



# Road to sustainability

2019 Sustainability Report



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## CEO Message



President & CEO,  
Hyundai Motor Company

**Won Hee Lee**

**Dear Readers,**

**I sincerely appreciate all your steadfast support for Hyundai Motor Company over the years.**

Hyundai Motor Company (Hyundai) was able to further solidify its position as a global automaker amid a difficult environment in 2018 due to the ardent support of stakeholders and dedication of employees. Concurrently, we are mapping out transformative strategies for a better future.

Uncertainty in the global economy remained high. Electric vehicles, digitalization and mobility services are bringing a paradigm shift in the automobile industry, demanding the industry to challenge itself to ever higher standards. Internally, we are laying the foundation in emerging markets for sustainable growth as we restore profitability in the U.S., China and other major markets while responding to external changes.

Despite the challenges and difficulties at home and abroad, the Genesis G70 and Hyundai Kona won the 2019 North American Car, Utility and Truck of the Year (NACTOY) awards, further solidifying our global position as a maker of top-quality products. In addition, we ranked top position in J.D. Power’s 2018 US Initial Quality Study (IQS), and our engine was recognized as WardsAuto’s ‘World’s 10 Best Engines’ list for the second consecutive year. Hyundai was also chosen as the Manufacturer of the Year by BBC’s Top Gear in the UK, and the Most Innovative Brand by Auto Zeitung Auto-Trophy in Germany. Moreover, we launched the 8th generation Sonata built with advanced digital technologies and a third-generation platform, confirming our pledge toward customer satisfaction and technical rigor to deliver customized mobility experience as well as to improve convenience and safety.

Hyundai is also fulfilling its social responsibilities as a global corporate citizen. In particular, we are resolving social issues with a spirit of challenge that transcends conventional thinking in areas we define as five sustainability values – customer, environment, collaboration, people, and community. Each value reflects the interests of all our stakeholders.

In enhancing customer value, we bolstered our product line-up for the SUV market by unveiling the large SUV Palisade, and released the new Sonata sporting an array of smart mobility devices. Each and every new car we launch reflects our focus on innovation and embraces customer needs. We are also leading innovation in the Industry 4.0 era through collaboration with various stakeholders by establishing Hyundai CRADLE, an open innovation center, in Silicon Valley, Tel Aviv, Berlin and other global bases.

With regard to the environment, we announced our plan to develop electrification models – hybrid, electric, and fuel cell electric vehicles (FCEVs) – as well as our objectives through 2025, with the goal of shifting into clean mobility. Specifically, we revealed our plan to make a large-scale investment by 2030 in FCEVs, an area where we have world-leading technological competitiveness. We will take the lead in realizing a hydrogen society as a first mover through collaboration with various industries.

In promoting collaboration, we are building a partnership of trust with our suppliers with a long-term perspective, while facilitating the development of the automobile industry and creation of jobs by supporting their efforts to strengthen capabilities. Our plan for 2019 is to increase our contributions to the Future Growth Fund that Hyundai Motor Group is implementing for our company-wide tier 1 to 3 suppliers. By funding suppliers experiencing liquidity problems, we seek to help them stabilize their business and invest in new technologies, thereby bolstering competitiveness of the future automobile industry.

As for our people, we are committed to establishing an innovative corporate culture and improving employee safety. We are promptly responding to the ever-changing industry environment by hiring talent through year-round recruitment, and setting up a system where employees can expand their competencies through regular training. We are also building a culture that promotes creativity and embraces change as a driver of growth. Moreover, we were able to achieve zero fatal accidents at all our business sites for two consecutive years in 2018, as a result of our world-wide safety and health-related measures.

Lastly, for our community, we are developing and operating programs for creating shared value (CSV) that leverage our expertise and skills. In addition to IONIQ Forest, Robocar Poli traffic safety campaign and other ongoing activities, we launched ‘Driving Plus’ program in 2019 designed to promote safe driving without fear and other activities developed to create new social values. Furthermore, we are contributing to sustainable development of local communities across the globe by cooperating with various stakeholders in many projects, such as the Hyundai Green Zone project and preservation of the Petra World Heritage Site in Jordan.

