together to build eco-friendly plants. In 2017, we saved energy by utilizing new & renewable energy wherever possible, and by replacing existing facilities with high-efficiency facilities. We also participated in outside programs, including the 'energy-saving technology guidance program for joint green growth between small and medium-sized enterprises (SMEs) and large companies'. Moreover, we became the first company to receive Energy Champion certification from the Korean government.

Hyundai's direction to manage energy and reduce GHG emissions



Saving energy as an eco-friendly company

Hyundai received government certification as a 'Green Company', which is for an eco-friendly worksite. Also, the Ulsan Plant and Asan Plant earned 'Energy Champion' certification, which is the first energy-related certification in Korea. By taking part in the joint green growth policy between SMEs and large companies, we provide technical guidance on saving energy to SMEs, thereby engaging in win-win cooperation to curtail energy costs and reduce GHG emissions throughout the industry.

Establishing the GEMS

As a global company, Hyundai has built a Global Energy & GHG Management System (GEMS) that allows real-time energy monitoring and management of all of its overseas and domestic business sites. GEMS identifies energy usage, GHG emissions, and energy expenses by analyzing energy indicators in real time. In addition, outstanding energy-efficient business sites share their technical abilities with other sites, thereby operating energy management techniques that are befitting for our stature as a global company.

Expanding sustainable clean power generation

In addition to developing EVs that replace the use of fossil fuels, we strive to build eco-friendly manufacturing plants by establishing mid- to long-term plans for low-carbon operations at our plants and research centers. After beginning photovoltaic power generation at the Asan Plant, we plan to create Korea's largest single plant photovoltaic power generation scheme at the Ulsan Plant. In addition, since June 2018, Hyundai has been operating a co-generation plant that uses clean town gas as its energy source. This plant will replace old diesel emergency generators, and will operate when Korea's demand for electricity peaks in summer, thus reducing demand for fossil fuels. We also plan to install hydrogen fuel cell stations at our manufacturing plants.

Reducing other indirect GHG emissions (Scope 3)¹⁾

GHG emissions are generated both through direct combustion as part of the company's business activities and by consuming energy produced by outside parties. Hyundai also indirectly adds to GHG emissions through related business activities, such as the transportation of staff and products, and through its suppliers and the companies that it has invested in. In order to be precise and comprehensive in our communications about GHG emissions, Hyundai aims to measure and disclose the indirect GHG emissions that are caused not by our business activities but by other indirect activities.

¹⁾ Types of GHG emissions

Scope 1: GHG emissions that a company directly generates through direct combustion of energy sources (gas, kerosene, etc.)

Scope 2: Indirect GHG emissions through consumption of energy that is produced by an outside party through combustion of energy sources (steam, electricity, etc.)

Scope 3: Indirect GHG emissions through business activities from areas which are not directly owned or controlled by organization (business partners, logistics, travel, etc.)

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Energy Management and GHG Emissions Reduction Programs at Major Business Sites

Beginning in 2018, the Korean government is strengthening the GHG emissions trading scheme and adopting policies to phase out nuclear power and reduce the use of fossil fuels. As a result, Hyundai is making strenuous efforts to reduce its energy consumption and build eco-friendly plants.

In 2017, the Ulsan Plant installed a 2,000 kWh energy storage system (ESS) to curtail energy expenses. Efforts are being made throughout the company to increase energy efficiency and reduce GHG emissions, including the use of photovoltaic energy, installing new inverters, using high-efficiency compressors, changing to low power LED lighting, and adopting external steam that uses waste as its energy source.



Operating the Co-generation Plant (Ulsan Plant)

The co-generation plant established at our Ulsan Plant is a clean energy power plant that was adopted for the first time in the domestic automobile industry. It can save annual energy expenses of around KRW 900 million. Also, the co-generation plant replaces diesel emergency generators to reduce use of fossil fuels. By operating this plant when electric power demand reaches its peak in the summer and winter, we can reduce the amount of electricity we purchase from KEPCO and thus contribute to stabilizing the national electric power system.



Co-generation Plant at the Ulsan Plant

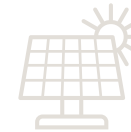


Adopting the External Steam (Ulsan, Namyang)

We outsource external incineration plants to dispose domestic and plant wastes that are generated at our business sites. Steam is produced by using heat that is generated when incinerating wastes, and we purchase the steam to use at our business activities. Through this program, we can safely incinerate wastes and thus minimize the amount of wastes in landfills, in addition to being supplied with steam at affordable costs. We can thereby reduce environmental impact while enhancing corporate competitiveness.



Completion of the construction to adopt external steam at the Ulsan Plant



Photovoltaic Power Generation Facility (Asan Plant)

The photovoltaic (PV) power generation facility that has been in operation on the roof of our Asan Plant since 2013 annually produces 12.97 million kWh of electricity, reducing around 6,049 tons of carbon dioxide a year, which can be accomplished by planting more than 1 million pine trees. We are looking into ways to adopt alternative energy, including photovoltaic power generation, at our other production facilities as well, including our Jeonju Plant, in addition to the Asan Plant, in our efforts to expand eco-friendly management to cover all our business sites.



PV power generation facility at the Asan Plant

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Eco-friendly Site Management Roadmap

Hyundai will continue to thoroughly analyze each global business site's major activities and their resulting environmental impact, and will make every effort to minimize each site's short-term, mid-term, and long-term environmental impact.

Action Plan to Reduce Environmental Impact

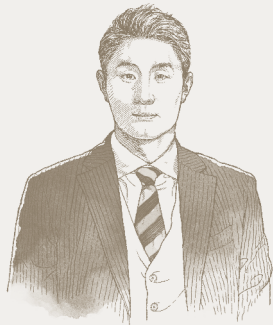
	Repetitive, short-term (5-10 years)	Mid-term (10-15 years)	Long-term (More than 15 years)
 Headquarters	<ul style="list-style-type: none"> • Reduce energy consumption used in daily life at the corporate level • Report and set budgets for internal expenses related to energy at the corporate level and by facility • Carry out energy-saving activities through the Restart campaign of Go Together • Hold workshops regarding GHG reduction 	<ul style="list-style-type: none"> • Install hydrogen/photovoltaic generators when building the new Hyundai Global Business Center • Monitor GHG usage by suppliers • Operate a GHG Council consisting of representatives of business site • Connect business sites on Jeju Island to ESS 	<ul style="list-style-type: none"> • Adopt hydrogen/fuel cell generators at Headquarters • Establish hydrogen power plants
 Manufacturing facilities	<ul style="list-style-type: none"> • Conduct activities to enhance energy profitability of the Ulsan Plant (every year) • Install an ESS with 2 MWh-capacity • Adopt steam from Hyundai Heavy Industries' incinerators • Operate pressure differential power generation (350 kWh) using steam • Win an Energy Champion for excellence in energy-saving • Conduct energy-saving activities through the Go Together campaign • Implement large-scale photovoltaic power generation at the Ulsan Plant (government agreement project) • Build a co-generation plant (5.8 MWh) 	<ul style="list-style-type: none"> • Expand co-generation plants (add two plants) • Increase the application of ESS • Adopt a hydrogen fuel cell power plant (Tucson fuel cell) • Adopt an energy management technique that uses IoT • Move forward with photovoltaic power generation as part of the Clean Development Mechanism (CDM) • Adopt a waste-to-energy plant (use wastes generated in the plants) 	<ul style="list-style-type: none"> • Curtail energy expenses through direct import of gas • Review the matter of internal power plants with direct gas import • Build outage-free production plants by connecting internal power plants with co-generation • Increase new & renewable energy power generation • Build power plants by recycling waste EV batteries • Build smart factories that handle self energy diagnosis • Replace production lines to become eco-friendly in tandem with a rise in production of eco-friendly products
 Research centers	<ul style="list-style-type: none"> • Rebuilt an incinerating facility in 2017 and were supplied with steam • Conduct an environmental review by a third party • Measure and inspect GHG • Conduct daytime/nighttime energy-saving patrols on a regular basis • Adjust air-conditioning and heating by season 	<ul style="list-style-type: none"> • Increase the installation of photovoltaic generators • Build a smart grid • Manage energy efficiency in connection with ESS 	<ul style="list-style-type: none"> • Adopt hydrogen/fuel cell generators • Expand photovoltaic generators
 Overseas business sites	<ul style="list-style-type: none"> • Measure energy consumption at overseas business sites 	<ul style="list-style-type: none"> • Conduct a CDM project at the Indian plant, and continually identify the reduction amount to reach at the emission rights target level 	<ul style="list-style-type: none"> • Expand the CDM projects at overseas business sites

We will continue to pursue green growth.

The automobile industry is facing strict environmental regulations in all of its major markets, including the Americas, Europe, and China. As a result, eco-friendly vehicles, including EVs, have been becoming ever more important, which is why Hyundai is committed to actively offering eco-friendly vehicles to achieve sustainable growth.

In addition, the automobile industry is a large-scale manufacturing industry that makes substantial use of raw materials, energy and manufacturing facilities. It is also burdened with very high levels of obligations related to the environmental impact of its plant operations. Hyundai will therefore respond to global regulations by operating its manufacturing processes in an eco-friendly way, and by making investments that help to reduce carbon emissions.

Stakeholder Interview



Jae Hyung Kim

Manager in charge of the Hydrogen Electric House, Hyundai Motor Company

The Hydrogen Electric House campaign was set in motion in order to increase understanding of hydrogen energy ahead of the launch of the 'Nexo', Hyundai's next-generation FCEV, and to publicize our vision for an eco-friendly hydrogen energy ecosystem. It has helped visitors understand how FCEVs work, their eco-friendliness, and the potential for a hydrogen society. Visitors can also experience the hydrogen electricity homes of the future. The first Hydrogen Electric House was located in the Hangang Citizen's Park in central Seoul, in line with its concept as an eco-friendly and accessible residential space.

The Hydrogen Electric House was very positively received, welcoming more than 30,000 visitors. They were delighted with the eco-friendliness of FCEVs, and hoped to have more exhibitions to learn more about hydrogen energy. Hyundai will therefore host an exhibition in Ulsan in the first half of 2018, and expand it to include Changwon and Gwangju, and potentially other cities in Korea, in the second half of the year. Because the Hydrogen Electric House is built in a mobile modular form, visitors throughout the nation will see the same Hydrogen Electric House.

Achievements in Eco-friendly Vehicles

Selected as the 'Greenest Vehicle' by ACEEE

The IONIQ EV ranked top among 12 eco-friendly vehicles assessed by the American Council for an Energy Efficiency Economy (ACEEE) by recording 64 points. It also achieved the best score in the Environmental Damage Index¹⁾ at 0.78.

No. 1

NEXO won 'CES Editors' Choice Awards' at CES 2018

Hyundai's Nexo and Kia's Niro Electric were winners in the automotive category of the CES Editor's Choice, based on their innovation, key technologies, design, and value. The Consumer Electronic Show (CES) is held every January in Las Vegas. It showcases new consumer products, and also offers the chance for sample products that are not shown to the public to be evaluated.



Won the 'Innovation Award' at 2018 CES Asia

The Nexo FCEV was acknowledged for its cutting-edge ADAS technology and futuristic interface technology based on the hydrogen fuel cell system, which is the next-generation power system, and became the only finished vehicle to receive an award in the 'vehicle technology' category at the 'CES Asia 2018 Innovation Awards', chosen by the CES Asia Organizing Committee.



Achievements in Eco-friendly Manufacturing Process

Chosen as the 'Energy Champion'

The Energy Champion system was created in 2017 to reward major energy-consuming companies that have made significant efforts to substantially improve energy efficiency. Hyundai's Ulsan Plant and Asan Plant were chosen as Energy Champions, and the Asan Plant manager was awarded as an outstanding energy efficiency worker, and was given an overseas trip as a reward. (21 companies, 27 business sites in total) The 'Korea Energy Champion Award Ceremony' was held in Seoul in November 2017, welcoming major energy-consuming companies – account for 40% of overall energy use in the industry and power generation sectors – that had reduced their energy consumption by 3% over the previous year. Hyundai was recognized for its energy consumption-reduction efforts, thus earning additional points for various government awards, as well as receiving other government benefits such as inclusion in the Energy Hall of Fame.



Reported energy diagnosis results as part of GGP

As part of the Korea Energy Agency's Green Growth Partnership (GGP) project, Hyundai shared our energy-saving know-how with both suppliers and the overall industry, thus helping to resolve environmental issues and identifying the way to achieve joint growth with SMEs. Held in October 2017, the presentation was attended by the Korea Energy Agency, Hyundai, the Korea Construction Engineers Association, and five suppliers.



¹⁾ Comprehensive evaluation of fuel efficiency-exhaust gas emissions of EVs, charging raw materials, environmental impact during manufacturing and disposal, estimated emissions with a reduction in gasoline's sulfur content, and electricity release factor adjustment-related criterion

COLLABORATION

A bright sun in a blue sky with birds flying. The sun is positioned in the upper left quadrant, casting a strong glow and lens flare across the sky. Several birds are scattered across the frame, flying in various directions. The sky is a clear, vibrant blue with some wispy white clouds near the horizon.

Why should a corporation collaborate for win-win growth?

Hyundai firmly believes that the competitiveness of our suppliers adds to our own competitiveness, and strong partnerships lead to robust growth of both Hyundai and our suppliers. Accordingly, we endeavor to grow together with suppliers based on win-win collaborations with them. Taking a step further, we bolster the healthy growth of overall automobile industry with fair trade practices.

We grow together with our suppliers.

Hyundai directly produces certain parts for its finished cars, but most of its parts and materials are procured from its suppliers. We have therefore built strong mutual relationships with our suppliers, through which we pursue our business based on fair trade. In order to support this joint growth, we undertake various activities to help our suppliers.

We pursue fair, transparent trade.

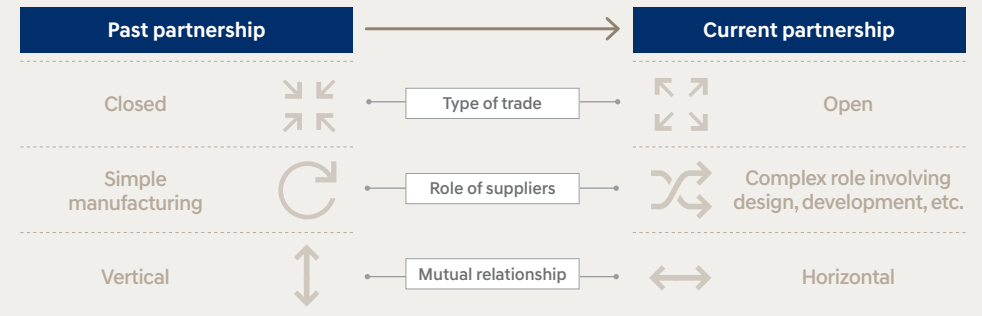
We have participated in the fair trade agreement system implemented by the Fair Trade Commission since 2008. We present and implement detailed fair trade plans every year along with various support programs for our suppliers to achieve win-win cooperation. In addition, since 2002 we have adopted the Korea Fair Competition Federation's Compliance Program (CP) to establish a transparent and fair order of trade with our suppliers across the board, led by the Compliance Officer.

Efforts made in 2017 to comply with the Compliance Program

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We support our suppliers' growth.

Hyundai is determined to create a virtuous cycle with its suppliers, ensuring stable and long-term supply of parts from them, which in turn will improve the quality of Hyundai's finished cars. The positive economic and social effects generated from this improved level of quality and customer satisfaction can then be shared with suppliers. In addition, we seek to establish an equal complementary relationship with our suppliers, not a one-sided partnership, to achieve win-win relationship, thereby setting a new standard for sustainable growth for all.



Efforts made in 2017 to achieve win-win growth with suppliers

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Compliance Program

Establishing Fair Trade Order

Hyundai first adopted Korea Fair Competition Federation's Compliance Program (CP) in 2002 in order to ensure that we comply with fair trade laws, as we are keenly aware that it is essential to maintain fair trade and competition to ensure our corporate growth. Our CP is independently supervised and implemented by our Compliance Officer, with authorization and responsibility delegated from the CEO, and with the support of various organizations within Hyundai. The results of our CP are reported to the Transparent Management Committee of the Board of Directors.

We will continue to comply strictly with fair trade laws relating to our suppliers so that we can build relationships of trust not only with them, but also with governments, local communities, and other stakeholders around the world.

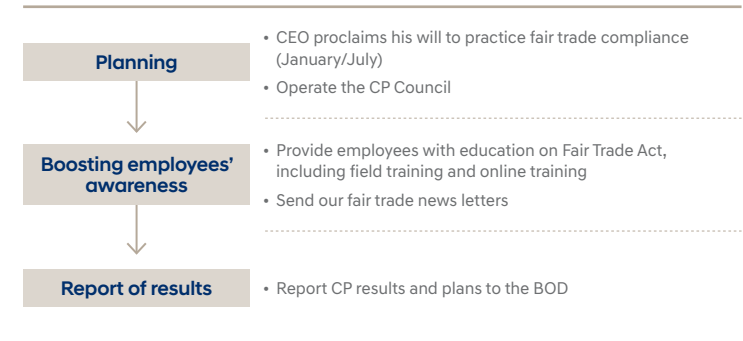


CP education

Implementing Compliance Program

We implement fair and transparent management to fulfill our duties and responsibilities as a global leading company. In the first and second half of every year, our CEO proclaims his commitment to practice fair trade compliance. We implement fair trade education and share news letters on fair trade to promote our employees' awareness of precautions regarding fair trade and their practice. In addition, every year, we ensure that CP results and the next year's CP plan are reported to the BOD.

CP implementation process



CEO's commitment to compliance

In the first and second half of the year (twice a year), our CEO publicly proclaims his will to practice fair trade compliance. Accordingly, we establish CP action guidelines to be practiced within the work of our employees.

CP education

Every year we offer education on CP to new executives and new employees to make our employees aware of the importance of the Fair Trade Act. This is especially focused on staffs who engage in work highly relevant to the Act. By doing so, we do our utmost to establish a culture of fair trade compliance at the corporate-level. In addition, we publish and distribute newsletters every year on fair trade, so that our employees can familiarize themselves with and practice precautions pertaining to fair trade.

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Supporting Suppliers' Growth

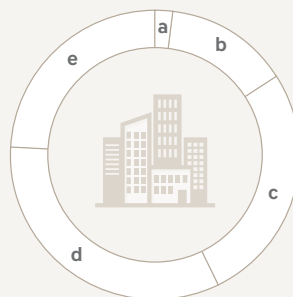
Supporting the Growth of Suppliers

Our suppliers consist of tier 1 suppliers, who supply parts directly to us, tier 2 suppliers, who supply the tier 1 suppliers, and general suppliers, who supply general products. Our Joint Growth Team leads the implementation of the policies that are put in place to achieve win-win cooperation with our suppliers.

Improving our suppliers' capabilities improves the competitiveness of the Korean automotive parts industry. Over the long term, we are endeavoring to support our suppliers in terms of production technologies and R&D. We will continue to provide positive support for suppliers to improve their businesses, so that we can enhance our own quality, and further upgrade the competitiveness of the automobile industry in Korea.