Even this very moment, we are making utmost efforts to ‘realize the dreams of humankind by creating a new future through ingenious thinking and continuously challenging new frontiers’ – our management philosophy which all of us at Hyundai pursues. Thanks to your steadfast trust and interest in Hyundai, we have been able to achieve unprecedented growth and improve the business foundation for becoming a global automaker. With deep gratitude, we will pursue sustainable value with unparalleled commitment, strengthen our fundamental competitiveness, and proactively respond to the changing world.

Thank you for driving Hyundai forward to create a future that is remarkable as our past.



## Company Overview

# Smart mobility solution provider

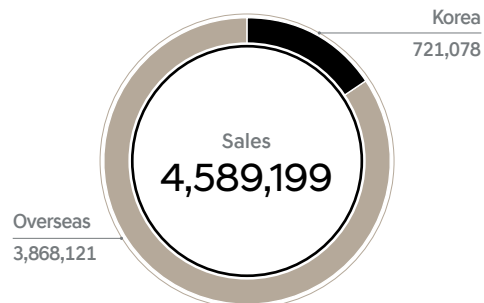
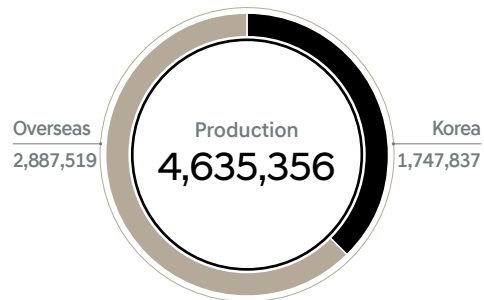
Since its establishment in 1967, Hyundai has been continually challenging itself to take on new possibilities as a lifetime partner that provides its customers with new experiences and values. As a global brand that represents Korea, we will develop innovative technology to take a quantum leap forward, thereby leading changes in the automotive industry.

### Company Profile

Corporate Information	
Company Name	Hyundai Motor Company
CEOs	Mong Koo Chung, Euisun Chung, Won Hee Lee, Eon Tae Ha
No. of Employees	123,921 persons
Type of Business	Manufacturing business (Production and sales of automobiles)
Date of Establishment (IPO)	December 29, 1967 (June 28, 1974)
Total Assets	KRW 180,655.8 billion
Sales Revenue	KRW 96,812.6 billion
Production	4,635,356 units
Credit Ratings	Korea Ratings: AAA NICE Investors Service: AAA Korea Investors Service: AAA Moody's: Baa1 S&P: BBB+

### Global Production and Sales in 2018

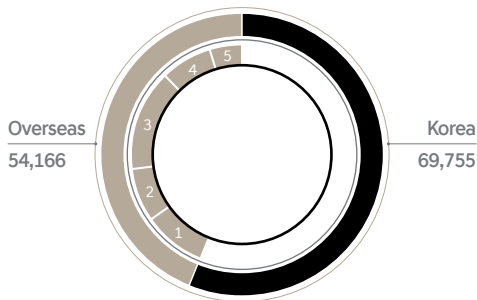
(Unit: Vehicle)



### Number of Employees as of 2018

(Unit: Person)

Total **123,921**



- 1 North America 11,332
- 2 Europe 9,745
- 3 China 18,132
- 4 India 9,323
- 5 Others 5,634

\* As of the end of 2018; Based on K-IFRS consolidated financial statements

### 2018 Best-selling Models

(Unit: Vehicle sold globally)