Effects of Joint Growth through Long-Term Cooperation

No. of suppliers by trade period
(Unit: Company)



a. Under 10 years	6 (2%)
b. 10-20 years	40 (14%)
c. 20-30 years	79 (27%)
d. 30-40 years	95 (33%)
e. More than 40 years	68 (24%)

* Target of analysis: tier 1 part suppliers (excluding our affiliates and non-specialist firms on which we depend under 10%)

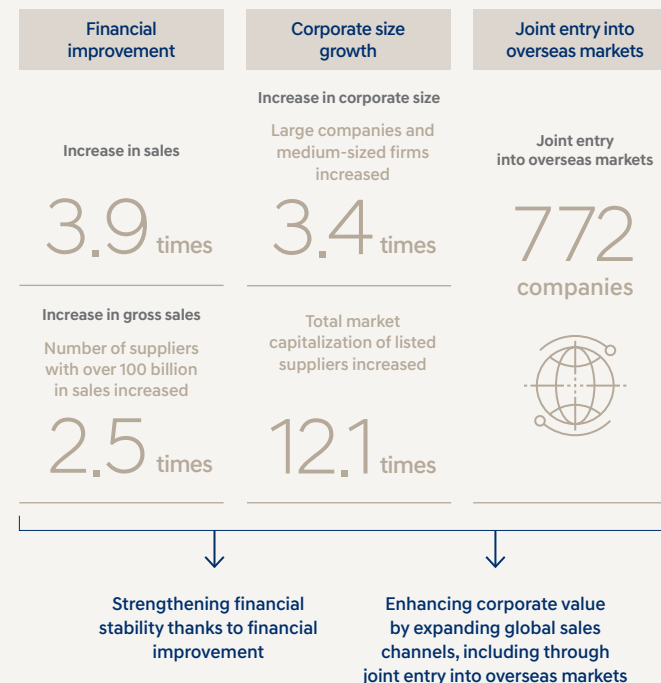
Average trade period and suppliers of 10 and more years of trade

31 years **97** %

- 31 years of trade with Hyundai Motor Company and Kia Motors on average
- Average life span of domestic small and medium-sized manufacturers (12.6 years)
- Suppliers of 10 or more years of trade: 98%
- Suppliers of 20 or more years of trade: 84%
- Suppliers of 40 or more years of trade: 24%
- Continuing to trade with Hyundai since its establishment in December 1967

Effects of joint growth by building long-term partnerships

(2001 vs. 2017)



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Win-win Growth Strategy for Suppliers

Our strategy to achieve joint growth with suppliers aims to cultivate global competitiveness, to reinforce the basis for sustainable growth, and to establish a joint growth system. To that end, we will reinforce our existing collaboration programs and to explore new systems and programs, so that we can build up a virtuous cycle in which Hyundai and our suppliers grow together.

Joint Growth Strategy and Programs



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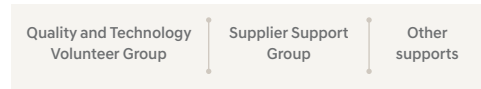
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Cultivating Global Competitiveness

Our quality competitiveness is ultimately linked directly to the quality of the parts within our products. We therefore undertake a range of activities to develop our suppliers' quality competitiveness, technological development, and productivity. This minimizes defects within our finished products and helps to earn the trust of our customers.

Fostering quality competitiveness

Foundation of Korea Automotive Parts Industry Promotion
In partnership with Kia Motors, Hyundai has established the Foundation of Korea Automotive Parts Industry Promotion in 2002 and has since invested about KRW 5 billion every year to foster the quality, technology and management of the domestic automotive parts industry. We send our professional Quality and Technology Volunteer Group and the Supplier Support Group for suppliers to provide appropriate consultation to them.



5-star system We evaluate the quality of delivered products quantitatively, select excellent suppliers, and provide incentives to them in order to boost their morale and to enhance quality.

- **Quality** Evaluate the quality management system; inbound failure rate; claim cost repayment rate; and quality management results
- **Technology** Evaluate the manpower, investment, and other basic capabilities; performance abilities associated with design and prototype abilities; future capability of technical competitiveness; and technical achievements, including performance related to patents and improvements
- **Delivery** Evaluate operational failures of production lines; the parts delivery rate for after-sales service; and the delivery rate of complete knock down (CKD) parts

Quality and technology education At our quality and technology school, we develop quality experts who maintain and improve the quality management systems at our suppliers. We also offer direct education to suppliers in order to maintain and improve the quality of mass-produced parts. We have overhauled the processes in place to resolve major field claims from suppliers, and we share durability improvements that are developed at our research centers in order to diagnose and resolve any chronic problems.

Developing R&D capability

R&D Support Group for Suppliers Our R&D Technology Support Group is the first of its kind in the Korean automobile industry, and is part of our joint growth program to share technology with suppliers and thus enhance quality. It works together with 270 tier 1 suppliers by helping them improve their R&D and technological skills through customized support for each supplier, enabling them to manufacture better quality products.

Guest engineers Engineers from tier 1 suppliers' research centers are invited to work at Hyundai's research center and participate in the design of parts for new cars. After learning the relevant technologies, they re-join their own companies and are able to make greater contributions to improving the supplier's technological prowess.

Sharing patented technology We share our patented technologies with suppliers free of charge, and, where necessary, transfer patents to them. This encourages joint growth and also helps them improve their technological capabilities and commercialize their technologies. Every month we present a list of Hyundai patents available to be transferred to suppliers, and suppliers can then apply to have those patents transferred to them.

Enhancing productivity

Industrial innovation campaign A group of large companies, tier 1 suppliers, and experts has been carrying out an industrial innovation campaign in order to overhaul technologies, working environment, and production process, and thus manage the quality of mass-produced parts.

Building smart plants We use ICT to operate a lot tracking system in our manufacturing processes. This is minimizing defects in parts and products, and enables us to trace and identify problems, and even to temporarily stop the entire car production where the defective parts are found, if necessary. Hyundai plans to set up 650 suppliers with this smart factory system by 2019, and will offer suppliers consultation regarding the system. We will also directly invest into facilities to ensure the computerization of suppliers' process data, which will reduce lead times, failure rates and disposal costs, and improve delivery rates and sales revenues.

Field guidance for tier 2 and 3 suppliers Hyundai runs a field guidance program for its tier 2 and 3 suppliers in order to improve their product quality and to ensure a focus on quality. This program includes a parts inspection system, quality management for manufacturing processes, and assessing quality management. We perform inspections on equipment and molds, inbound parts, suppliers' inspection processes and finished products, and we also inspect their process management.



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Reinforcing the Basis for Sustainable Growth

We support our suppliers' development of quality and technology competitiveness. We also endeavor to strengthen the base on which our suppliers can grow into stable, sustainable companies. Furthermore, we strive to ensure our suppliers a stable supply of parts as well as to improve their quality and technology, in our efforts to help them continue to grow.

Sustainable management foundation

Cash payment for smaller suppliers Since May 2006, we have paid our small and medium-sized suppliers in cash for the entire price of their supply of subcontracted parts and general materials. For parts for domestic use, we make weekly cash payments to small and medium-sized suppliers (sales of under KRW 500 billion). For large companies and medium-sized suppliers with sales of more than KRW 500 billion, we make weekly payments using electronic bills. For export parts, we make monthly cash payments.

Adjusting raw materials prices When more funds are required ahead of national holidays, such as Lunar New Year and Chuseok, we assist suppliers by paying for products earlier. This program has been in place for tier 1 suppliers, but we check that tier 1 suppliers subsequently support tier 2 and 3 suppliers, and the results of those checks are used to evaluate tier 1 suppliers. Hyundai will expand this program to include direct support of tier 2 and 3 suppliers.

Early payment for products on holidays In preparation for national holidays, such as the Lunar New Year and Chuseok, when more funds are required, we pay for products earlier to help resolve our suppliers' financial difficulties. In addition to tier 1 suppliers, we will continue to expand this program to include tier 2 and 3 suppliers. We also evaluate tier 1 suppliers to check if they subsequently support tier 2 and 3 suppliers, with the results used to evaluate tier 1 suppliers.

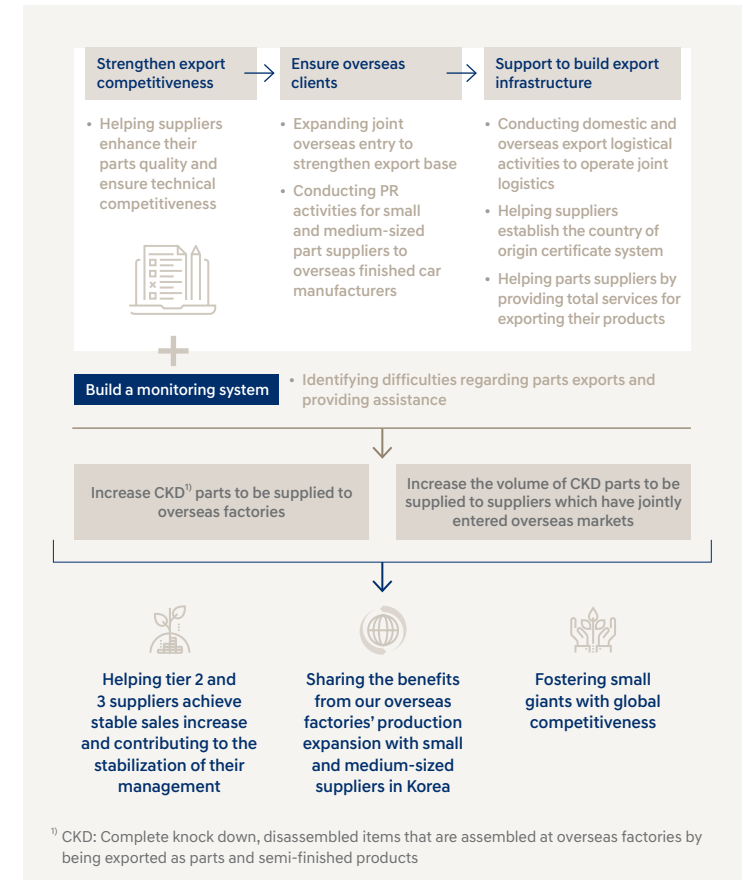


Building infrastructure for growth

Consortium on human resources Since 2004, Hyundai has been part of a consortium to develop human resources in partnership with the Ministry of Employment and suppliers. We provide personnel, facilities and financial support for the education of suppliers, and we offer professional technical training and cyber training courses.

Expanding global sales channels

Promoting joint entry into overseas markets As Hyundai expands its overseas production volume, we help to increase the exports not only of tier 1 suppliers with whom we have a direct business relationship, but also the exports of tier 2 and 3 suppliers. Partnerships that have been built up in Korea are now going overseas as well, backed up by a range of programs so that Hyundai's global operations can also offer greater opportunities to our suppliers.





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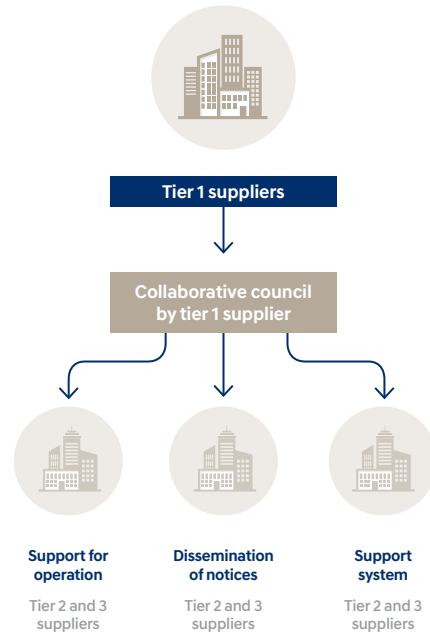
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Establishing a Joint Growth System

Hyundai runs a range of programs to support not just its tier 1 suppliers, but also tier 2 and 3 suppliers, supported by a commitment to transparent trade practices and a culture of joint growth within our business ecosystem.

Strengthening the collaborative network

Collaborative council by tier 1 suppliers The tier 1 supplier collaborative councils share our policies on purchasing and quality with suppliers, and also establish a culture of fair trade between tier 1 suppliers and tier 2 and 3 suppliers. The collaborative councils exchange policies and information, and also serve as a communications channel by collecting and investigating tier 2 and 3 suppliers' difficulties and recommendations.



Expanding supports for tier 2 and 3 suppliers

Ensuring product quality We send our specialists and consultants to suppliers free of charge in order to share our expertise about automobiles, and help them to enhance their quality, technology, productivity, and global competitiveness.



Quality and Technology Volunteer Group

- Consisting of specialists by work type
- Stay at the suppliers for 5-7 months to provide guidance free of charge
- Area of guidance: Injection, rubber, painting, electric and electronic, cutting, heat treatment, press, welding, metal plating, cast iron casting, aluminum casting, forging, etc.



Supplier Support Group

- Consisting of consultants with professional experiences in automobile industry as senior executives
- Stay at the suppliers for 3-12 months to provide consultation regarding overall management free of charge
- Area of consultation: R&D, production, production technology, quality, business management, overseas marketing, planning, etc.

Promoting joint entry into overseas markets We help our outstanding tier 2 and 3 suppliers to advance into markets where we have overseas plants, so that they can both minimize the risks associated with overseas expansion and also secure a stable source of revenue.

Creating a culture of joint growth

Joint growth agreement We sign annual joint growth agreements with our suppliers. These agreements cover action agenda for subcontractors, financial support programs, support for tier 2 and 3 suppliers, and price adjustments in relation to increases in raw material prices.

Transparent Purchase Practice Center The Transparent Purchase Practice Center on our corporate website shares our suppliers' code of ethics and ethical guidelines. In particular, the code of ethics clearly prohibits child labor and forced labor.



Suppliers' code of ethics

- Resolution to practice the code of ethics
- Suppliers' Chart of Ethics
- Code of conduct for employees of suppliers
- Our attitude



4 Action agendas for subcontract

- Action agenda for advisable conclusion of contracts
- Action agenda for new supplier registration and management
- Action agenda for management of an internal subcontract deliberation committee
- Action agenda for advisable document issuance and preservation



Transparent and ethical practice suggestion box

- Information on the suggestion box
- Writing suggestions and outcome of measures

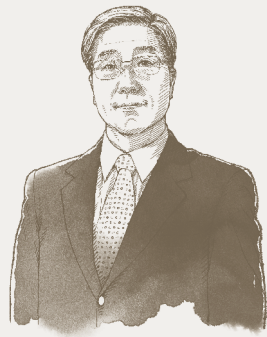
Awards for commitment to win-win partnerships Since 2009, Hyundai has evaluated the efforts made by tier 1 and 2 suppliers to generate joint growth, including better payment conditions, and gives awards to suppliers who have shown outstanding win-win efforts. Between 2009 and 2017, we have awarded prizes to a total of 30 suppliers for their excellent joint growth activities.

We help our suppliers achieve robust growth.

Hyundai is well aware that the primary way to help its suppliers grow is through transparent fair trade, so as to build up solid and mutual trust. We therefore continue to inform all of our employees about the importance of fair trade, and the company's commitment to a culture of fair trade.

Furthermore, we continue to strive towards achieving our three goals for joint growth – cultivating global competitiveness, reinforcing the basis for sustainable growth, and establishing a joint growth system. These goals will then support the virtuous cycle through which Hyundai and its suppliers can grow together.

Stakeholder Interview



Young Chang Jang
Managing Director,
SL Corporation

For a supplier entering overseas markets in partnership with Hyundai, it is very advantageous to share the language and cultural infrastructure which Hyundai has already built up in the target market. In particular, cooperative work in the early stages of market entry significantly lowers the barriers for suppliers to advance into overseas markets. At the same time, because the supplier already knows Hyundai's processes, it can guarantee delivery dates and product quality, which helps Hyundai.

Therefore, because both Hyundai and its suppliers benefit from mutual cooperation, I believe that joint entry is essential in achieving win-win growth. In addition, supplier growth will provide the base for the development of the Korean automotive parts industry, and even for the Fourth Industrial Revolution. Continued support for suppliers regarding technologies and the risks involved in overseas expansion will enable win-win cooperation to be developed yet further.

Achievements in Fair Trade Compliance

Declared will towards fair trade compliance

The CEO shares a declaration that embodies the company's will to comply with fair trade with all Hyundai staff in the first and second half of every year. A voluntary compliance declaration was shared in January and July 2017. In accordance with this declaration, fair trade compliance guidelines are reflected in the work of all staff.



Achievements in Supports for Suppliers

Chosen as the best company in joint growth index

Hyundai was chosen as the Best Honorary Company for five consecutive years in the joint growth index that was evaluated by the Commission on Shared Growth for Large and Small Companies in 2018. An evaluation is conducted on 169 companies to choose companies that have significant ripple effects among top-ranking companies in Korea, in terms of sales pursuant to 'Article 20 of the Act on the Promotion of Collaborative Cooperation Between Large Enterprises and Small-Medium Enterprises', and government incentives are provided to the best honorary companies.



* Major evaluation items: Contract fairness, efforts to prevent law violation and to comply with laws, support for win-win cooperation, business relations and cooperative relations, active participation (CP agreement, CCM certification, re-agreement, improvements to payment conditions for companies with which an agreement was not signed, etc.)

PEOPLE

A wide-angle photograph of a modern automotive assembly plant. The scene is dominated by a series of silver cars positioned on a production line. The cars are viewed through a blue metal frame that consists of vertical posts and horizontal bars. The floor is highly reflective, mirroring the cars and the overhead lighting. The ceiling is a complex network of steel beams and pipes, with numerous lights hanging from it. The overall atmosphere is industrial and clean.

What makes a corporation progress and grow?

Hyundai's biggest asset is our employees. Employees with a creative mindset and inspiring leadership qualities have made possible our 50 years of continued growth and will help us realize our visions, including sustainable growth, in the future. Together with our employees of the highest caliber, Hyundai does our best to shape the world as a 'Lifetime partner in automobiles and beyond'.

We value our talents.

For Hyundai to continue to grow, hiring and fostering talent is of utmost importance. We therefore make various efforts to hire essential talent fairly and help them contribute to the development of the company. In addition, as a responsible employer, Hyundai communicates with them in various ways to ensure that they can enjoy their inherent rights in a better working environment.

We work with outstanding talents from around the world.

Under an employment brand of ‘What makes you move? Moving the world with you’, Hyundai hires talented people needed by each area of our management activities fairly, and fosters them in a way that they can contribute to the company’s continuous development. Moreover, Hyundai does our utmost to respect the diversity of our employees, provide equal opportunities and make fair compensation for their efforts, so that hundreds of thousands of employees around the world can form a more lasting and healthy relationship with the company.



Efforts made in 2017 to hire outstanding talents

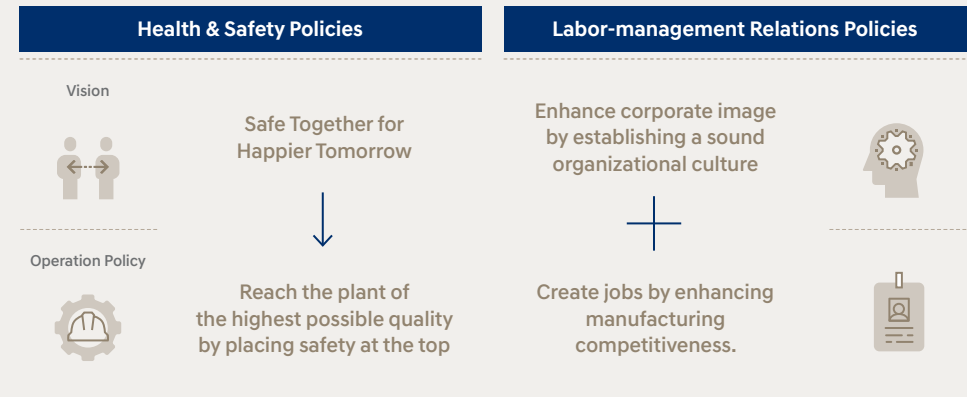
[P. 86-87](#)

Efforts made in 2017 to provide equal opportunities to talents

[P. 88-90](#)

We guarantee employees’ rights and communicate with them.