Tucson  
**577,662**



Elantra (Avante)  
**702,497**



Sonata  
**315,507**



Accent  
**362,315**



Santa Fe  
**282,682**

\* As of the end of 2018



### 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.

\* As of May, 2019

#### 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 (HMGC)
- 9 Beijing Hyundai Motor Company (BHMC)
- 10 Hyundai Motor Technology & Engineering Center (China)
- 11 Sichuan Hyundai Motor Company (CHMC)
- 12 Sichuan Hyundai Product Development Research Center
- 13 Hyundai Motor Japan R&D Center Inc. (HMJ R&D)
- 14 Hyundai Motor Japan (HMJ)
- 15 Hyundai Motor India Headquarters (HMI HQ)
- 16 Hyundai Motor India Engineering Pvt. Ltd. (HMIE)
- 17 Hyundai Thanh cong Commercial Vehicle (HTCV)
- 18 Hyundai Thanh cong Hyundai Motor Vietnam (HTMV)
- 19 Hyundai Motor Company Australia (HMCA)
- 20 Hyundai Motor Asia Pacific Headquarters
- 21 Hyundai Top Selection Used Car Co
- 22 Beiding Zingxianmotor Safeguard Service
- 23 Hyundai Kia Motors Taiwan Office
- 24 Hyundai Motor Tooling Shandong CO., LTD
- 25 Hyundai Motor Beijing Office
- 26 Hyundai Motor Shanghai Purchasing Office
- 27 Genesis Motor China (GMC)

#### Middle East & Africa

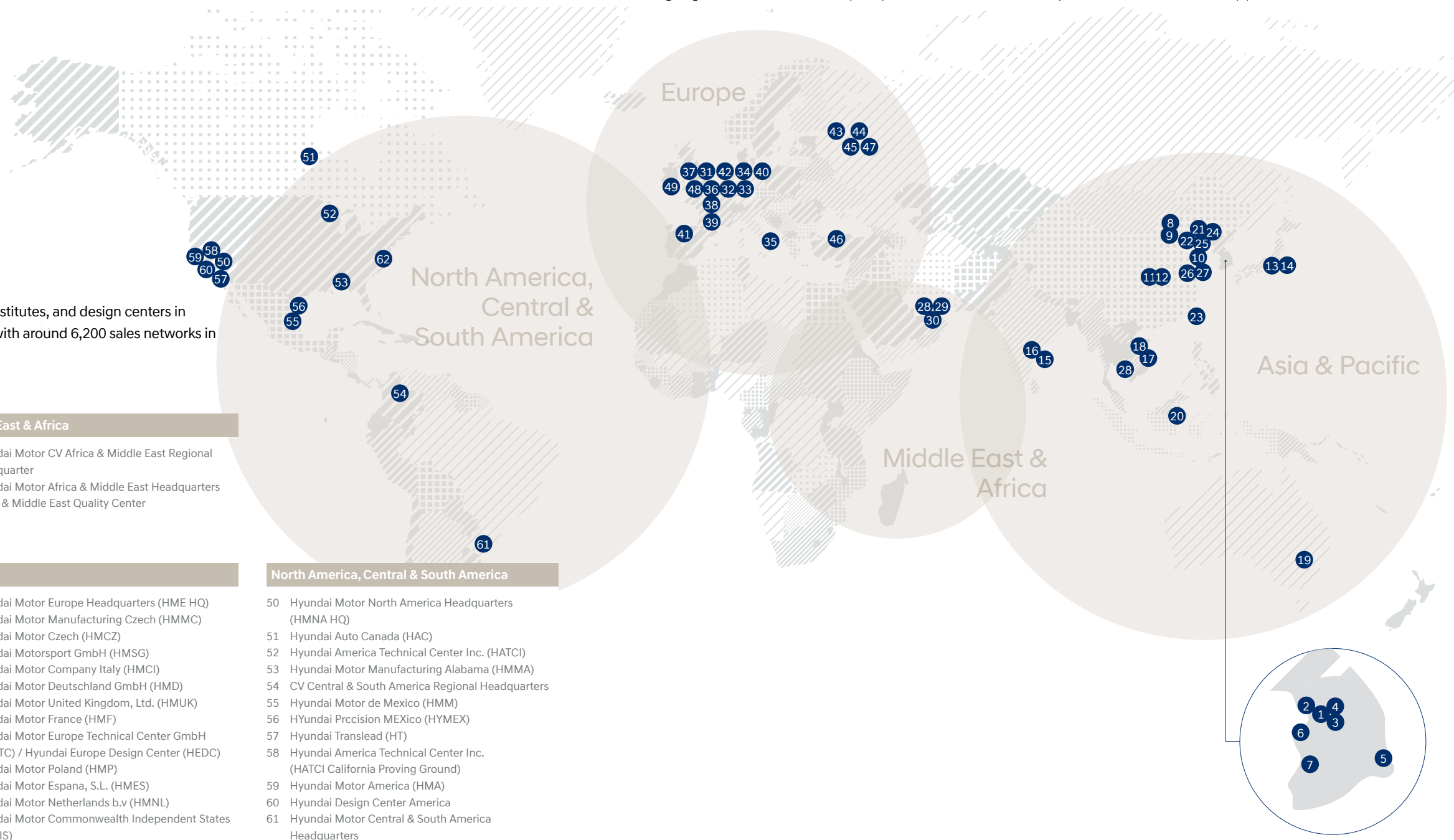
- 28 Hyundai Motor CV Africa & Middle East Regional Headquarter
- 29 Hyundai Motor Africa & Middle East Headquarters
- 30 Africa & Middle East Quality Center