Hyundai not only complies with all the labor-related laws and regulations of individual countries where we operate our business but also does our utmost to identify and deal with our employees’ requirements and potential demands preemptively. Such efforts include regular communication with employees including labor unions to respect their legal rights, such as their right to organize and collective bargaining while guaranteeing them other rights as much as possible. In addition, we make every effort to guarantee safety and health to our employees including production professionals.



Efforts made in 2017 to guarantee health and safety of employees

[P. 91-93](#)

Efforts made in 2017 to guarantee employees’ right to organize and collective bargaining

[P. 94-95](#)

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Recruiting and Supporting Global Talents

Hiring Outstanding Talents

In recent years, the automobile industry has been experiencing new trends in automobile manufacturing based on internal combustion engines, such as vehicle electrification that links the lives of automobiles and customers based on smart IT technology, and the introduction of eco-friendly energy including electricity and hydrogen. Hyundai therefore strives to recruit talents who can not only contribute to the development of the company but also lead the changing era through innovative perspectives and creative ideas. We seek to hire outstanding talents that can collaborate with various areas, such as R&D and product planning, and devote themselves to the development of new business.

We will continue to look for better human resources (HR) recruitment and development systems, so that our HR system can contribute to the advance of the human resources development (HRD) culture of not only Korea's automobile industry but the country's all other industries as well.

Diversifying Recruitment to Get Ready for Future Trends

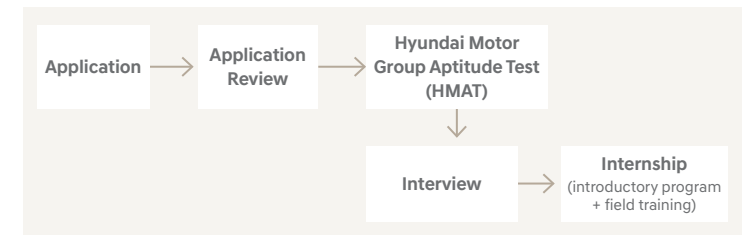
In addition to the existing major recruitment channels, including open recruitment of new college graduates, internship, and regular recruitment of experienced professionals, Hyundai strives to discover and attract outstanding talents through diverse recruitment channels, such as researcher scholarships and contracted college departments to hire exceptional R&D talents in advance. In the meantime, we are breaking away from traditional career fairs, and hold career fairs and job fairs, available both online and offline. In addition, we take actions to get rid of unnecessary elements in the recruitment process and make improvements to alleviate social cost burden on job seekers.

 [Recruiting website of Hyundai Motor Company](#)

Major channels for pre-recruitment: Intern employment

We continue to expand and make improvements to the employment of interns to choose and foster outstanding talent in advance. People who are chosen to receive intern training take an introductory program for around a week which is followed by a field training for five weeks. Through the field training, participants can gain a better understanding of the company and check their aptitude for the respective area that they applied for. Mentors and facilitators provide support, so that participants can smoothly adapt to the new environment. After the field training, a final decision is made on their joining the company.

Hyundai's intern employment process



Global Top Talent Forum

Hyundai always strives to attract outstanding overseas talents. 2017 marks the eighth holding of the Global Top Talent Forum, which is different from the general recruitment process in that it is an academic forum where participants freely give presentations on their respective research content and engage in debates. It is an arena where overseas masters and doctoral degree students in natural sciences or engineering and other talents who have as much experience come together to exchange professional knowledge. Outstanding participants are provided with various benefits, such as receiving prize money, being granted with qualifications to join Hyundai, and being given an opportunity to be chosen as a researcher scholarship student.

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H-Career Fair/Job Fair

We hold the H-Career Fair in the first half of the year and the Job Fair in the second half of the year in line with the open recruitment season. Staff working in areas with job openings also participate to provide detailed explanation on duties and to share information on the latest trends and issues. Also, the H-Casting Center is run to answer any questions that applicants may have. Through Self-PR, applicants are given the opportunity to introduce themselves, resulting in strengthened communication through diverse content. We also use major social media, such as Facebook, to provide online live broadcasting to ensure easy access to people who could not attend. In this way, we are continually strengthening the customer experience aspect.

H-Job Fair 2017



- Time and Place** March and August 2017
Hyundai Motorstudio Seoul and Hyundai Motorstudio Goyang
- Programs**
- Directions of Hyundai employment
 - Information on the recruitment of new, intern and experienced employees
 - Special lecture entitled 'My Vision and Pride'
 - Job talk for each job category
 - Employment talk

The H-Casting, Dialogue with HR personnel



A participant and a Hyundai employee talking on the H-Casting



A special interview program '5-Minute PR': An applicant doing self-introduction in a car

Applicants selected as outstanding interviewees on the H-Casting are granted favors in the recruitment process including exemption of application review

Researcher scholarships/Contracted college departments

Hyundai discovers and fosters those with outstanding potential who will take the lead in future trends based on the perspective change about cars from 'means of transportation' to 'spaces of life'. Since 2003, we have selected researcher scholarship recipients every year to provide them with mentoring services as well as scholarships. In 2015, Hyundai designated college departments with which to build a continuous industry-academic collaborations system. The talented students selected through researcher scholarships and contracted college departments will immerse themselves in their fields, create outstanding results, and contribute to the company's continued growth.

Projects for researcher scholarships and contracted college departments



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Supporting Global Talents

With the advent of the Fourth Industrial Revolution, a wide range of workplaces for ICT, venture investment, and others have been established all over the world. Hyundai therefore has set differentiated personnel management systems that fit the characteristics of different job categories, business sites, countries, organizations and duties of each employee. Hyundai guarantees its employees all the benefits and opportunities they deserve regardless of their gender, origin, race, or position. One of our five core values includes 'We respect diversity in cultures and customs'. In fact, we regard the efforts to enable our employees' diversity to be respected in all our organizations as the most important value.

Expanding local recruitment at overseas business sites

As of the end of 2017, the total number of Hyundai employees is 122,217, which is 3,897 more than compared to the end of 2016. 68,876 people or 56.3% of the total employees work in Korea while 53,341 people or 43.6% of the total employees work overseas after being hired locally. In the overseas business sites, the number of local employees increased slightly over the previous year mainly because of the construction of additional plants in China and Vietnam.

Strengthening local executives' decision-making system

Executives at Hyundai overseas business sites consist of 90 overseas-stationed Korean employees and 201 local employees, which brings locally hired executives to 69% of total. Under our management strategy placing priority on local market conditions and local customer characteristics, Hyundai strives to maintain an appropriate ratio of local talents who can make responsible decisions and to create a working environment conducive to timely decision-making based on an in-depth understanding of local markets and culture.

Organizational Culture Assessment

An integrated organizational culture assessment was carried out for the first time in 2017 which integrated internalization level of key values, employee satisfaction level, and WorkSMART assessments. A total 75% of general staff and research staff took part in the assessments, which identifies the organizational culture level from an integrated perspective and emphasizes leader-led change. To ascertain the culture level by unit organization, the assessments consists of a total of seven categories – business, people, work, leadership, organizational effectiveness, HR system, and infrastructure – and 76 questions. It is planned to be conducted in September 2018.

Support for Female Employees

Female engineers at Hyundai are proving their outstanding competencies in a host of areas, such as research and development and maintenance. Therefore, Hyundai actively seeks to support them not only by arranging for them to gather and share their unique difficulties and grievances among them but also by empowering them to develop their competencies and skills and achieve their career visions in it. In 2017, we held 'the 1st R&D Female Vision Conference' under the theme of 'Engineering Your Dream' for female employees. The conference featured lectures by female leaders, a special lecture by an invited outside speaker, and a panel talk. Female engineers who participated in the conference said, "It was wonderful to join the gathering where we were able to talk about our common concerns and share women leaders' visions". Hyundai is planning to divide the conference into two sessions – women's career insights and visions, and empathy programs designed to promote work-life balance. We will launch the Women's Vision Conference Preparation Committee that will reflect female engineers' diverse perspectives in the conference agenda.

Employee Welfare Benefits

Hyundai offers its employees a wide range of welfare benefits so that they can enjoy a higher quality of life both at work and at home while striving to providing them with comprehensive benefits that include their family members.

Support for leisure activities

Hyundai has set the Refresh Vacation System in place to offer a variety of vacation and leisure programs, so that our employees can enjoy their off-duty hours. The programs available to employees at any time are highly appreciated by them. In connection with the two continuous day shift system, we also implement a point system, so that employees can engage in various activities like travel, performance attendance, and self-development. In addition, we run the 'H-Culture Class', an in-house culture classes year-round that fit the latest trends in cultural life and meet our employees' interests. To pay back long-term employees' devotion to the company, Hyundai supports their refresh activities whereby they can go on paid vacation with their spouses.

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Retirement pension

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

Nurturing Talents

Hyundai has established employee training programs customized for each of its job categories and business divisions in order to help its employees continuously develop their competencies. We also run the programs with an aim to ensure that all our employees can realize their potential as required by their organization.

Leadership programs

Hyundai defines a leader as someone who can align its members' day-to-day activities with the company's visions and goals to contribute to the organization's achievement of its visions and goals. Fostering leaders is a long-term commitment whereby Hyundai equips its potential leaders with abilities to fulfill their current roles successfully and prepare for their future roles preemptively through work, relationship and training. We have set up leadership courses for each title, so that potential leaders can properly prepare themselves for the roles they are required to play.

Professional programs

Hyundai runs diverse professional programs to enhance employees' competencies and promote cross-task collaboration. The programs include Job Academy designed to foster professionals in such job category as marketing, finance, planning, and HR, Specialized Technology Technical Education for such sector as R&D, production technology, quality, and purchase, and Comprehensive Automobile Technology Education to promote collaboration between different technology sectors.

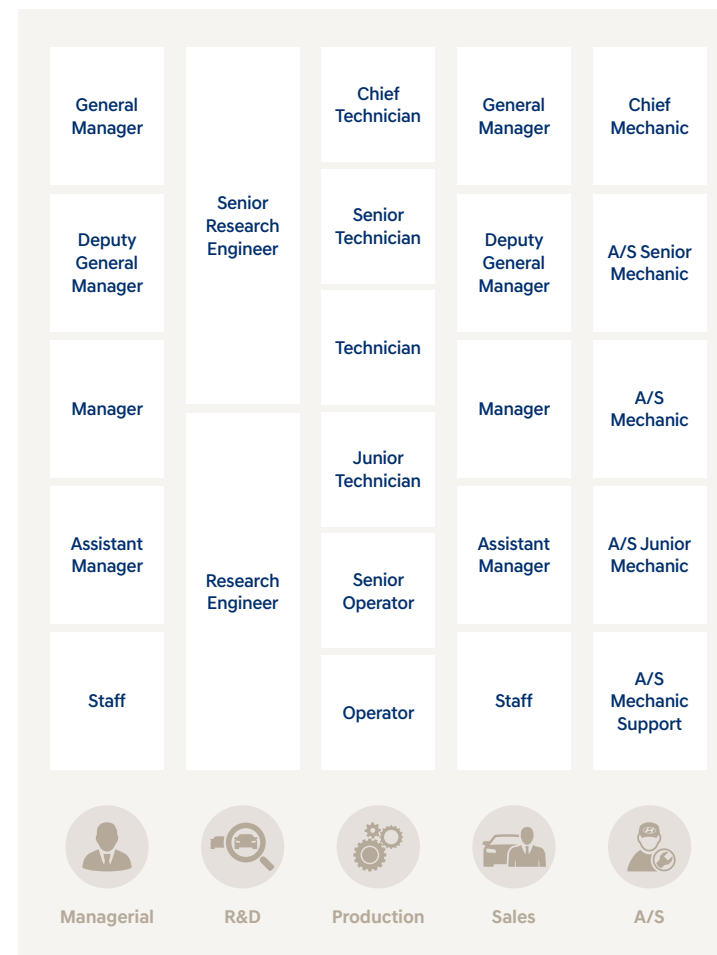
HRD programs for overseas subsidiaries

Localization is essential for our continuous growth, and securing and nurturing next generation leaders of our overseas subsidiaries is the key to our success. To this end, Hyundai provides consistent HRD opportunities to all its overseas subsidiaries, so that all Hyundai employees around the world can successfully carry out their duties and fulfill their roles.

Programs to enhance business site competitiveness

To enhance the competitiveness of the company's business sites including production, sales and service, Hyundai runs specialized programs designed to strength on-site leadership, job skills, and on-site organizational culture in addition to customized education to create a culture of creative innovation and close communication at the level of individual units.

Duty type and position system of Hyundai Motor Company



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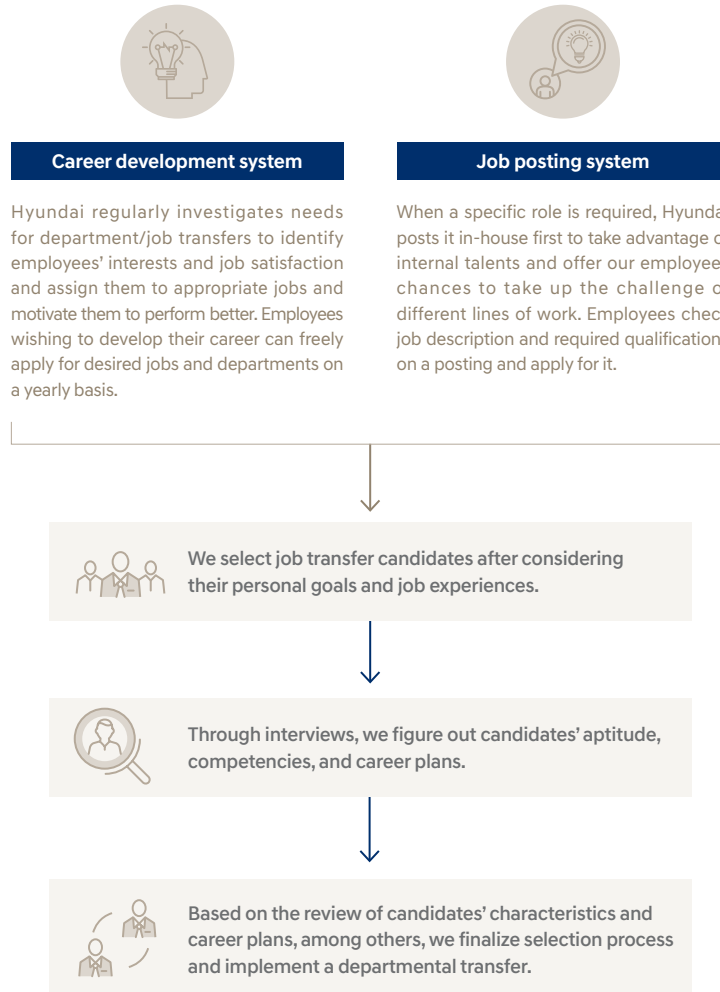
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Career development and job posting systems

Although Hyundai hopes that all our employees perform superbly in their current areas, we do not want them to fail to reach their full potential for any reason. We therefore run a career development system and an in-house job posting system, so that they can grow into talented people who have insights and experiences in various other fields beyond their specialized areas.

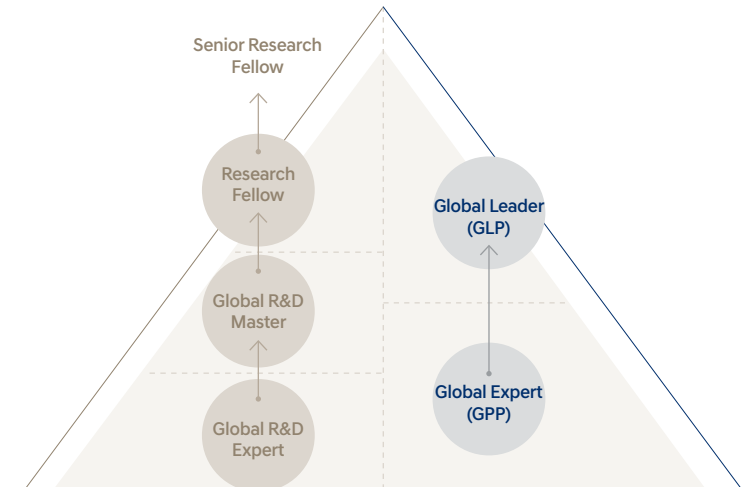
Career development system and job posting systems



Global talent training program

To maximize our future growth engines, Hyundai runs a global talent training program to nurture experts equipped with the ability to respond to diverse global business needs. The program consists of two areas – Technical Track whereby those with core R&D skills can focus on the research of their specialized field, and Managerial Track whereby those with leadership potential can equip themselves with a wide range of expertise and strong leadership.

System to foster outstanding talents



Technical Track

This course is designed to ensure that core R&D personnel in the R&D Division can immerse themselves in their areas of expertise and grow into top-tier technical experts. Through the course, we expect to nurture talents that can carry out sophisticated technical projects and contribute to strengthening our R&D capacity by securing original technologies.

Managerial Track

This course is designed to empower outstanding talents in each sector to develop their job competencies and leadership. We provide training to employees about management environments, organizational management, and leadership skills so that they can equip themselves with necessary competencies required of top managers that will lead the company in the future.

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Guaranteeing Workers' Rights and Communication

Guaranteeing Workers' Rights and Communicating with Them

To become a 'Lifetime partner in automobiles and beyond', instead of a mere automobile supplier, through outstanding product quality and customer services, Hyundai must ensure that its workers can reach their potential in a safe and health working environment while guaranteeing them all the labor related rights. In particular, we have established safety-first management policies to ensure our production workers' safety and health, and also have been striving to supplement and develop them on a yearly basis. Over the past few years, Hyundai has carried corporate-wide safety management through the Safety & Environment Center while each of its business divisions has been running its own Safety and Health Team and Medical Care Center. We continue to run programs that achieve outstanding performance in terms of safety and health. The programs that we ran in 2017 include the restructuring of safety related departments and the launch of Safety Golden Bell and Safety Standard Campaign to achieve our goal of the zero fatal accident.

Furthermore, we abide by all labor laws and regulations of all countries where our business sites are located, so that our employees can be assured of their fundamental rights, such as the right to organize and collective bargaining. In addition, we keep in contact with our employees at home and abroad, and spare no effort to identify their grievances and demands and take actions on them preemptively.



Safety Standard Campaign

Preventing Workplace Accidents

Regarding workplace accidents, it is critical to take appropriate preventive measures and when an accident does happen, to take proper measures, including the installation of necessary facilities promptly and other "safety state management", so that it will not develop into a disaster. Moreover, it is of great importance for workers to comply with safety regulations, protect themselves from dangerous behaviors, and take measure regarding "safety behavior management".

To enhance its safety management for all its global business sites, Hyundai has continued to expand its safety equipment and facilities. Of late, we have concentrated efforts on raising employees' awareness of safety and health for fundamental improvements in workplace safety management. In 2017, we launched safety campaigns to encourage employees to voluntarily comply with safety regulations including new ones, while conducting education on safety rules and safety awareness.

Safety and health efforts customized for business sites

<p>1</p> <p>Enhancement of employee education and evaluation</p> <p>Strengthen job trainings for safety officers</p> <p>Strengthen safety related KPIs for field managers</p>	<p>2</p> <p>Standardization of inspection criteria</p> <p>Standardize and digitalize safety and fire inspections</p> <p>Strengthen safety management level</p>	<p>3</p> <p>Operation of the Safety & Environment Center</p> <p>Provide visiting services through the Medical Care Center and Safety & Health Team</p>
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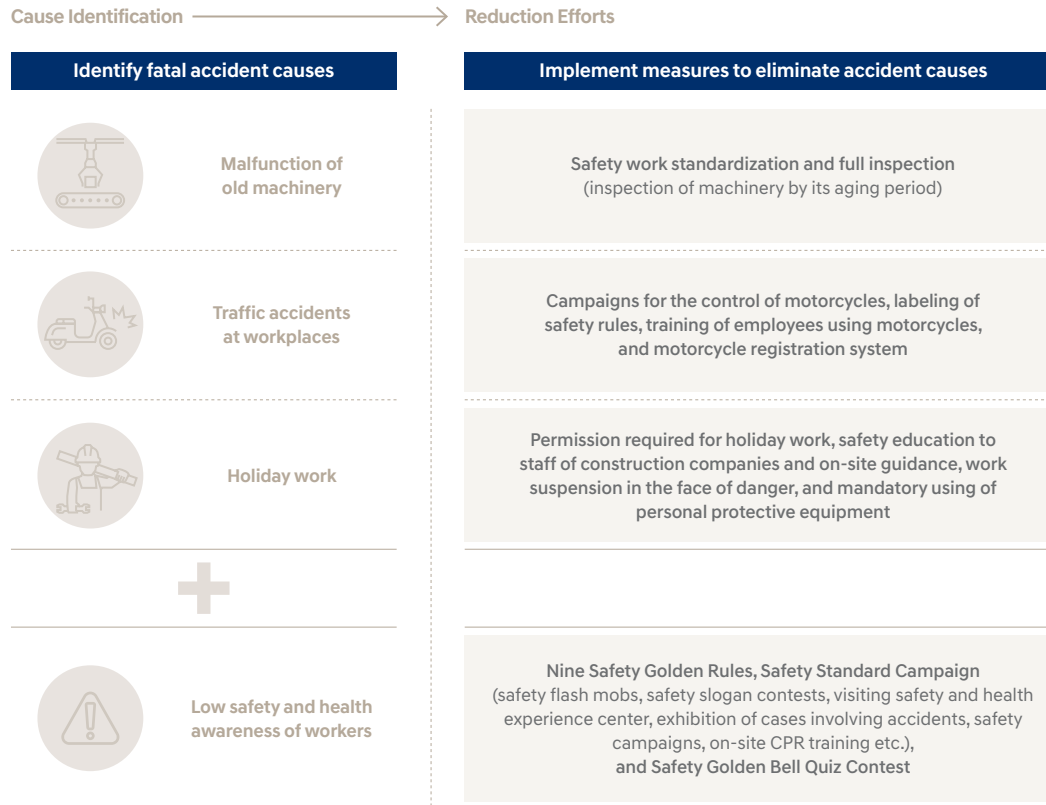
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Safety-first management

Hyundai does its best to make its workplaces safer and more comfortable for its employees. In Korea, starting with Ulsan Plant, Hyundai has conducted organizational restructuring to carry out its safety management more systematically while spreading safety culture through various efforts including those designed to raise its workers' safety awareness. In particular, we have set in place the 'Nine Safety Golden Rules' in relation to the company's fatal accident causes in order to make our safety culture take root corporate-wide. Notable programs that we carried out in 2017 include the launch of 'Safety Standard Campaign' aimed at raising workers' safety awareness, and 'Safety Golden Bell Quiz Contest' designed to draw worker's attention to the importance of safety and health.

Thanks to our employees' voluntary efforts to improve on-site safety situations as well as comply with safety regulations, we have achieved the zero fatal accident rate for all our business sites at home and abroad in 2017. Hyundai will continue to focus on the reduction of three fatal accident causes, such as machinery accidents during manufacturing operations, motorcycle accidents at workplaces, and accidents occurring during holiday work, while steadily raising its employees' safety awareness.

Efforts for and Achievements in Zero Fatal Accident in 2017



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Safety enhancement for overseas business sites

Due to our continued efforts in safety, Hyundai achieved our goal of zero fatal accident at our overseas business sites recently with the accident rate continuing to drop to the 0.1% range for two consecutive years, recording 0.10% and 0.11% in 2016 and 2017, respectively. In particular, following the achievement of no accident by the Russia Plant in 2015 and the Czech Plant in 2016, our Turkey Plant also achieved zero accident goal in 2017, and thus we have been able to keep the record of zero accident at all of our overseas plants for three years in a row. This is the result of constant efforts of the management of the overseas business sites to establish a strong safety leadership and all employees to establish an autonomous safety culture in which they take the lead in complying with all safety rules and regulations.

Safety Management Activities at Overseas Business Sites in 2017



HMMC

- Conducted special inspection on in-house forklifts and made improvement to safety equipment
- Conducted special inspection on and made improvement to in-house stair handrails
- Analyzed work behaviors of operators and conducted a detailed analysis regarding work environment
- Developed safety education videos and conducted a visualization to prevent accidents Raising employees' awareness about safety through continuous exposure to safety related issues

HMMR

- Drills for firefighting and emergency medical services
- Special safety education for forklift operators
- Firefighting and emergency medical services contest Enhancing employees' awareness about safety and abilities for emergency response through a firefighting and medical services contests
- Inspected safety devices to prevent fatal accidents

HMMA

- Strengthened the process safety management (PSM) Activities to strengthen the management for the compliance with OSHA PSM related standards
- Campaigns to raise awareness about cutting accidents at painting shops
- Implemented campaigns to prevent slip and fall accidents
- Completed the preparation for the prevention of fire during winter Setting a special fire-fighting period, raising employees' awareness and obtaining maximum fire prevention education results

HAOS

- Special safety inspection to prevent fires at plants and suppliers
- Received consulting to prevent fire for the Turkey Plant and its suppliers Detailed inspection of fire prevention systems through consultation by the municipal fire department's professional diagnosis team
- Conducted safety inspections on VPC auto transport trucks and set the safety standards
- Conducted special fire prevention inspections during winter

BHMC

- Introduced the territorial principle and the direct responsibility system Prevention of fires and industrial accidents through the implementation of the territorial management and the direct responsibility system
- A safety knowledge contest
- Activities for the Quarter of Safe Production Expanded the scope of 'the Month of Safe Production' of China in June to 'the Quarter of Safe Production' of BHMC from June to August
- Inspected safety devices to prevent fatal accidents

HMB

- Drills for accident prevention and disposal of hazardous materials (chemicals/oil)
- Established a safety culture week and launched safety culture promotion campaigns for all employees
- Won the Safety Prize, awarded by the Brazilian Safety Association – Proteção Publicações For the first time among Korean companies operating in Brazil
- Conducted disease prevention campaigns

HMI

- Online speed monitoring system Vehicle speed measurement with a portable RFID module to reduce speed violations in plant premises
- A firefighting skill contest
- Prevention of traffic accidents to achieve zero fatal accident goal Movement management of vehicles at work, prevention of speeding, improvement of drivers' awareness about safety, etc.
- Adopted the Hyundai Safe Entrance System (HYSES) Introduction of a multi-plug system for robot workspaces to prevent accidents

At the Headquarters, we have established the Nine Safety Golden Rules about the types of work and situations at high risk of fatal accidents in the automobile industry, provided technical support for early settlement at domestic and overseas business sites, and checked whether they are implemented on the ground. In addition, we have made institutional improvements including the revision of the safety section of key performance index (KPI) to support the establishment of an autonomous safety system. We also increased our investments in upgrading safety, health and environment related equipment and facilities to improve the company's fundamental competitiveness in workplace safety. Hyundai will continue to do its best to make its business sites one of the safest workplaces in the world, always putting safety ahead of any other value.

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Communicating with Employees

Hyundai assures its employees' rights to organize labor unions as well as rights to collective action and collective bargaining. The company also holds briefing sessions on a regular basis to raise awareness of management environment and create consensus between labor and management..

Labor union (employee) communication at overseas business sites

BHMC and CHMC in China has public assembly organizations; HMI in India and HMMC in the Czech Republic have labor unions; and HMB in Brazil joined the local federation of trade unions in the early stage of its existence according to the local labor laws. The subsidiaries with labor unions not only conduct collective bargaining with labor unions according to local labor laws but also hold regular and irregular meetings with union representatives to make improvements in working conditions and employee benefits. Hyundai carries out collective bargaining with labor unions in a way most employees can concur with its conclusions through reasonable and constructive proposals and discussions between labor and management. HMMA in the U.S., HMMR in Russia, and HAOS in Turkey have no labor unions.

Hyundai's overseas subsidiaries actively communicate with their employees in various channels regardless of whether they have labor unions or not. The Headquarters conducts surveys and interviews with Hyundai employees around the world on a biennial basis to continue improving employees' satisfaction with the company. Each overseas subsidiary preemptively resolves employees' complaints and meets their demands through roundtable meetings with executives, grievance counseling rooms, and top management's on-site communication. We also offer our field managers various training programs, so that they can enhance their competencies and solve their workers' grievances at the site since they spend most of their time together with workers.

Labor union communication in Korea

Hyundai holds labor-management council meetings as guaranteed by relevant laws and regulations. In addition, the company runs the Work-Type Change Promotion Committee, the Collective Bargaining Council, and the Fourth Industrial Revolution and the Automobile Industry Development Labor-Management Committee that deals with the company's future challenges.

In addition to protecting the rights and interests of workers, Hyundai's labor and management join forces to draw up future-oriented labor-management agreements that set the directions of how to address key issues facing the Korean society in general and Korea's corporates in particular. Recently, the labor union has been striving to achieve win-win cooperation with local communities through its own community service, improve the public image about labor relations in the company, and contribute to making improvements in the company's performance in terms of production, sales, and job creation.



The first meeting of collective bargaining

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Social contribution activities jointly by labor and management

Labor and management of Hyundai conduct social contribution activities for local communities and residents near the company's business sites in Korea. In 2017, we carried out various social contribution activities including the preparations for the establishment of Ulsan Kids Auto Park in addition to regular social contribution activities during our social service week in March, May, September, October, and December, during which employees participate in community service activities. Hyundai labor and management will seek diverse ways, including raising social contribution funds, to fulfill our corporate social responsibility, pursue win-win cooperation with local communities, and contribute to regional development.

Major Social Contribution Activities by Labor and Management in 2017

Ulsan Plant – delivered Hope Sharing Funds for underprivileged children In 2017, our Ulsan Plant carried out the 'Fulfill My Wishes' and 'Hope Gift, Hope Postcard' events for emotional support and welfare improvements of underprivileged children in Ulsan. Hyundai employees fulfilled the wishes of 25 children selected by the Ulsan Charter of the ChildFund Korea through various activities they wished to participate in. They also delivered eco-bags containing Hope Gifts including stationery and Hope Postcards to 210 children at 7 elementary schools, including Dongpyeong and Eonyang, which are designated as priority schools in educational welfare, and Ulsan Orphanage.

Ulsan Plant – supported urban regeneration Together with the Ulsan City Volunteer Center and the Ulsan Buk-gu District Office, the Ulsan Plant carried out urban regeneration project in Yeompo-dong and Yangjeong-dong of Buk-gu in its neighborhood. The Ulsan Plant signed an MOU on the 'Mural Alley Creation Project' with Buk-gu Office and the Ulsan City Volunteer Center to support the city's urban regeneration. The project is aimed at improving the dilapidated community image and residential environment of Yeompo-dong and Yangjeong-dong, and it was carried out by volunteers, residents, and young people majoring in art and design. The Ulsan Plant oversaw planning, management, manpower, and expenses for the mural alley creation project while the Ulsan City Volunteer Center took charge in promoting the project and managing manpower.

Hyundai Labor-Management – donated a shuttle bus to Ulsan Gymnasium for the Disabled The Ulsan Plant donated the Ulsan Gymnasium for the Disabled with a New Aero City to be used as a shuttle bus through the Social Contribution Fund. The shuttle bus is equipped with a wheelchair lift, making it more convenient for disabled people with mobility problems, and it runs four to six times a day for two areas, thereby contributing to improving welfare such as mobility convenience.

Jeonju Plant – donated a Happy Dream Car to Kookje Rehabilitation Center In December 2017, our Jeonju Plant donated a SOLATI as 'a Happy Dream Car' to Kookje Rehabilitation Center located in Wanju-gun, Jeonbuk in cooperation with Wanjugun County Office and the Jeonbuk Charter of the ChildFund Korea through the Social Contribution Fund. The Jeonju Plant and Wanjugun Office held a public contest for various social welfare facilities to select an organization that could use the vehicle most effectively, and chose Kookje Rehabilitation Center. The center takes care of around 40 disabled people through diverse programs, and helps them promote their self-reliance and social adaptation, so that it was selected as the best facility in terms of using the Happy Dream Car.



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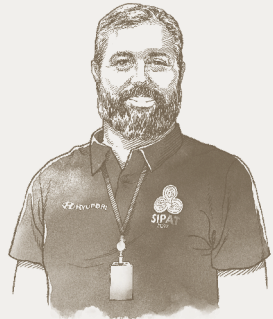
- 1 Bird's eye view of the Ulsan Kids Auto Park
- 2 Delivered Hope Sharing Funds for underprivileged children
- 3 Supported urban regeneration
- 4 Donated a Happy Dream Car to Kookje Rehabilitation Center

We will value and work together with more diverse talents.

The automobile industry is undergoing unprecedented changes. To cope with such changes preemptively, Hyundai will make further efforts to secure core talents in various fields, including information technology and green energy technologies, as early as possible. Furthermore, we will break away from the existing homogenized and formalized HR management, and adopt HRD systems which enable us to discover true potential of applicants and our employees, and help them reach their full potential

In addition, Hyundai will make every effort to improve its worksite safety management and expand health-related infrastructure while striving to fully establish the autonomous safety management culture, so that its employees can play a bigger role in the promotion of their safety and health. Meanwhile, we will continue to enhance communication with our employees in our efforts to help them concentrate on producing high-quality automobiles in a safer and healthier work environment. We will also do our utmost to play a considerable role in the development of local communities through the joint efforts of labor and management.

Stakeholder Interview



Marcel Eduardo Moreno Jaworski
Hyundai Motor Brazil

HMB has been heavily in risk management activities designed to reduce risk factors involved in high-risk operations, such as high working temperatures, electrical work, and work at high altitude, since 2012. We presented our safety prevention activities for high-risk jobs at the 'Premio Protecao Brasil 2017' based on various scenarios in collaboration with external institutions. In recognition of our excellence in local assessment, equipment, support services, health management for workers, risk assessment, and risk awareness, we won the Safety Prize by Protecao Publicações, the country's largest safety institution for ensuring and fostering great practices and prevention at EHS.

We consider safety management with the support of the company's top management as a critical factor for our workplaces, and this recognition is very significant in our relationship with government agencies and business partners. We will continue to do our utmost to achieve the goal of zero accident by making suggestions for improvements regarding risk factors.

Achievements in Attracting and Supporting Global Talents

Conducted an organizational culture assessment

An integrated organizational culture assessment was carried out for the first time in 2017 which integrated internalization level of key values, employee satisfaction level, and WorkSMART assessments. In the 2017 assessment, the item of using vacation freely ranked the highest in the area of motivating people, which is an outcome that reflects the considerable efforts made and interest given to work & life balance, which has recently been gaining importance.



Achievements in Guaranteeing Workers' Rights and Communication

Namyang R&D Center won top prize in the Contest of Best Practices in Safety & Health of the Service Industry

The Namyang R&D Center participated in 'the Contest of Best Practices in Safety & Health of the Service Industry' held in July 2017 by the Ministry of Employment and Labor in celebration of the 50th National Occupational Health and Safety Week. It introduced its efforts to develop a R&D safety character, safety webtoons, and the safety mentoring system, and as a result, won the top prize among six finalists.



HMB was selected as a 'Decent Workplace'

Hyundai Motor Brazil (HMB) was selected as a 'Decent Workplace' by International Labour Organization (ILO) and Sao Paulo State Government in January 2017 for its outstanding labor management competencies and practices, thereby becoming the only Korean company to be recognized by the prestigious selection.



HMB won the 'Premio Protecao Brazil'

In August 2017, HMB made a presentation at 'Premio Protecao Brazil' on its safety management status for business sites to the officials of Brazilian Safety Association, journalists and safety experts, and thus won the Safety Prize.



COMMUNITY

In what direction should corporate social responsibility proceed?

Hyundai hopes to steer the world toward a better future. Not only local communities where our business sites are based, but also all global places where Hyundai vehicles run, we hope to have positive impact on. To do this, we pay a closer attention to issues of global communities and work harder to find better ways toward a sustainable future.



We will be a 'Trustworthy Partner for Today & Tomorrow'.

Stakeholders these days require companies to do more than just offer better products and services. They also look at each company's commitment and dedication to the development of local communities as a whole. Hyundai therefore understands these social demands and strives to meet them by creating shared value (CSV) in a more systematic manner and contributing to the continued development of every local community in which our businesses operate.

We spread our social impacts and build sustainable business ecosystem.

Hyundai is committed to making a positive social impact and building a sustainable business ecosystem by creating shared value. We therefore focus on the three major pillars of 'innovation', 'communication', and 'growth', based on which we create value in creative and innovative approach. We will also do our utmost to realize the future where we can grow together with our society by communicating and collaborating with our stakeholders. These activities include helping local communities to develop, creating social value leveraging business expertise and innovation, and leveraging our core capabilities to contribute to solving social issues.



CSV areas of Hyundai Motor Company

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We will be with local communities around the world where our businesses operate.

Our commitment to make a difference in partnership with our neighbors and local communities is not limited to Korea. Our CSV activities and programs are truly global, with the support and participation of all our employees and other stakeholders across the globe.



Efforts made in 2017 to carry out global CSV activities

[P. 105-107](#)

We support and sponsor art and culture.

Vehicles have become more than just a means of transportation – they are now a vital part of everyday life, which is why auto manufacturers are working with partners in other fields, based on the understanding of state-of-the-art technologies and human beings. Hyundai therefore seeks to collaborate with partners in art, including working on projects that enable us to grow together with our customers in their daily lives. We aspire to become more than just a sponsor of art – we are pursuing meaningful and fundamental partnerships based on a genuine understanding and respect for art.