#### Europe

- 31 Hyundai Motor Europe Headquarters (HME HQ)
- 32 Hyundai Motor Manufacturing Czech (HMMC)
- 33 Hyundai Motor Czech (HMCZ)
- 34 Hyundai Motorsport GmbH (HMSG)
- 35 Hyundai Motor Company Italy (HMCI)
- 36 Hyundai Motor Deutschland GmbH (HMD)
- 37 Hyundai Motor United Kingdom, Ltd. (HMUK)
- 38 Hyundai Motor France (HMF)
- 39 Hyundai Motor Europe Technical Center GmbH (HMETC) / Hyundai Europe Design Center (HEDC)
- 40 Hyundai Motor Poland (HMP)
- 41 Hyundai Motor Espana, S.L. (HMES)
- 42 Hyundai Motor Netherlands b.v (HMNL)
- 43 Hyundai Motor Commonwealth Independent States (HMCIS)
- 44 Hyundai Motor Manufacturing Russia (HMRR)
- 45 Hyundai Truck and Bus Rus (HTBR)
- 46 Hyundai Assan Otomotiv Sanayi (HAOS)
- 47 Hyundai Motor Russia & CIS Headquarters (HMR&CIS HQ)
- 48 Hyundai Motor Brussels Office
- 49 Europe Quality Center

#### North America, Central & South America

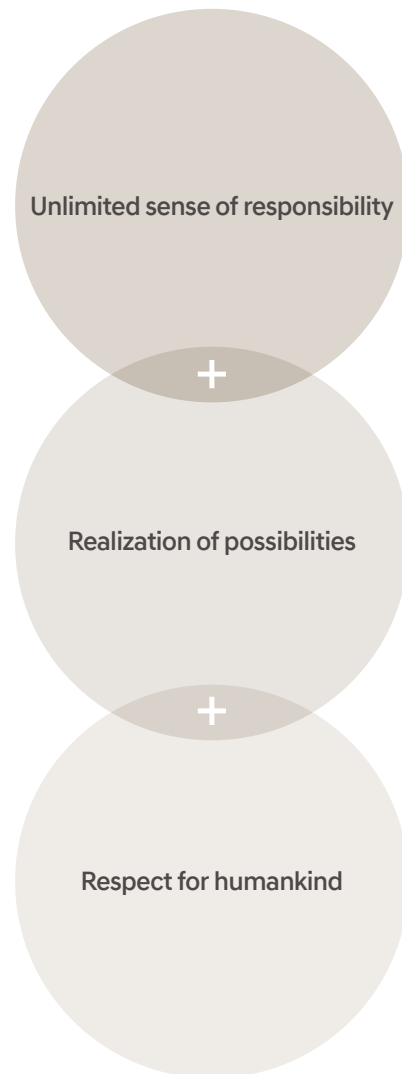
- 50 Hyundai Motor North America Headquarters (HMNA HQ)
- 51 Hyundai Auto Canada (HAC)
- 52 Hyundai America Technical Center Inc. (HATCI)
- 53 Hyundai Motor Manufacturing Alabama (HMMA)
- 54 CV Central & South America Regional Headquarters
- 55 Hyundai Motor de Mexico (HMM)
- 56 HYundai Prccision MEXico (HYMEX)
- 57 Hyundai Translead (HT)
- 58 Hyundai America Technical Center Inc. (HATCI California Proving Ground)
- 59 Hyundai Motor America (HMA)
- 60 Hyundai Design Center America
- 61 Hyundai Motor Central & South America Headquarters
- 62 Hyundai Motor Company Washington Office



## 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 values, Hyundai established a management philosophy to “realize the dreams of humankind by creating a new future through ingenious thinking and continuously challenging new frontiers”.