Efforts made in 2017 to support art and culture

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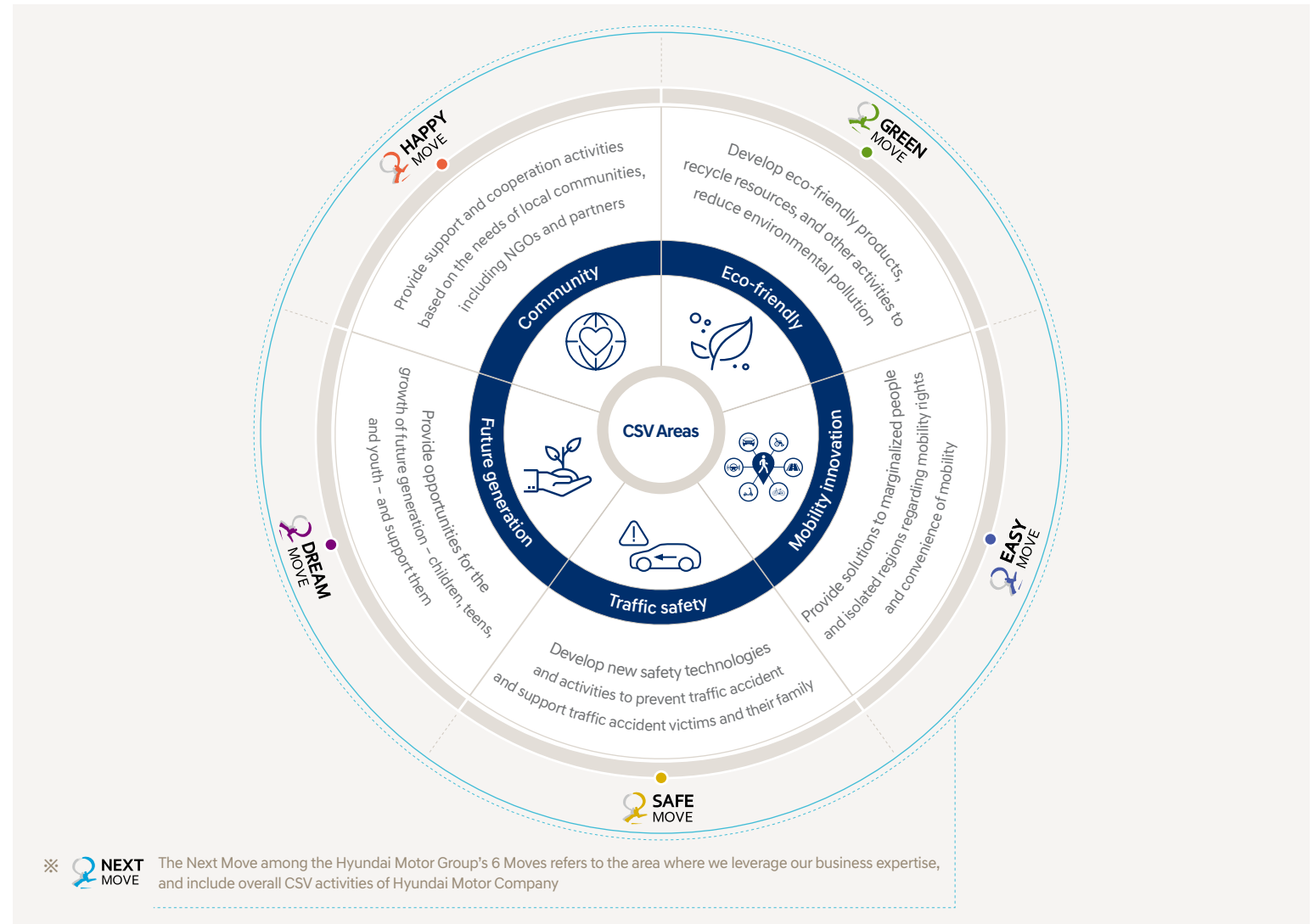
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Areas of CSV Activities

Based on Hyundai's new CSV strategy system that was established for development of sustainable local communities, we are conducting diverse activities, ranging from social contributions to CSV activities, with focus on five major areas – eco-friendly, mobility innovation, traffic safety, future generation, and community. Social contribution activities of each area are related to the Hyundai Motor Group's '6 Moves' – Safe Move, Easy Move, Green Move, Happy Move, Dream Move, and Next Move.



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Eco-friendly


Develop eco-friendly products, recycle resources, and other activities to reduce environmental pollution

IONIQ Forest

 Hyundai has worked in partnership with Tree Planet and Sudokwon (metropolitan) Landfill Site Management Corporation (SL Corp.) to invest the funds raised through the IONIQ Longest Run, and create the Dream Park-IONIQ Forest at a landfill site in the Sudokwon Landfill Site. In December 2016, the first Dream Park-IONIQ Forest was created, thanks to the 191,000 kilometers run by 14,000 IONIQ Longest Runners. 8,450 trees have been planted as of April 2018, and we plan to plant around 30,000 trees by 2021. This landfill site will be transformed into forest and returned to local citizens.

[▶ IONIQ Forest](#)

Beautiful Hands

 We have been working with university students since 2014 to run bi-annual projects which create urban murals and improve public parks, as part of efforts to regenerate the old urban environment in Seoul. In 2017, we painted a mural on the entrance to a tunnel in south-west Seoul in order to enhance public awareness of environmental protection. Around 150 people from Hyundai and the Seoul Association of Student Ambassadors worked together to paint walls and vitalize the old urban space. The painting of our eco-friendly IONIQ EV demonstrates our commitment to preserving nature.

[▶ 7th activities of 'Beautiful Hands'](#)

Hyundai Green Zone China

  The 2nd Hyundai Green Zone China is an ecological restoration project taking place in the Baoshaodainao Nur region of Zhenglan Qi in Inner Mongolia, China. This large-scale desertification prevention project involves creating 40 million square meters of grassland, and follows a similar project that was launched in 2008 to create 50 million square meters of grassland in Chakanor, Inner Mongolia. The success of Hyundai Green Zone China has earned widespread recognition, with Hyundai being ranked third for three consecutive years from 2015 to 2017 in 'Best 50 Public Benefit Brand', as assessed by the China Academy of Social Sciences. Similar to Chakanor, where the first phase of this project took place, the Baoshaodainao Nur is one of the regions in China where lakes are

drying out and severe desertification is affecting the environment. Hyundai is foresting this area, and will do so until 2018, when management of the project will be transferred to the Zhenglan Qi local government to preserve and manage the newly created grassland.



1 IONIQ Forest
2 Beautiful Hands
3 Hyundai Green Zone China

Region and activities of the 2nd Hyundai Green Zone China

- Region: Baoshaodainao Nur, Zhenglan Qi
- Area: 40 million square meters (about 12 times of the size of Yeoido)
- Period: 5 years from 2014 to 2018
- Activities performed: Plant Suaeda (an annual halophyte that grows well even in alkaline soils) and other native flora to create grassland

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Mobility innovation

Provide solutions to marginalized people and isolated regions regarding mobility rights and convenience of mobility

Support for a social enterprise, Easy Move Inc.

5 GOOD EMPLOY **10** GOOD REVENUES Founded in 2010, as part of Hyundai's social contribution activities, Easy Move Inc. is the first social enterprise in Korea in the mobility aid industry. It makes vehicles and mobility assistance equipment specifically designed for people with special needs in order to provide better mobility for the disabled and the elderly. Its products use its original technology, and are designed for user convenience and after-sale services. The company's electric wheelchairs and other products have been improving transport convenience for the transportation vulnerable in a way of providing them genuine support.

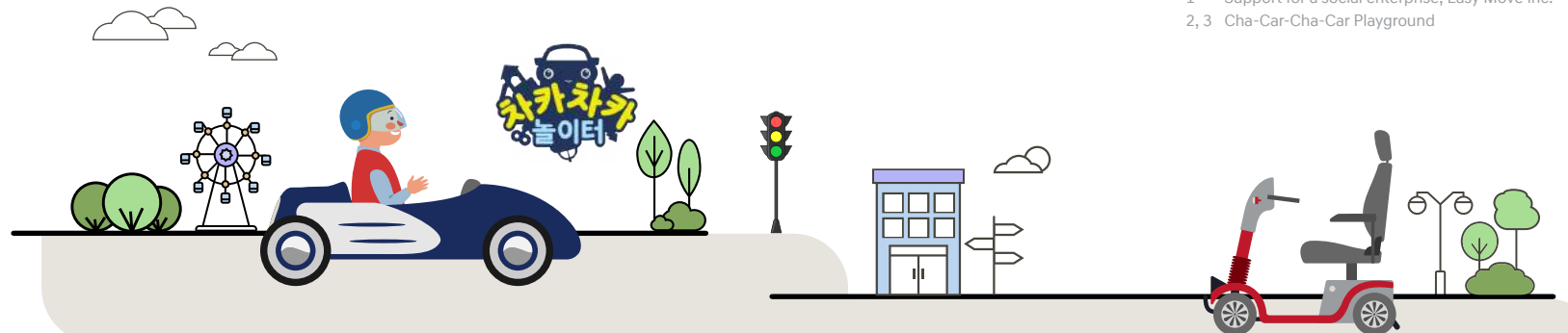


Cha-Car-Cha-Car Playground

5 GOOD EMPLOY **10** GOOD REVENUES To celebrate the 30th anniversary of the Sonata in 2015, Hyundai opened the Cha-Car-Cha-Car Playground, a car-themed amusement park in Seoul Grand Park. Children with visual impairment can visit the Mini Sonata Zone to drive vehicles equipped with Hyundai's autonomous driving technology using their senses of hearing and touch. They can also explore other self-driving technologies through audio and tactile signals, including automatic collision avoidance, emergency braking and driving resumption.



1 Support for a social enterprise, Easy Move Inc.
2, 3 Cha-Car-Cha-Car Playground



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Traffic safety

Develop new safety technologies and activities to prevent traffic accident and support traffic accident victims and their family

Traffic Safety Campaign with Robocar Poli



  In collaboration with Roi Visual, the Citizens Coalition for Safety, and the Korean TV channel EBS, Hyundai has created animated content featuring the popular animation character Robocar Poli. The video helps children to learn and understand road safety rules in a way that they can relate to and enjoy, and has been shown not only in Korea but also overseas, including in China, Russia, and India. In 2013, we launched the Road Safety Program, and have been visiting daycare centers, kindergartens and public institutions across Korea, and also hosting safety fairs for children and families.

Robocar Poli Playground

  The Robocar Poli Playground, opened in 2017 at our Ilsan branch office, is an experience-oriented playground for traffic safety. It invites children and parents along, and parents can watch their children learn and experience road safety. The children also watch animated content that telling stories about road safety, including boarding/unloading school vehicles, fastening seat belts, and watching out for blind spots, as well as other safety rules regarding bicycles, construction sites, weather, and tunnels.

 [Robocar Poli with Hyundai Motor Company website](#)



Traffic Accident Zero for Children Campaign

  Hyundai has been working with the Citizens Coalition for Safety, a professional body which promotes traffic safety, since March 2016 to prevent traffic accidents and provide commuter vehicles and new safety devices, so that we can achieve zero accidents for children travelling to school. The campaign provides safe travel for around 3,700 children every day, covering 4,200 kilometers. Parents or childcare centers can apply for support, and their application is then verified by on-site visits or professional inspections. Successful applicants then get support to attach the latest safety technologies to their vehicles, or are given safety equipment that enables their vehicles to comply with the Serimi Act, which mandates the presence of a guardian in vehicles used by children under the age of 13 for travel to school.

- Accumulated number of children received supports: Around 3,700
- Accumulated distance of safe travel to school: Around 4,200 km



 [Traffic Accident Zero for Children Campaign](#)

H-Restore

  Customers can apply their stories about experiencing difficulties with car repair or replacement onto the Hyundai website. A dream team consisting of 20 professional car mechanics is then dispatched to the selected applicant's home or work site to restore the interior and exterior of the vehicle. The H-Restore Campaign began in September 2017, and for this year, a 2000 Porter and a Grandeur XG were chosen. The vehicles were then comprehensively repaired on behalf of the customers, who were delighted to have their vehicles restored, in December.

 [H-Restore - the Porter](#)  [H-Restore - the Grandeur](#)

Health Care Projects for Taxi Drivers

  Korean taxi drivers drive an average of 250 kilometers per day, and the lack of time and places to take a break causes many of them to suffer from illnesses related to the lumbar and nervous systems. This in turn can cause traffic accidents and have a negative impact on road safety. Hyundai has therefore put together a project to help improve taxi drivers' health by setting up Energizing Stations. Located in five areas within the Seoul metropolitan region, these stations are each equipped with a three-stage healthcare system that allows taxi drivers to check their blood pressure, measure body fat, and do the stretching exercises that the system recommends, based on its diagnoses. Hyundai also runs the Energizing Bus, offering individual counselling to taxi drivers about exercise.

- Number of Energizing Stations: 5 locations in Uijeongbu, Goyang, Seongnam, Bokjeong, and Guri
- Number of visitors to Energizing Stations: 32,000
- Number of visitors to Energizing Bus: 2,075



Zero School Bus Accident Campaign



H-Restore

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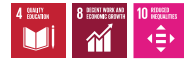
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Future generation

Provide opportunities for the growth of future generation – children, teens, and youth – and support them

Looking for Three-Leafed Clovers



This program provides teenagers from families that have been affected by traffic accidents with mentoring support and opportunities to enable them to explore career options and discover their career path. It was launched in 2005 as a donation project for ‘granting wishes’, and shifted its focus in 2013 towards career mentoring by undergraduates. In total, it has helped around 1,500 teenagers over the past 13 years. There were various opportunities to explore career options provided in 2017, including lectures by expert mentors, a mentoring camp, family events, and job experience. We expanded the program in 2017 to encourage active participation by teenagers who are in the blind spot of the welfare system. We also widened the scope of the program through field trips and other real-life experiences that were supported by the participation of Hyundai staff volunteers. In this way, Hyundai is contributing to the positive development of teenagers and undergraduates who will shape the society of the future.

H-Social Creator



Since 2015, Hyundai has been running ‘H-Social Creator’, a social innovation program for college students to resolve social issues. The third class, held in 2017, was connected to Hyundai’s customer suggestion program ‘H-Ombudsman’ to provide upgraded benefits, such as a visit to an overseas plant for an outstanding team, and vehicle discounts. There were a range of workshops to generate ideas, including a talk concert with alumni, design thinking, and mentoring by Hyundai staff. Young creators took wheelchairs in public transportation as part of identifying potential improvements in access for the disabled. They also produced videos of their experience, so that more people can see the difficulties that the disabled encounter in everyday life. These warm-hearted ideas might be small at the start, but we hope that they can change the world.



Looking for Three-Leafed Clovers

Brilliant Kids Motor Show

Future Automobile School



The Future Automobile School is a specialist career education program under the free semester system¹⁾ for middle school students in Korea. It offers theory, experience, and practical training to increase understanding about the automobile industry in an easier and more interesting way, which in turn enables students to explore automobile-related jobs. Beginning in 2016, this program has provided 310,800 hours of training to about 13,500 students at 320 middle schools in Korea over the last two years. We put priority in students from rural areas (mountain village and fishing village schools) and those from special schools for the disabled, as part of our efforts to reduce inequality in educational opportunities. The number of schools covered by the program increased to around 200 in 2017, and thus more students were able to get benefits from it. This program has been designed to improve participants’ overall understanding of the automobile industry by explaining the structure of automobiles, and how they work. As a result, in 2017, the Future Automobile School won the Minister of Education Award for outstanding free semester system support for the second consecutive year.

¹⁾ A curriculum that enables middle school students to take part in various activities related to career paths and hobbies, without taking any tests for an entire semester

Brilliant Kids Motor Show



Hyundai hosted the ‘2nd Brilliant Kids Motor Show’ at the Gwacheon National Science Museum from November to December in 2017 and at the Gwangju National Science Museum from January to May in 2018. This is to take children’s drawings of cars, which are based on their imagination, and turn them into real models, which are then displayed. This year, seven drawings were made into model cars, among approximately 15,000 entries that were submitted from June to July, and unveiled at the Kids Motor Show. Kiosks and auxiliary facilities for experiments were also equipped to enable visitors to understand how each car works and experience them. We also displayed our eco-friendly IONIQ Electric, and thus attracted parents’ interests in eco-friendly cars while their kids exercise their imagination.

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Community

Provide support and cooperation activities based on the needs of local communities, including NGOs and partners




Staff Volunteer Corps

   We look for social contribution activities at which we are good and carry them out by leveraging our business characteristics and considering relationship with local communities where our business sites are located. 131 Hyundai staff volunteer corps, one for each business site organization, undertakes regular volunteer work through ties with 168 social welfare facilities across Korea. Approximately 10,000 staff took part in 2017, especially on major holidays and at the end of the year, when Group-level volunteer activities took place to support the underprivileged. We will continue these activities, to ensure that there is no blind spot where people are excluded from aids although they need a helping hand.

H-Self Sharing Planner



   Hyundai introduced the ‘H-Self Sharing Planner’ in 2016 to enable staff to plan their volunteer activities. This was devised to satisfy demands for volunteer activities that go beyond visiting specific partner organizations over a defined period, and enabled staff to engage more in volunteer activities. In 2017, we carried out a range of community support activities, including an automobile maintenance class for high school students and providing a helping hand to rural villages during the busy farming season. A total of 556 volunteer activities planned directly by Hyundai staff were provided with funds to cover coaching and activities. These include employment support for female immigrants and mentoring for job-seekers.

Happy Move Global Youth Volunteers


   Hyundai has been operating the largest overseas volunteer team of college students in Korea for 11 years with an aim to foster ‘warm-hearted global young leaders’. We choose around 1,000 college students every year and send them to areas all across the globe to conduct volunteer activities in diverse fields, such as architecture, the environment, education, and culture. Around a total of 10 thousand volunteers participated from the first through the 20th group. The program was reformed starting with the 21st group in 2018. Accordingly, we plan to choose a specific region in a developing country to carry out local development projects for at least three years and send volunteer teams in a constant manner. We also plan to provide

opportunities for team members to suggest ideas for local village development through communication with residents, and actually apply outstanding, practical suggestions. In this way, we will implement volunteer activities led by team members in close connection with the local community.

Hyundai Dream Center

   In partnership with the Plan Korea, Hyundai operates the ‘Hyundai Dream Center’ vocational skill schools for young people in developing nations. Dream Centers have been established in Ghana, Indonesia, Cambodia, and Vietnam, fostering experts in automobile maintenance and helping them to find employment and independence. We opened our fifth Dream Center in the Philippines in April 2018, and will provide automobile maintenance training to around 90 young people each year and outstanding students will be helped to find employment through our local dealer network. In 2019, the sixth Dream Center is planned to be established in Peru.

Sponsor of the Korean Archery Association

 Hyundai has been sponsoring the Korea Archery Association since 1985. Our research institute uses its automobile development technology capabilities to apply precision analysis to check for irregularities in parts. Hyundai has also developed a shooting machine that filters out defective arrows, as well as creating customized grips for each archer, which have substantially improved confidence and accuracy. In addition, we sponsor the Archery World Cup and the World Archery Championships, and thus contribute to popularizing archery.



Happy Move Global Youth Volunteers



Hyundai Dream Center

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Global CSV Activities

Global CSR Activities Aimed at ‘Moving the World Together’

Hyundai is involved in various social contribution activities which contribute to the sustainable development of local communities around the world where we operate our businesses.



Key Activities in Americas

Hope on Wheels

Hope on Wheels is our leading social contribution program in the U.S. to sponsor pediatric cancer research and help treatment of pediatric cancer patients. Founded in 1998, the program has been expanded across the country, so that Hyundai Motor America (HMA) and all of our local dealers participate in the program.

MAJOR ACTIVITIES BY SUBSIDIARY

Hyundai Motor Manufacturing Alabama (HMMA)

- United Way, a fund-raising campaign
- Sponsor for 'Toys for Tots', a toy donation program by the US Marines Corps

Hyundai Motor Brazil (HMB)

- Dental clinic on wheels and surgery program for residents in Piracicaba
- 'Hyundai Youth Football Clinic', a sports training program for underprivileged children in Piracicaba



Hope on Wheels



Key Activities in Asia, Middle East and Africa

Dream Village Project

Hyundai Motor India (HMI) supports the start-up of social enterprises within local communities through the Dream Village Project, and promotes activities which improve the local infrastructure, including the maintenance of public buildings and schools. In 2017, we supported the start-up of three companies in Thandalam and Irungattukottai villages near Chennai, creating jobs for 23 female workers. In addition, in order to address the digital gap in rural areas, we support the Community Service Center run by the Indian government, thus helping more than 16,000 local residents.