### 3 Key phrases of management philosophy



- 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

1

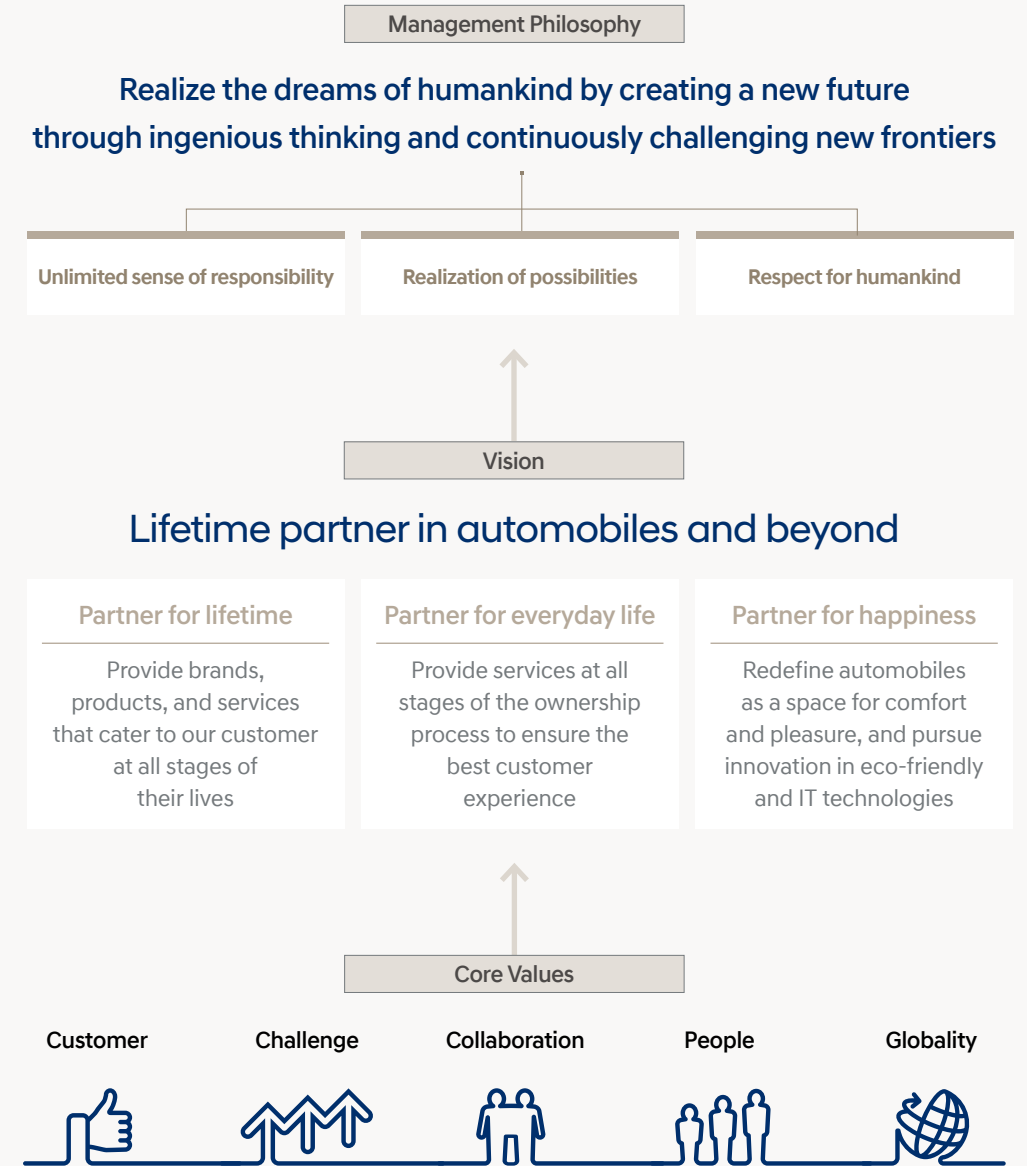
- DNA that strives for unlimited growth and advancement
- Entrepreneurship that enables us to break out of our comfort zone and to take risks
- Creating real value by turning small possibilities into real achievements