MAJOR ACTIVITIES BY SUBSIDIARY

Hyundai Motor India (HMI)

- Dream Village project
- Support for training programs on local road safety and the strengthening of infrastructure in Anna Nagar

Hyundai Motor Company Australia (HMCA)

- 'You Drive. We Donate', a donation program in connection with Auto Link



Dream Village Project

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Key Activities in Europe

El Desierto de los Niños (Desert of Children)

Hyundai Motor España (HMES) sponsored the El Desierto de los Niños (Desert of Children) program, with participants driving 4WD vehicles across the Moroccan desert to raise funds for building schools in Fezzou. We provided 21 SUVs including the Santa Fe, Tucson and Kona.

MAJOR ACTIVITIES BY SUBSIDIARY

Hyundai Motor India (HMI)

- HMD: 'Spende ein Licht', a donation program for children at Christmas
- HMUK: 'Stand up to Cancer' campaign
- HMSK: Donation of the 'Hyundai ix1', a trolley for newborns
- HMF: 'Sport dans la ville', helping children pursue sports-related careers

Hyundai Motor Manufacturing Czech (HMMC)

- 'Good Neighbor Together', an employee volunteer activity
- 'Korea Day', a cultural event

Hyundai Motor Manufacturing Russia (HMMR)

- 'Hyundai Dream Way', a CSR program for local community

Hyundai Assan Otomotiv Sanayi (HAOS)

- Support for Turkish veterans during Korean War
- Activities to support orphanage center in Semiha Sakir, Istanbul
- Planting trees to create forest in Izmit (a tree for each employee)

Hyundai Motor Commonwealth Independent States (HMCIS)

- 'Robocar Poli' traffic safety education programs
- 'Great Music for Young Generation', helping children experience music



El Desierto de los Niños (Desert of Children)



Key Activities in China

Hyundai Green Zone China

Staff at Beijing Hyundai Motor Company (BHMC) and Hyundai Motor Group China (HMGC), our holding company in China, partnered with young people studying environment-related undergraduate majors, and a total of 257 participants ran a desertification prevention campaign in the Baoshadainao Nur region. This area was previously home to a lake but it has turned into an alkali flat since the lake dried up.

MAJOR ACTIVITIES BY SUBSIDIARY

Beijing Hyundai Motor Company (BHMC)

- 2nd Hyundai Green Zone China, an anti-desertification project in Inner Mongolia
- Computer donation to Hanchun Village, Shen hyun of Changzhou City

Hyundai Motor Group China (HMGC)

- Green Move: 2nd Hyundai Green Zone China, an anti-desertification project in Inner Mongolia
- Safe Move: Traffic safety campaigns for elementary school students in Beijing
- Happy Move: Employee volunteer group which consists of staff at HMGC and employees of its suppliers
- Dream Move: 'Dream Classroom', a program that donates supplies for underdeveloped areas
- Dream Move: 'Tong Xin Yi', an activity to protect left-behind children in rural areas



Hyundai Green Zone China

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Africa & Middle East Regional Headquarter

Africa

- Morocco: Traffic safety and environmental education program for elementary school students
- Tunisia: Traffic safety education and campaign for children and teenagers
- South Africa: Build libraries at local elementary schools located in impoverished areas

Middle East (Saudi Arabia, Kuwait, Oman, Egypt)

- Pan-Arab Road Safety Program: Provide traffic education and experience opportunities while helping to improve traffic safety awareness



Central & South America Regional Headquarters

Chile

- Environmental improvement and child education support program in Valparaiso: A leading program operated in collaboration with Good Neighbors to address environmental pollution issues caused by waste and education inequality issues
 - Operate recycling trucks and environmental education centers for children

Ecuador

- Environmental protection support program on the Galapagos Islands: Donate eco-friendly cars and electric generators to preserve biodiversity on the Galapagos Islands in cooperation with the Charles Darwin Foundation



Chile_Environmental improvement and child education support program



Asia & Pacific Regional Headquarter

The Philippines

- Establish a facility which turns rainwater into drinking water and provide hygiene education in connection with the UN World Water Day

Vietnam

- Practical Week with HYUNDAI THANH CONG, an industry-academic collaboration for programs to support automobile field trainings

Malaysia

- ‘Travel safely with Hyundai’ campaign



CIS & Eastern Europe Regional Headquarter

Kazakhstan

- Child traffic safety campaign (Central Asia)

Ukraine

- Traffic culture campaign and support for the disabled

Serbia

- Traffic safety campaign for children



Serbia _ Traffic safety campaign for children

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Supporting Arts and Culture

Global Partnership for Arts and Culture

Hyundai explores the connections between the auto industry and art by pursuing artistic and cultural partnerships in Korea and overseas. These partnerships experiment with various projects provide new values and experiences that had not traditionally been delivered, and thus help more people enjoy and experience culture closer to their daily lives. We also share our thoughts on the automotive and art industries, and explore new perspectives on the future.

National Museum of Modern and Contemporary Art

The MMCA Hyundai Motor Series is a mid- to long-term project that aims to expand the horizons of Korean art through collaboration with the Museum of Modern and Contemporary Art of Korea. We provide global platforms for contemporary Korean artists by sponsoring large-scale exhibitions as well as relevant seminars and publications. In 2017, the fourth exhibition was held under the title, MMCA Hyundai Motor Series 2017: IM HEUNG SOON – “Things that do us part”, a large-scale private exhibition of artist Im Heung Soon, who won the Silver Lion Awards at the Venice Biennale. The exhibition was held in the Seoul Gallery at MMCA, and garnered interest and the sympathy of the audience.



MMCA Hyundai Motor Series 2017: IM HEUNG SOON – “Things that do us part”
 Photography by GIM IKHYUN
 Provided by National Museum of Modern and Contemporary Art

Tate Modern

The Hyundai Commission is a long-term partnership with Tate Modern in London. Every year since 2015, we have selected leading artists to hold major exhibitions in the Turbine Hall. In 2017, SUPERFLEX, an artist group from Denmark, was invited to showcase the ‘One Two Three Swing!’ exhibition. A swing that can accommodate three people was used as a medium to feature an artwork that connects the inside and outside of the exhibition hall, leading to active participation by the audience.

Los Angeles County Museum of Art

In 2015, Hyundai signed a ten-year partnership with the LA County Museum of Art (LACMA) to sponsor the ‘Hyundai Project at LACMA’, with the aim of inspiring people through the combination of art and technology. We sponsor the ‘art + technology’ exhibitions and LAB projects to deliver innovative exhibitions by globally renowned artists who integrate art with technology. We also sponsor research into Korean art history and Korean art exhibitions. In 2017, world-renowned film director Alejandro G. Iñárritu showcased ‘CARNE y ARENA (Virtually present, Physically invisible)’, a video work that was completed by adopting cutting-edge virtual reality (VR) technology.



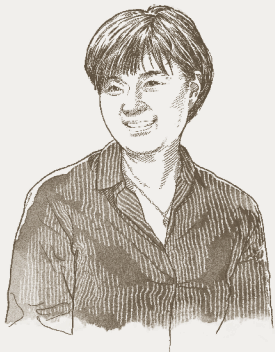
Hyundai Commission: SUPERFLEX – One Two Three Swing!, © Tate Photography

We will be a trustworthy partner for more stakeholders.

Our aim is to provide more value which we can share with our customers and other stakeholders, not only through our products and services, but also through the entire process related to our manufacturing and servicing activities.

Hyundai will therefore continue to strive to ensure that our products and services have a positive impact on potential customers and local communities where we are and we have not yet reached out. We will step up our efforts to ensure that the value we create is evenly distributed not just to our current stakeholders, but also to future generation.

Stakeholder Interview



Seung Ja Park
Director of Namu Art Daycare Center

I have always wanted to visit the 'Robocar Poli Playground' to teach children about traffic safety. It's very important for children to learn first-hand about traffic safety. The kids were excited to meet Poly and Amber, their favorite TV characters. I think the best part about the playground was that it was safe. Many traffic safety sites are outdoors, so I have concern about weather conditions or accidents, but the Robocar Poli Playground provides a safe indoors environment where it is easy for teachers to keep an eye on the children. The area is divided into clearly-themed zones, and I would definitely want to come again.

I hope that Hyundai will create more facilities like this in other regions, so that more children can visit and learn about traffic safety in a fun environment. This interactive and engaging way of learning is very effective, and can hold an important role in reducing accidents.

Achievements in Global Social Contribution Activities

Given the highest CSR development index score in China

The China Academy of Social Sciences, which rates the social responsibility activities of companies in China, selected Hyundai Motor Group as the leading CSR company in China in terms of CSR development index score. This study was based on an assessment of 300 state-sponsored, privately-run and foreign-invested companies operating in China. Hyundai Motor Group was recognized for its localized CSR activities, including the anti-desertification project in Inner Mongolia, and for making a positive impact in a long-term perspective.



Achievements in Supporting Arts and Culture

2017 Exhibitions based on partnership with museums

Based on partnerships with global museums, new exhibitions were unveiled in 2017 – the MMCA Hyundai Motor Series 2017: IM HEUNG SOON – “Things that do us part” at MMCA, ‘Hyundai Commission: SUPERFLEX – One Two Three Swing!’ at Tate Modern, and the video work titled ‘CARNE y ARENA (Virtually present, Physically invisible)’ by director Alejandro G. Iñárritu at LACMA. Director Alejandro G. Iñárritu was awarded a Special Award Oscar by the US Academy of Motion Picture Arts and Sciences for this artwork.



Sponsoring the Venice Biennale and Sydney Biennale

Hyundai sponsored the Biennale, which is a leading art festival that is enjoyed by all. The company sponsored the Korean Pavilion at the Venice Biennale 2017 and the Sydney Biennale 2018, thus creating opportunities to communicate with the world, regardless of region, culture, or generation.



Launching the 'art + technology' program

Hyundai planned and launched the 'art + technology' program in May 2018 in partnership with Bloomberg, a global media partner. We provide to viewers all across the globe an opportunity to experience the new world of art by delivering the philosophies and new technology trends of artists who focus on converging art with up-to-date technologies.



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Corporate Profile (Production and Sales)

Classification		Unit	2015	2016	2017	Note (2017)
General Information	Assets	KRW billion	165,367.9	178,835.9	178,199.5	Consolidated figures basis
	Sales revenue	KRW billion	91,958.7	93,649.0	96,376.1	Consolidated figures basis
	Production	Vehicle	4,948,315	4,865,500	4,506,996	
2017 Best-selling Models	Avante	Vehicle	811,723	875,275	669,663	Consolidated figures basis
	Tucson	Vehicle	580,831	735,242	644,598	Consolidated figures basis
	Accent	Vehicle	669,509	514,748	411,724	Consolidated figures basis
	i10	Vehicle	450,169	354,838	373,032	Consolidated figures basis (figures for 2015 and 2016 are sales volume of the Sonata)
Global Production	Korea	Vehicle	1,858,395	1,679,905	1,651,718	
	U.S.	Vehicle	384,519	379,020	328,400	
	China	Vehicle	1,052,000	1,142,000	800,000	
	India	Vehicle	645,012	665,017	678,017	
	Czech Republic	Vehicle	342,200	358,400	356,700	
	Turkey	Vehicle	226,500	230,010	227,000	
	Russia	Vehicle	229,500	207,000	233,500	
	Brazil	Vehicle	175,002	161,756	182,773	
	China (Commercial)	Vehicle	30,552	37,881	27,941	
	Vietnam	Vehicle	-	-	16,617	
	Consignment (Commercial)	Vehicle	4,635	4,511	4,330	Transformed from consignment (commercial) to venture investment in 2017
	Total	Vehicle	4,948,315	4,865,500	4,506,996	
	Global Sales	Korea	Vehicle	714,121	658,642	688,939
Overseas		Vehicle	4,250,710	4,201,407	3,817,336	
Total		Vehicle	4,964,831	4,860,049	4,506,275	

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Corporate Profile (Employees and Supply Chain)

	Classification	Unit	2015	2016	2017	Note
Number of Employees	Korea	Person	66,674	67,821	68,876	As of the last business day; and the past calendar year's figure changed due to an adjustment to the collection criteria for the number of directly employed staff
	Overseas	Person	46,458	51,430	53,341	Number of regular and non-regular workers as of year-end
	Portion of employees working overseas	%	41.5	43.5	43.6	
	Total	Person	112,072	118,320	122,217	
Workforce by Region	Korea	Person	66,674	67,821	68,876	
	North America	Person	7,881	9,886	10,942	
	Europe	Person	6,277	6,625	9,955	
	China	Person	17,951	19,447	19,100	
	India	Person	9,343	9,284	9,318	
	Others	Person	5,006	5,257	4,026	
	Total	Person	113,132	118,320	122,217	
Workforce by Duty in Korea	Management	Person	440	456	466	
	Research committee	Person	16	19	22	
	Research	Person	9,701	10,203	10,565	
	Office work	Person	12,078	12,425	12,659	
	Technology, production, maintenance	Person	34,529	35,444	35,669	
	Sales	Person	6,166	6,185	6,190	
	Others	Person	3,744	3,089	3,305	Advisors, specially appointed staff for special duties, temporary staff, non-regular staff, etc.
Total	Person	66,674	67,821	68,876		
Supply Chain Management	Number of suppliers	Company	8,300+	8,300+	8,300+	Around 300 Tier 1 suppliers; around 5,000 Tier 2 and 3 suppliers; and around 3,000 raw material suppliers

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Classification		Unit	2015	2016	2017	Note
Statements of financial position (Consolidated)	Total assets	KRW billion	165,368	178,836	178,199	
	Total liabilities	KRW billion	98,487	106,491	103,442	
	Shareholders' equity	KRW billion	66,881	72,345	74,757	
Statements of financial position (Separate)	Total assets	KRW billion	66,977	69,851	70,131	
	Total liabilities	KRW billion	17,281	17,271	15,906	
	Shareholders' equity	KRW billion	49,696	52,580	54,224	
Statements of income (Consolidated)	Sales	KRW billion	91,959	93,649	96,376	
	Operating profit	KRW billion	6,358	5,194	4,575	
	Net profit	KRW billion	6,509	5,720	4,546	Includes minority interest of consolidated net income
	EBITDA	KRW billion	9,152	8,552	8,104	Based on Bloomberg (sum of operating profit, depreciation of real estate held for investment, and depreciation of intangible assets)
Statements of income (Separate)	Sales	KRW billion	44,440	41,714	41,605	
	Operating profit	KRW billion	4,267	2,699	2,163	
	Net profit	KRW billion	5,435	4,102	2,551	
	EBITDA	KRW billion	6,047	4,913	4,467	Based on Bloomberg (sum of operating profit, depreciation of tangible assets, depreciation of real estate held for investment, and depreciation of intangible assets)
Profitability ratio (Consolidated)	Operating profit margin	%	6.9	5.5	4.7	
	Net profit margin	%	7.1	6.1	4.7	
Profitability ratio (Separate)	Operating profit margin	%	9.6	6.5	5.2	
	Net profit margin	%	12.2	9.8	6.1	

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	Classification	Unit	2015	2016	2017	Note
Compliance Management Education	Number of training sessions in Korea	Case	45	83	34	
	Number of participants in Korea	Person	57,100	27,470	25,089	Sum of online trainings (2 sessions since its launch in 2015), collective trainings, and others
	Number of training sessions overseas	Case	2	1	1	
	Number of participants overseas	Person	1,940	610	800	
Non-compliance with Regulations and Voluntary Codes	Legal sanction against the violation of fair trade	Case	0	0	0	Violations related to unfair competition, such as collusion and monopoly
	Marketing activities in Korea	Case	0	0	0	Incidents of non-compliance with laws and regulations and voluntary codes concerning advertising, sales promotion, and sponsorship; based on a business report
	Marketing activities overseas	Case	0	0	0	
	Protection of customer information	Case	0	1	0	Incidents of non-compliance with customer information-related laws and regulations and number of administrative actions in Korea
	Protection of product information	Case	0	1	0	Incidents of non-compliance with laws and regulations and number of administrative actions regarding information provided to customers to inform them of vehicle performance and function, such as fuel efficiency
	Penalty and fine for non-compliance with environmental regulations	KRW million	0.5	5.9	73.4	Overseas manufacturing plants have been added to the reporting scope since 2016
Distribution of Economic Value (Consolidated)	Dividends (Shareholders and investors)	KRW billion	1,080	1,080	1,080	
	Interest expenses (Shareholders and investors)	KRW billion	259	272	333	Refer to 'financial income and financial expense' in the notes to the consolidated financial statement
	Salaries (Employees)	KRW billion	8,846	8,878	8,921	Refer to 'classification of expenses by nature' in the notes to the consolidated financial statement
	Raw materials costs (Suppliers)	KRW billion	52,095	52,102	53,039	Refer to 'classification of expenses by nature (raw material and product usage amount)' in the notes to the consolidated financial statement
	Income tax (Government)	KRW billion	1,950	1,587	-108	Refer to 'income tax' in the notes to the consolidated financial statement
	Donation (Local communities)	KRW billion	66	76	69	Refer to 'other income/expense' in the notes to the consolidated financial statement
	Total	KRW billion	64,296	63,995	63,334	
	Distribution of Economic Value (Separate)	Dividends (Shareholders and investors)	KRW billion	1,080	1,080	1,080
Interest expenses (Shareholders and investors)		KRW billion	111	129	191	Refer to 'financial income and financial expense' in the notes to the financial statement
Salaries (Employees)		KRW billion	6,259	6,265	6,266	Refer to 'classification of expenses by nature' in the notes to the financial statement
Raw materials costs (Suppliers)		KRW billion	26,740	25,001	25,828	Refer to 'classification of expenses by nature (raw material and product usage amount)' in the notes to the financial statement
Income tax (Government)		KRW billion	1,245	841	526	Refer to 'income tax' in the notes to the financial statement
Donation (Local communities)		KRW billion	51	50	48	Refer to 'other income/expense' in the notes to the financial statement
Total		KRW billion	35,486	33,366	33,938	

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OUR VALUE

Classification		Unit	2015	2016	2017	Note	
Customer	Quality index (Based on the survey conducted by J.D. Power and Associates)	Product durability index	Ranking (Point)	15th (188)	9th (158)	3rd (124)	Score a vehicle 3 years after its purchase based on the durability quality (number of complaints per 100 vehicles)
		New vehicle quality index	Ranking (Point)	2nd (95)	2nd (92)	2nd (74)	Score a vehicle 90 days after its purchase based on the number of complaints (number of complaints per 100 vehicles)
Customer	Service satisfaction survey	Maintenance service satisfaction level in Korea (HCSI)	Score (Ranking)	81.8 (1st)	82.7 (2nd)	81.7 (3rd)	Survey conducted to customers who own a vehicle that was released 3 or more years ago and who have used service centers and Bluehands
		Maintenance service satisfaction level overseas (HGSi)	Score (Number of countries where the survey was conducted)	882 (28)	893 (26)	905 (26)	Conducted 4 weeks after a repair service on customers who used the service
Customer satisfaction	Hyundai Customer Satisfaction Index- Composite index		Score	78.3	79.4	77.9	
	External evaluation - National Customer Satisfaction Index		Ranking	1st place at all segments	1st place at all segments	1st place at all segments	Compact, semi-medium, medium, semi-large, large, RV
	External evaluation - Korean Standard-Quality Excellence Index		Ranking	1st place at all segments	1st place at all segments	1st place at all segments	Semi-medium, medium, RV, after-sales service
	External evaluation - Korean Customer Satisfaction Index		Ranking	1st place at all segments	1st place at all segments	1st place at all segments	Passenger car, RV
	External evaluation - Korean Service Quality Index		Ranking	1st place at all segments	1st place at all segments	1st place at all segments	Dealers for domestic cars, after-sales service
	External evaluation - Korean Net Promoter Score		Ranking	1st place at all segments	1st place at all segments	1st place at all segments	Passenger car, RV
Energy consumption	LNG		Mwh	1,569,306	1,606,054	1,210,636	
	Electricity		Mwh	3,619,249	3,596,858	3,113,988	Based on Hyundai's domestic business sites and overseas manufacturing plants (using energy conversion coefficient provided by the comprehensive national GHG management system)
	Diesel, Kerosene, Gasoline		Mwh	82,307	72,244	123,058	
	Liquefied fuel		Mwh	105	152	10,415	
	Gaseous fuel		Mwh	457	1,280	382,872	
Total		Mwh	5,271,424	5,276,588	4,840,969	Total of 'Energy consumption' ÷ Total of 'Global production'	
Environment	Energy intensity	Energy consumed in producing one vehicle	Mwh/Vehicle	1.065	1.084	1.074	The intensity change is insignificant, so the notation unit for below decimal point was changed
Greenhouse gas emissions	Scope 1		tCO ₂ e	797,391	797,813	805,105	Based on emissions of CO ₂ , CH ₄ , N ₂ O; starting in 2017, Scope 3 emissions are measured for the last 3 years
	Scope 2		tCO ₂ e	1,899,943	1,870,858	1,797,736	
	Scope 3		tCO ₂ e	7,680,773	6,959,691	7,318,543	
	Total		tCO ₂ e	10,378,107	9,628,362	9,921,384	

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Greenhouse gas emission intensity	Greenhouse gas emissions per vehicle production	tCO ₂ e/ Vehicle	2.097	1.979	2.201	Total of 'Greenhouse gas emissions' ÷ Total of 'Global production'; Scope 3 emissions were added to result in a change in the past calendar year's intensity
Year-on-year change of greenhouse gas emissions	Scope 1	tCO ₂ e	37,849	422	7,292	A negative number (-) means a decrease, while a positive number means an increase; starting in 2017, Scope 3 emissions are measured for the last 3 years; scope 3 emissions were added starting in 2017, resulting in a change in the past calendar year's GHG reduction
	Scope 2	tCO ₂ e	-153,962	-29,085	-73,122	
	Scope 3	tCO ₂ e	-	-721,082	358,852	
	Total change	tCO ₂ e	-116,113	-749,745	293,022	
Raw materials	Steel (amounts used)	Ton	1,234,078	1,249,939	1,148,388	Scrap usage rate = 41.6%
	Steel (scrap)	Ton	499,860	458,982	477,680	
	Aluminum (amounts used)	Ton	120,785	109,122	117,252	Scrap usage rate = 25.7%
	Aluminum (scrap)	Ton	34,314	30,593	30,132	
Environment	Water consumed	Ton	20,747,991	18,817,437	19,242,964	
	- Korea	Ton	13,067,942	12,895,791	12,993,238	
	- Overseas	Ton	7,680,049	5,921,646	6,249,726	
	Water recycled	Ton	1,853,393	2,300,269	2,259,124	
	- Korea	Ton	605,627	649,310	603,210	
	- Overseas	Ton	1,247,766	1,650,959	1,655,914	
Water consumption	Recycling ratio	%	8.9	12.2	11.7	
	- Korea	%	4.6	5.0	4.6	
	- Overseas	%	16.2	27.9	26.5	
	Total	Ton	930	528	1,062	
Consumption of refrigerant (HFC, R135a, etc.)	- Korea	Ton	3	4	3	
	- Overseas	Ton	779	617	1,059	
	Total	Ton	11,772	9,615	8,398	
VOC emissions	- Korea	Ton	8,130	7,241	6,292	
	- Overseas	Ton	3,642	2,374	2,106	

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Classification		Unit	2015	2016	2017	Note
Air pollutants	Total	Ton	1,117	1,172	1,256	
	- CO (by type)	Ton	334	275	384	
	- SOx (by type)	Ton	37	37	28	
	- NOx (by type)	Ton	411	460	399	
	- PM (by type)	Ton	335	400	445	
	- Korea (by region)	Ton	292	342	392	
	- Overseas (by region)	Ton	825	830	864	
Water pollutants	COD	kg	183,653	173,092	174,193	
	BOD	kg	23,919	21,525	26,063	
	SS	kg	28,722	25,313	27,453	
	n-H	kg	507	166	515	
	Others	kg	374,673	463,254	421,635	
	Total	kg	611,474	683,350	649,890	
Wastewater pollutants	- COD (by type)	kg	183,653	173,092	174,193	
	- BOD (by type)	kg	23,919	21,525	26,063	
	- SS (by type)	kg	28,722	25,313	27,453	
	- n-H (by type)	kg	507	166	515	
	- Others (by type)	kg	374,673	463,254	421,635	
	- Korea (by region)	kg	34,932	33,355	34,725	
	- Overseas (by region)	kg	576,542	649,995	615,134	
Weight of waste	Total	Ton	767,512	663,796	871,552	
	- Regular waste (by type)	Ton	721,794	617,795	824,989	
	- Specified waste (by type)	Ton	45,718	46,001	46,563	
	- Korea (by region)	Ton	434,812	359,438	556,512	
	- Overseas (by region)	Ton	332,700	304,358	315,040	

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Classification		Unit	2015	2016	2017	Note	
Environment	Total	Ton	664,834	586,303	798,606		
	- Landfill	Ton	26,189	27,275	34,465		
	- Incineration	Ton	34,439	60,978	48,680		
	- Recycling	Ton	597,769	493,102	710,119		
	- Others	Ton	6,436	4,948	5,341		
Use of hazardous chemical substances	Total	Ton	13,479	4,521	3,919		
	- Korea	Ton	1,237	900	457		
	- Overseas	Ton	12,242	3,621	3,462		
Costs and investments for environmental protection		KRW billion	115.4	156.4	136.2		
Collaboration	Support for Foundation of Korea Automotive Parts Industry Promotion	Quality and Technology Volunteer Group	Company	97	101	107	15 Tier 1 suppliers, and 92 Tier 2 and 3 suppliers
		Supplier Support Group	Company	42	50	48	Integrated figure of Hyundai and Kia; 34 Tier 1 suppliers and 14 Tier 2 suppliers
	Energy-Saving Technology Exchange Meeting	Number of suppliers participated	Company	32	38	47	Based on Hyundai Motor Group
	Cumulative number of suppliers in joint expansion partnership	Number of suppliers	Company	600	700	700+	Integrated figure of Hyundai and Kia; around 300 Tier 1 suppliers and around 400 Tier 3 suppliers
	Suppliers in joint growth and fair trade agreements	Number of suppliers in the agreements	Company	298	298	200+	Around 100 Tier 1 small-sized suppliers and around 100 Tier 1 medium-sized suppliers
	Recruitment of suppliers	Number of people hired	Person	18,600	13,000	11,300	
Security practices (Korea)	Total number of security staff (Internal)	Person	359	359	379		
	Total number of security staff (Outsourced)	Person	614	614	604		
	No. of security personnel trained in the organization's human rights policies	Person	926	933	962		
Labor union membership (Korea)	Number of people with labor union membership	Person	46,844	48,150	48,261		
	Labor union membership percentage	%	70.3	71.0	70.1		
People	New recruitment (Korea)	Number of people hired	Person	5,394	5,301	4,370	Includes management, general staff, research staff, technical staff, and non-regular contract staff (excluding management who rejoined the company); and the past calendar year's figure was changed due to a change in the collection criteria
	Employee turnover (Korea)	Number of employee turnover	Person	69	104	100	From among the year's resigned staff, those whose reason for resigning is 'changing to a different company'
		Employee turnover rate	%	0.10	0.15	0.15	
Employee satisfaction	Employee satisfaction survey score	%	-	3.5 points out of 5.0	57	The satisfaction survey scoring system changed in 2017	

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	Classification	Unit	2015	2016	2017	Note
People	Female employees					
	Number of female employees (Korea)	Person	3,166	3,436	3,405	
	Number of female executives (Korea)	Person	3	4	3	
	Female employment rate (Korea)	%	4.7	5.1	4.9	
	Number of female employees (North America)	Person	1,291	1,390	1,431	
	Number of female executives (North America)	Person	9	6	6	
	Female employment rate (North America)	%	16.4	14.1	13.1	
	Number of female employees (Europe)	Person	965	1,212	1,363	
	Number of female executives (Europe)	Person	2	2	2	
	Female employment rate (Europe)	%	15.4	18.3	13.7	
	Number of female employees (China)	Person	1,777	2,152	2,134	
	Number of female executives (China)	Person	9	10	10	
	Female employment rate (China)	%	9.9	11.1	11.2	
	Number of female employees (India)	Person	144	160	155	
	Number of female executives (India)	Person	0	0	0	
	Female employment rate (India)	%	1.5	1.7	1.7	
	Number of female employees (Others)	Person	292	527	521	
	Number of female executives (Others)	Person	-	-	-	
Female employment rate (Others)	%	5.8	10.0	12.9		
Total number of female employees	Person	7,635	8,877	9,009		
Total number of female executives	Person	23	22	21		
Total female employment rate	%	6.8	7.5	7.4		
Employees with disabilities (Korea)						
Number of employees with disabilities	Person	1,864	1,867	2,501		
Percentage of employees with disabilities	%	2.80	2.75	3.63		Number of employees with disabilities ÷ Number of employees in Korea
Number of employees by age						
Under 30 years old	Person	6,703	6,373	6,404		
30-50 years old	Person	37,213	35,937	34,633		
Over 50 years old	Person	22,758	25,511	27,839		
Total	Person	66,674	67,821	68,876		
Outstanding talent work rotation program participants						
Korea	Person	7	6	5		
Overseas	Person	10	0	0		

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		Classification	Unit	2015	2016	2017	Note
People	Employee training (Korea)	Training expenses per employee	KRW 10,000	61	55	43	
		Training hours per employee	Hours	71	56	45	
		Total training expenses	KRW billion	40.2	36.9	29.3	
	Parental leave (Korea)	Number of employees on parental leave (Male)	Person	34	50	22	As of 2017 year-end
		Number of employees on parental leave (Female)	Person	176	212	123	
		Return rate after parental leave (Male)	%	94.1	89.1	88.9	Percentage of total reinstated staff against number of staff in parental leave
		Return rate after parental leave (Female)	%	96.6	89.1	87	
		Retention rate after parental leave (Male)	%	-	96.0	94.2	Percentage of staff retained for at least 12 months against number of staff in parental leave
		Retention rate after parental leave (Female)	%	-	85.6	96.4	
		Occupational accidents	No. of employees involved in occupational accidents (Korea)	Person	339	217	210
Accident rate (Korea)	%		0.87	0.55	0.53		
No. of employees involved in occupational accidents (Overseas)	Person		55	38	41	Based on figures of overseas manufacturing plants	
Accident rate (Overseas)	%		0.15	0.10	0.11		
No. of employees involved in occupational accidents (Total)	Person		394	255	251	Based on figures of Ulsan, Asan and Jeonju plants in Korea, and overseas manufacturing plants	
Accident rate (Total)	%		0.53	0.34	0.33		
Community	Social contributions (Korea)	Social welfare	KRW million	26,109	22,252	23,147	
		Medical and healthcare	KRW million	806	380	414	
		Education	KRW million	15,431	10,369	18,969	
		Culture & Sports	KRW million	21,341	27,004	11,210	
		Environmental protection	KRW million	921	1,310	7,001	
		Emergency relief	KRW million	368	5,508	1,203	
		International exchange	KRW million	2,633	1,941	1,380	
		Others	KRW million	2,840	6,738	1,635	
	Total	KRW million	70,449	75,502	64,959		
	Voluntary performance of employees (Korea)	Number of volunteer activities	Case	2,546	2,348	2,129	
		Number of participants	Person	24,499	28,462	17,105	
		Number of hours participated	Hour	166,912	144,697	125,093	

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Universal Standards

STANDARD INDICATORS			2018 Report	
No.	Core	Title	Page	Note
102-01	Core	Name of the organization	32	
102-02	Core	Activities, brands, products, and services	32, 33	
102-03	Core	Location of headquarters	129	
102-04	Core	Location of operations	34	
102-05	Core	Ownership and legal form	36	
102-06	Core	Markets served	33, 34	
102-07	Core	Scale of the organization	32	
102-08	Core	Information on employees and other workers	112, 119	No significant changes regarding employee number occurred
102-09	Core	Supply chain	78-82, 118	
102-10	Core	Significant changes to the organization and its supply chain	35	
102-11	Core	Precautionary Principle or approach	46, 129	
102-12	Core	External initiatives	47, 66, 129	
102-13	Core	Membership of associations	47, 66, 129	
102-14	Core	Statement from senior decision-maker	3	
102-15		Key impacts, risks, and opportunities	48	
102-16	Core	Values, principles, standards, and norms of behavior	44, 45	
102-17		Mechanisms for advice and concerns about ethics	47	
102-18	Core	Governance structure	36, 37	
102-21		Consulting stakeholders on economic, environmental, and social topics	36, 37	
102-22		Composition of the highest governance body and its committees	36, 37	
102-23		Chair of the highest governance body	36	
102-24		Nominating and selecting the highest governance body	36, 37	
102-40	Core	List of stakeholder groups	49	
102-41	Core	Collective bargaining agreements	94	
102-42	Core	Identifying and selecting stakeholders	49	
102-43	Core	Approach to stakeholder engagement	49	

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STANDARD INDICATORS			2018 Report	
No.	Core	Title	Page	Note
102-44	Core	Key topics and concerns raised	49	
102-45	Core	Entities included in the consolidated financial statements	34	
102-46	Core	Defining report content and topic Boundaries	130-131	
102-47	Core	List of material topics	130-131	
102-48	Core	Restatements of information	111-120	Restatements are referred separately on each information that change has occurred
102-49	Core	Changes in reporting	No significant changes occurred	
102-50	Core	Reporting period	129	
102-51	Core	Date of most recent report	129	
102-52	Core	Reporting cycle	129	
102-53	Core	Contact point for questions regarding the report	129	
102-54	Core	Claims of reporting in accordance with the GRI Standards	129	
102-55	Core	GRI content index	121-125	
102-56	Core	External assurance	126-127	

Topic Specific Standards _ Material Topics

STANDARD INDICATORS			2018 Report	
Issue Name	Indicator No.	Title	Page	Note
Anti-corruption	103-01	Explanation of the material topic and its Boundary	131, 76, 77	Core Option applied
	103-02	The management approach and its components	77	Core Option applied
	103-03	Evaluation of the management approach	83	Core Option applied
	205-02	Communication and training about anti-corruption policies and procedures	47, 77, 114	Core Option applied
	205-03	Confirmed incidents of corruption and actions taken	No incidents of corruption occurred	Core Option applied
Materials	103-01	Explanation of the material topic and its Boundary	131, 64, 65, 69	Core Option applied
	103-02	The management approach and its components	65, 69	Core Option applied
	103-03	Evaluation of the management approach	74	Core Option applied
	301-01	Materials used by weight or volume	116	
	301-02	Percentage of recycled input materials used to manufacture the organization's primary products and services	116	Core Option applied
Energy	103-01	Explanation of the material topic and its Boundary	131, 64, 65, 71	Core Option applied
	103-02	The management approach and its components	65-68, 71-73	Core Option applied
	103-03	Evaluation of the management approach	74	Core Option applied
	302-01	Energy consumption within the organization	115	
	302-03	Energy intensity	115	Core Option applied

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STANDARD INDICATORS			2018 Report	
Issue Name	Indicator No.	Title	Page	Note
Emissions	103-01	Explanation of the material topic and its Boundary	131, 64, 65, 71	Core Option applied
	103-02	The management approach and its components	65-68, 71-73	Core Option applied
	103-03	Evaluation of the management approach	74	Core Option applied
	305-01	Direct (Scope 1) GHG emissions	115	
	305-02	Energy indirect (Scope 2) GHG emissions	115	
	305-03	Other indirect (Scope 3) GHG emissions	115	
	305-04	GHG emissions intensity	116	Core Option applied
Recruitment	305-05	Reduction of GHG emissions	116	
	305-06	Emissions of ozone-depleting substances	116	
	305-07	Nitrogen oxides, sulfur oxides, and other significant air emissions	117	
	103-01	Explanation of the material topic and its Boundary	131, 85, 86	Core Option applied
	103-02	The management approach and its components	86-87	Core Option applied
	103-03	Evaluation of the management approach	86-87, 96	Core Option applied
	401-01	Total number and rate of new employee hires and employee turnover by age group, gender and region	118	
Occupational Health and Safety	401-02	Benefits provided to full-time employees that are not provided to temporary or part-time employees by significant locations of operation	88-89	Core Option applied
	401-03	Return to work and retention rates of employees that took parental leave, by gender	120	Core Option applied
	103-01	Explanation of the material topic and its Boundary	131, 85, 91	Core Option applied
	103-02	The management approach and its components	91-93	Core Option applied
	103-03	Evaluation of the management approach	96	Core Option applied
	403-02	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by gender and region	120	
	403-03	Workers with high incidence or high risk of diseases related to their occupation	Hyundai conducts harmful factor assessments and operates prevention programs because production line workers are exposed to possible risks of a musculoskeletal disorder and hardness of hearing	Core Option applied
Diversity and Equal Opportunity	103-01	Explanation of the material topic and its Boundary	131, 85, 88	Core Option applied
	103-02	The management approach and its components	88-90	Core Option applied
	103-03	Evaluation of the management approach	96	Core Option applied
	405-01	Diversity of governance bodies and employees by gender, age group, minority, and other indicators of diversity	36, 112	Core Option applied

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STANDARD INDICATORS			2018 Report	
Issue Name	Indicator No.	Title	Page	Note
Freedom of Association and Collective Bargaining	103-01	Explanation of the material topic and its Boundary	131, 85, 94	Core Option applied
	103-02	The management approach and its components	94-95	Core Option applied
	103-03	Evaluation of the management approach	96	Core Option applied
	407-01	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk and measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining	No operations and suppliers at significant risk identified	Core Option applied
Local Communities	103-01	Explanation of the material topic and its Boundary	131, 98	Core Option applied
	103-02	The management approach and its components	99-108	Core Option applied
	103-03	Evaluation of the management approach	109	Core Option applied
	413-01	Percentage of operations with implemented local community engagement, impact assessments, and/or development programs	104, 105-107	
	413-02	Operations with significant actual and potential negative impacts on local communities	No operations and suppliers at significant negative impact identified	Core Option applied
Customer Health and Safety	103-01	Explanation of the material topic and its Boundary	131, 51, 52	Core Option applied
	103-02	The management approach and its components	52-56	Core Option applied
	103-03	Evaluation of the management approach	62	Core Option applied
	416-01	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	All complete vehicles	
	416-02	Number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services	No incidents of non-compliance regarding product (vehicle) safety occurred	Core Option applied
Marketing and Labeling	103-01	Explanation of the material topic and its Boundary	131, 51, 57	Core Option applied
	103-02	The management approach and its components	57-61	Core Option applied
	103-03	Evaluation of the management approach	62	Core Option applied
	417-01	Types of information required by the organization's procedures for product and service information and labeling, and percentage of significant product or service categories covered by and assessed for compliance with such procedures	61	Core Option applied
	417-02	Number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling	No incidents of non-compliance occurred	Core Option applied
	417-03	Number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	No incidents of non-compliance occurred	Core Option applied

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Topic Specific Standards _ Non Material Topics

STANDARD INDICATORS		2018 Report
Indicator No.	Title	Page
201-01	Direct economic value generated and distributed	42, 114
201-02	Financial implications and other risks and opportunities due to climate change	64, 65, 70
203-01	Infrastructure investments and services supported	102, 104
203-02	Significant indirect economic impacts	100, 102, 104, 105-108
206-01	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	114
303-01	Water withdrawal by source	116
303-03	Water recycled and reused	116
306-01	Water discharge by quality and destination	117
306-02	Waste by type and disposal method	117-118
306-03	Significant spills	No incidents of significant spills occurred
307-01	Non-compliance with environmental laws and regulations	114
404-01	Average hours of training per year per employee by gender and employee category	120
406-01	Incidents of discrimination and corrective actions taken	No incidents of discrimination occurred
408-01	Operations and suppliers at significant risk for incidents of child labor and measures taken by the organization intended to contribute to the effective abolition of child labor	No operations and suppliers at significant risk identified
409-01	Operations and suppliers at significant risk for incidents of forced or compulsory labor and measures taken by the organization intended to contribute to the effective abolition of forced or compulsory labor	No operations and suppliers at significant risk identified
410-01	Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security	118
411-01	Incidents of violations involving rights of indigenous peoples and corrective actions taken	No incidents of violations occurred
415-01	Total monetary value of political contributions made by the organization by country and recipient/beneficiary	No case of political contributions made
418-01	Number of substantiated complaints received concerning breaches of customer privacy and identified losses of customer data	No incidents of violations occurred

Method of GRI Standard application to 2018 Sustainability Report of Hyundai Motor Company

The 2018 Sustainability Report of Hyundai Motor Company has applied the Core Option of the GRI Standard, and contains at least one index from among the Core indexes of the Universal Standards (GRI 102) and the Topic Specific Standards by important theme. For more comprehensive communication of Hyundai's sustainability, the Report referenced GRI Standard indexes to include information in addition to indexes to which the Core Option was applied.