2

- 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

3

### Management Philosophy, Vision, and Core Values






## Vision & Values

# Lifetime partner in automobiles and beyond

### Vision

We have set our core vision to become a 'Lifetime partner in automobiles and beyond', in which we are redefining the concept of automobiles that was previously mainly focused on mobility. We are providing a new space for a better life by creating the best in mobility through customer-centered, eco-friendly, innovative technology and comprehensive services.



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

### Core Values

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

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

- 

**Customer**

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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.

# 2018 Highlights

# 2

Change is the ever-present normal and business boundaries are being dissolved. The auto industry can no longer remain in the business of manufacturing alone. In 2018, Hyundai transformed itself into a smart mobility solutions provider. We will provide innovative solutions for urban living and improve quality of life. At the same time, we renewed our commitment to creating shared value (CSV) for all of our stakeholders.



## New Milestones

### GLOBAL GROWTH



Brands that are growing fastest are those that intuitively understand their customers and make brave iconic moves that delight and deliver in new ways. »

Interbrand

### OUR RESPONSE



We strive to become a brand connecting people with quality time. »

CSV perspectives for the performance achieved as a global brand



Increase brand power by winning global awards

Improve competitiveness by achieving zero fatal accidents

Build a strong growth momentum by launching new cars

Hyundai Value



Social Value

Offer high-quality products and services to customers

Build a safe and pleasant work environment

Increase customer convenience and ensure customer proximity

# #COMPLETE PRODUCT LINE-UP

## Presenting a new standard for SUV line-ups

Despite a global economic slowdown and fierce competition in the automobile market, the recent growth of the SUV market is impressive. As automobiles are being redefined as a space for out-of-home activities than as a means of transportation, demand for SUVs that caters to consumers' needs is growing.

The Palisade, a large SUV launched in December 2018 as an ultimate family car, sports a sophisticated design and offers a comfortable indoor space and a wide range of convenience features and connectivity technologies. Thanks to its appealing design, outstanding product quality, and competitive pricing, around 18,000 units of the Palisade were sold in the first quarter of 2019 alone, igniting a craze for large SUVs in Korea. Hyundai also plans to launch the Venue, a compact SUV, and the GV80, a large luxury SUV, in the second half of 2019. By building a complete line-up of SUVs, ranging from the Venue and Kona to the Tucson, Santa Fe, and Palisade, we are securing a lasting growth driver and offering customers more new lifestyle options.



**Michelle and Don didn't hesitate when blessed with the unique opportunity to welcome these children into their family and unite them under one loving roof.**

We hope their new Palisade takes them and the kids on many new adventures and helps them forge some great and lasting family memories.

**Dean Evans**

Chief Marketing Officer, Hyundai Motor America

Don and Michelle Beauchene, having raised their six children, were preparing for a leisurely life of 'empty nesters'. Their plan completely changed when they met Lily, a foster child at the daycare center where Michelle worked. Soon after adopting Lily, the couple also adopted her little sister, after Lily's biological mother gave birth to a baby named Lucy. One day the couple saw Jamie on TV who looked very much like Lily. Shortly after, they learned Jamie was Lily's older sister and that Lily had a brother, Jeremiah. The couple decided to bring all four siblings together under one roof. To this blessed family with 10 kids, of which four are new family members, Hyundai Motors America (HMA) offered the first Palisade to be on the US road.