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Independent Assurance Statement

To the Stakeholders of Hyundai Motor Company

The Korea Productivity Center (the “Assurer”) was asked by Hyundai Motor Company to provide independent assurance of the “Hyundai Motor Company 2018 Sustainability Report” (the “Report”) and hereby provides the following assurance statement.

Responsibility and Independence

Hyundai Motor Company is entirely responsible for all information and opinions presented in this Report. The Assurer is solely responsible for the assurance statement on the content of the Report. As an independent assurance agency, the Assurer was neither involved in the process of preparing this Report nor in any conflicts of interest that may undermine our independence.

Assurance Standards

The Assurer performed assurance in accordance with Type 2 defined in AA1000AS (2008) including ISAE 3000 of International Auditing and Assurance Standards Board (IAASB). In addition, we confirmed compliance with the principles of inclusivity, materiality, and responsiveness, and additionally confirmed the appropriateness from the possible influence from organization’s activity and performance based on AA1000APS (2008) verification principles. It indicates that the Report was comprehensively reviewed in terms of the effectiveness and reliability of reporting standards in the assurance. The assurance standards are based on the risk reduction with limitations defined in ISAE 3000 and correspond to the moderate level of assurance defined in AA1000AS (2008).

Limitations

The Assurer identified the reliability of performance in the Report based on the above-mentioned assurance scope and standards as follows. The on-site verification was carried out at the headquarters in Seoul. The financial data in the Report was verified through the financial statements and disclosure information which was audited by an auditor, while the aggregated data at the corporate level are used for the verification of Environmental and Social performance. The Assurer states that if an additional assurance process is performed in the future, the results may be different. The Assurer expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Methodology

This assurance was conducted through the following methods:

- Verified if the requirements for Core options of GRI Standard Guidelines were fulfilled.
- Verified the compliance with the principles of the Report contents and quality based on GRI Standard Guidelines.
- Verified the selection of material issues covered and the appropriateness of the technical content through media research and benchmarking analysis.
- Verified the suitability of the contents and any errors in expression through comparison analysis with other sources.
- Verified the basis of Comprehensive data and information and the internal process and system through on-site inspection at the headquarters in Seoul.

Findings and Conclusion

It is the verifier’s opinion that the Report reflects Hyundai Motor Company’s sustainability management activity & performance faithfully and fairly. In addition, through this verification process, this verifier judges that Hyundai Motor Company’ report meets the GRI Standards requirements for Core Options.

Universal Standard Disclosures were prepared in full compliance with the requirements for Core options while Topic-specific Standard Disclosures were reviewed in line disclosures of the material topics identified through the process of determining report content as follows:

Material Topic	Disclosures
Customer Health and Safety	416-2
Air Emissions	305-4, 7
Marketing and Labeling	417-1, 2, 3
Energy Use	302-3
Local Communities Contribution	413-2
Freedom of Association and Collective Bargaining	407-1
Materials Use	301-2
Employment recruitment and retention	401-2, 3
Occupational Health and Safety	403-3
Diversity and Equal Opportunity	405-1
Anti-corruption	205-2, 3

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• Inclusivity: Stakeholder Engagement

This verifier confirmed that Hyundai Motor Company is promoting communication activity through the communication channel by interested party for conformance to the principles of inclusivity. Hyundai Motor Company is establishing a systematic participation system by doing major interested parties management in the light of their industrial & regional characteristics such as customers/dealers, employees, the government, shareholders/investors, suppliers, and local community, etc. In addition, Hyundai Motor Company is gathering the interested parties' opinion by constructing the communication channel by taking account of each group's characteristics.

• Materiality: Identification and Reporting of Material Issues

This verifier confirmed that Hyundai Motor Company is selecting core issues through the materiality evaluation process. It was confirmed that Hyundai Motor Company selected the core issue areas through the analysis process of the interested parties' influence over decision making as to various sustainability issues, and significance of the influence of management activity, and give-and-take. This verification team confirmed that major issues selected through the materiality evaluation process are reflected in their report.

• Responsiveness: Organization's Response to Issues

This verifier also confirmed that Hyundai Motor Company is grasping core issues affecting the interested parties' performance, mounting sustainability management activity to respond to the core issues, and giving a proper description of the details thereof in the report. In addition, the verifier confirmed that Hyundai Motor Company is faithfully disclosing response activity and performance with focus on sustainability management core issues through the report. Also, the efforts to communicate with various stakeholders on diverse activities of Hyundai Motor Company related with CSV were outstanding.

Recommendation

The Assurer recognizes the diverse efforts and performance made by Hyundai Motor Company and suggests the following for the Company's publication of the Report in the future and the improvement of its sustainability standards:

- This verifier thinks that there is a need to make it clear where Hyundai Motor Company's core issues happen among the value chain. Particularly, as regards the issues happening outside of Hyundai Motor Company,

it's important for the company to disclose management of the issues by promoting what policy & activity. This verification team proposes that Hyundai Motor Company should clearly examine the range of the influence over core issues for the time to come.

- The sustainability management issues may vary according to social, cultural and environmental characteristics in each country. Therefore, it is essential to identify the material issues in each of the countries that Hyundai Motor Company has advanced into and actively suggest the corresponding actions in the report. In this regard, it is advisable to manage activities on the global aspects as well as regional activities and performances by expanding the scope of data management in each country.



June 2018

CEO Kyoo Sung NOH

Dong-soo Kim,
Director

Yang-ho Lee,
Team Manager

Ji-sung Lim,
Researcher

The Sustainability Management Center of the Korea Productivity Center is a fully qualified independent assurance agency. It is officially certified by AccountAbility that established AA1000, the international standard for stakeholder engagement and assurance. It has the Assurance Committee with of experienced experts who are qualified for the consultation and assurance of sustainability practice.

* AA1000AS(2008): AA1000 Assurance Standard (2008) is the global assurance standard established by AccountAbility to provide a comprehensive way of verifying an organization's management, compliance with the principles and reliability of performance data for reporting its sustainability issues.

* AA1000APS(2008): AA1000 Accountability Principles Standard (2008) is the global assurance principles established AccountAbility to provide the basis for the AA1000 Assurance Standard.

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This Assurance Statement has been prepared for Hyundai Motor Company.

Terms of Engagement

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by Hyundai Motor Company (HMC) to provide independent assurance on its Greenhouse Gas (GHG) Inventory Report for the calendar year 2017 (the report) against GHG Target Management Scheme for quantification and reporting of GHG emissions in Korea using Specification with guidance for verification of greenhouse gas assertions. The report relates to direct GHG emissions and energy indirect GHG emissions.

Management Responsibility

LRQA's responsibility is only to HMC. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The management of HMC is responsible for preparing the report and for maintaining effective internal controls over all the data and information within the report. Ultimately, the report has been approved by, and remains the responsibility of HMC.

LRQA's Approach

LRQA's assurance engagement has been carried out in accordance with our verification procedure using GHG Target Management Scheme in Korea: Specification with guidance for verification of greenhouse gas assertions to reasonable level of assurance.

The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Visiting sites and auditing management system to control the data and records regarding GHG emissions and energy uses
- Interviewing the relevant persons responsible for managing and maintaining data and associated records
- Reviewing the historical data and information back to source for the calendar year 2017

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 the materiality of the professional judgement of the verifier and at the materiality level of 2.5%.

LRQA's Opinion

Based on LRQA's approach, except for the effect of the matter as below, we believe that the report is prepared in accordance with GHG Target Management Scheme for quantification and reporting of GHG emissions in Korea and the GHG emissions data in the Table 1 is materially correct:

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

Dated: 24th March 2018

SANG-KEUN YOO

On behalf of Lloyd's Register Quality Assurance Ltd.
17th Floor, Singsong Building, 67 Yeouinaru-ro, Yeongdeungpo-gu, Seoul, 07327, Korea

LRQA Reference: SEO 6012382

Table1. GHG emissions reported in the Report

Scope (as defined within GHG Target Management Scheme in Korea)	Year 2017
Direct GHG Emissions	500,306
Energy Indirect GHG Emissions	1,024,190
Total GHG Emissions	1,524,496

Data is presented in tonnes of CO₂ equivalent.

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About This Report

2018 Sustainability Report of Hyundai Motor Company

Hyundai Motor Company has been publishing a sustainability report every year since 2003 with an aim to communicate with stakeholders regarding the company's sustainability management. The 2018 Sustainability Report of Hyundai Motor Company describes our efforts to create economic, environmental, and social values, and it also details our commitment to contributing to the development of local communities as a global corporate citizen.

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Production (Contact Information)	CSV Strategy Team, Hyundai Motor Company Tel: +82-2-3464-8618 E-mail: hmcsr@hyundai.com
Reporting Principle	GRI Standard (Core option)
Reporting Boundary	Hyundai Motor Company; also includes some data and information for Hyundai Motor Group
Reporting Scope	Economic (based on Korean International Financial Reporting Standards), social and environmental performance
Reporting Period	January 1st, 2017 - December 31st, 2017; also includes some data and information from the first half of 2018
Reporting Cycle	Annual (last report was published in June 2017)
Assurance	Korea Productivity Center
Design	Talantone Creative Group

Reports of Recent Three Years



2015 Sustainability Report



2016 Sustainability Report



2017 Sustainability Report

Efforts to Contribute to Sustainable Development

The United Nations Sustainable Development Goals (SDGs) consist of agenda items that aim to mitigate wide-ranging risk factors that pose threats to sustainable development – economic and social polarization, aggravating social inequalities in their diverse forms, and environmental destruction – during the period between 2016 and 2030. The SDGs present 17 goals and 169 targets that all nations in the world are required to reach through joint endeavors.

As a global corporate citizen, Hyundai participates in the efforts to achieve sustainable development. This report presents how our activities to create value are linked to UN SDGs, and we aim to communicate with our stakeholders regarding the matter.

OUR VALUE	UN SUSTAINABLE DEVELOPMENT GOALS
Customer	
Environment	
Collaboration	
People	
Community	

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Sustainability Management Materiality Analysis

Materiality Analysis

We prioritize sustainability management issues, and respond to stakeholder interest and requirements in this area based on the GRI¹⁾ Standard, a global guideline on sustainability reports.

¹⁾ GRI: Global Reporting Initiative, an international organization which establishes standards for sustainability management reports

Process to Select Sustainability Issues

STEP 1 Forming a pool of topics

The GRI Standard has a total of 39 sustainability topics. Hyundai excluded six topics related to general corporate operations, such as company overview, strategy, and governance, and selected 33 of those as a potential reporting topic pool for this report. The topics included in the pool comprise six related to the economy, eight related to the environment, and 19 related to society.

STEP 2 Prioritizing the importance of each theme

We determined the importance of each of the 33 sustainability topics based on communications through major stakeholder communications channels during the period covered by the report, and through external media coverage of the company in 2017. Based on these assessed levels of importance, we then prioritized issues according to their influence on decision-making of stakeholders and the significance of two-way influence regarding the company's business activities.

Analysis of influence on decision-making of stakeholders (Social interest)

Official publications	Official online channels	Press releases of external media	Analysis by external experts
Analyze the content of newsletter, company magazine, and reports	Analyze the posting on blogs, Facebook, and Youtube	Analyze news articles covered by major media in Korea	Analyze analyst reports and expert column

Analysis of significance of two-way influence regarding the company's business activities (Business impact)

Relevance to business activities	Sustainability evaluation	Benchmarking of leading companies in the same industry	Global Automobile Manufacturers Association
Analyze relevant business activities and stakeholders for each theme	Analyze sustainability evaluation criteria at home and abroad	Analyze recent reporting issues of global companies in the same industry	Analyze issues of interest of the Global Automobile Manufacturers Association and others

STEP 3 Interviewing relevant staff for each theme

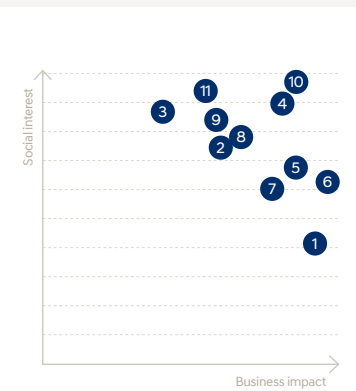
When a sustainability theme was assessed as high priority, we conducted in-depth interviews with relevant staff to ascertain the importance of each theme, the scope of influence, major activities to manage the impact of that theme, and the outcome of those activities. The results of these interviews were used in the final selection of material sustainability topics and to determine the content reported in relation to the material topics that were chosen.

STEP 4 Finalizing the selection of material sustainability topics

Final selection of the material topics for the 2018 Sustainability Report of Hyundai Motor Company was based on the materiality of each issue assessed at Step 2, and the resulting priorities that were subsequently established.

Materiality Analysis Results

- ① Anti-corruption (GRI 205)
- ② Use of raw materials (GRI 301)
- ③ Energy consumption (GRI 302)
- ④ Air emissions (GRI 305)
- ⑤ Recruitment and retention of talents (GRI 401)
- ⑥ Guaranteeing occupational health and safety (GRI 403)
- ⑦ Guaranteeing diversity and equal opportunity (GRI 405)
- ⑧ Guaranteeing freedom of association and collective bargaining (GRI 407)
- ⑨ Contributions to local communities (GRI 413)
- ⑩ Customer health and safety (GRI 416)
- ⑪ Marketing and labeling of products and services (GRI 417)



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Relevant Activities and Stakeholders by Sustainability Topics

We put together material issues, in which each stakeholder group is interested, that have been derived through stakeholder engagement processes; relevant activities of each material sustainability topic, that have been identified through the selection of material sustainability topics; and opinions of internal and external stakeholders. Based on that, we have defined Hyundai's material sustainability management activities and relevant stakeholders as follows.

Relevant Activities and Stakeholders by Sustainability Theme

Materiality Analysis Results		Relevant Activities	Relevant Stakeholders
Customer health and safety	This topic is related to how much effort the company makes so that customers do not get hurt or their health is not harmed when they use the company's products.	<ul style="list-style-type: none"> • R&D • Production and quality • Marketing and customer support • Information technology and security 	<ul style="list-style-type: none"> • Shareholders and investors • Suppliers • Customers
Air emissions	This topic is related to how much effort business sites make to prevent discharge of air pollutants, including greenhouse gases, ozone depletion materials, dust or sulfur oxides, and nitrogen oxides.	<ul style="list-style-type: none"> • Environment, safety and health 	<ul style="list-style-type: none"> • Employees • Local communities • Government
Marketing and labeling of products and services	This topic is related to how transparently information that customers need to know is delivered, without any missing information, when customers are informed of products or services.	<ul style="list-style-type: none"> • Logistics and sales • Marketing and customer support 	<ul style="list-style-type: none"> • Customers and dealers
Energy consumption	This topic is related to how much effort is made to reduce energy that is consumed for various reasons, such as for staff transportation and product shipment, as well as direct combustion by business sites and purchase of energy produced by outside parties.	<ul style="list-style-type: none"> • Environment, safety and health 	<ul style="list-style-type: none"> • Employees • Local communities • Government
Contributions to local communities	This topic is related to how much effort is made by the company for sustainable development and growth of local communities.	<ul style="list-style-type: none"> • Win-win relationship with local communities 	<ul style="list-style-type: none"> • Local communities
Guaranteeing freedom of association and collective bargaining	This topic is related to how much guarantee is provided to a worker in terms of freedom of association and collective bargaining, including joining a group or engaging in relevant activities, when a worker seeks to communicate with the company.	<ul style="list-style-type: none"> • HR and labor 	<ul style="list-style-type: none"> • Employees • Local communities • Government
Use of raw materials	This topic is related to how much effort a company makes to minimize use of raw materials in the process of manufacturing products.	<ul style="list-style-type: none"> • Environment, safety and health 	<ul style="list-style-type: none"> • Employees • Government
Recruitment and retention of talents	This topic is related to how much effort a company makes to hire required talent and to maintain them as the company's human resources by preventing hired workers from leaving the company.	<ul style="list-style-type: none"> • HR and labor 	<ul style="list-style-type: none"> • Employees • Local communities • Government
Guaranteeing occupational health and safety	This topic is related to how much effort a company makes to prevent workers from getting hurt or harming their health while conducting activities at the company's worksites.	<ul style="list-style-type: none"> • Environment, safety and health 	<ul style="list-style-type: none"> • Employees • Government
Guaranteeing diversity and equal opportunity	This topic is related to how much effort a company makes so that there are no workers who are alienated by evenly considering the characteristics and cultures of various staff members within the organization.	<ul style="list-style-type: none"> • HR and labor 	<ul style="list-style-type: none"> • Employees • Local communities
Anti-corruption	This topic is related to how much effort a company makes to fairly and transparently operate its business.	<ul style="list-style-type: none"> • Purchase • Compliance • Finance 	<ul style="list-style-type: none"> • Suppliers • Shareholders and investors • Government

Thanks to

(In alphabetical order)

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Hong Sun Kim
Hye Ran Hong
Hye Won Kim
Hyo Il Park
Hyun Jae Kim
Hyun Uk Hong
Il Pyung Kim
In Ho Roh
Jae Hyung Kim
Jae Kyung Shin
Jang Ho Kuk
Jang Woo Choi
Je Woo Lee
Jeong Hwan Kim
Jeong Won Kim
Jeong Yeon Kim
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Soon Sang Hong
Sung Hee Bang
Sung Ik Hur
Sung Mok Kim
Sung Soo Shin
Won Bae Kim
Won Jun Choi
Won Taek Oh
Yang Ro Kim
Yeong Joo Jung
Yong Hwan Song
You Hwan Kim
Youn Seob Ko
Youn Sil Park
Young Chang Jang
Young Chul Oh
Young Suk Yoon