# WORLD'S #BEST IN QUALITY

## Opening new possibilities for luxury brands

“A Star is born!” MotorTrend, world renowned magazine specializing automobiles, announced its selection of the G70 as the ‘2019 MotorTrend Car of the Year’, and adding the headline of “Korea’s upstart luxury brand boldly takes center stage”. For the first time in the magazine’s 70-year history since 1949, a Korean car received the accolade. The Genesis brand also continued its stellar performance, ranking first in the premium brand category of the 2018 US Initial Quality Study (IQS) conducted by J.D. Power and Associates, for the second consecutive year, and rated first in US Consumer Reports’ 2018 Brand Report Card.

Since its launch in November 2015, the Genesis earned the status as a global premium brand on the strengths of Hyundai’s world-renown quality and technological standards. In design as well as in product quality, the Genesis competes with more established premium brands, demonstrating its competitiveness. As a breed apart from the traditional, the Genesis is paving a new path for luxury brands.



Being recognized as a quality leader for the second year in a row by J.D. Power affirms our ambition to lead as a desirable and trusted brand.

We will continue striving to create exceptional vehicles, always focusing on delivering the best we can to our customers.

**Manfred Fitzgerald**

Executive Vice President and Global Head of the Genesis Brand

### Significant Awards Received in 2018\*

<b>Korean Customer Satisfaction Index</b> 1st place at passenger car and RV categories	<b>Korean Standard-Quality Excellence Index</b> 1st place at semi-medium, medium, RV and after-sales service categories	<b>2018 J.D. Power Vehicle Dependability Study</b> 3rd place from among non-premium brands	<b>Green Fleet Awards</b> Electric Vehicle Manufacturer of the Year
<b>BBC’s Top Gear</b> Manufacturer of the Year	<b>Auto Zeitung Auto-Trophy 2018</b> Most Innovative Brand	<b>Genesis Brand at the 2018 J.D. Power Initial Quality Study</b> 1st place from among premium brands	<b>Genesis Brand at the 2018 J.D. Power Automotive Performance, Execution and Layout Study</b> 1st place

\* Including the Genesis brand

# LEADING #GLOBAL BRAND

## Repositioning ourselves as a brand connecting people with quality time

In the Industry 4.0 era, where change and innovation occurs daily, even a global brand loses its value if it fails to stay tuned the market. Against this backdrop, Hyundai has been improving its brand value since 2005, or when it became one of the top 100 'Best Global Brands' of Interbrand, a global brand consulting company.

In 2018, we were ranked among the top 40 brands, for the fourth consecutive year, and our brand value reached a record USD 13.5 billion. The outstanding performance is attributed to our focus on developing technologies that would drive innovation in the automotive industry, and our efforts to deliver a unique brand experience by transforming ourselves from a car manufacturer into mobility service solution provider and creating the Hyundai Pavilion for visitors to participate in a sensory experience during the 2018 PyeongChang Winter Olympics. Under the vision of 'progress towards humanity', we will grow into a brand connecting people with quality time and most loved by customers.

Hyundai goes beyond product-centered customer experiences to offer our own distinctive customer values across the entire area of motility with the goal of becoming a more innovative and creative brand.



The Hyundai Pavilion is a space for experiencing future society that will be brought about by future mobility. The pavilion's concave exterior walls are finished with black paint to visualize hydrogen, an infinite energy source, as a 'Universe', while the interior consists of an exhibition hall that features a water drop as an embodiment of a new seed of future mobility. The Hyundai Pavilion was open to everyone during the 2018 PyeongChang Winter Olympics, and visitors experienced tomorrow's possibility, today. It is in line with the Olympic spirit of fair and equal competition, and the potential of unlimited and equal hydrogen energy.



# ACHIEVING #ZERO ACCIDENTS

## Opening new horizons in safety culture

Hyundai's innovation and progress begin with safety in production sites. We focused on strengthening safety leadership, fatality prevention, and safety management in 2018, with the goal of achieving zero fatal accidents at all our business sites throughout the world. We sought to preempt fatal accidents by continuously enforcing the 'Nine Golden Rules of Safety' and by conducting special safety inspections on high-risk processing and construction projects; and bolstering our safety management key performance indicators (KPIs) by adopting stronger government policies and global standards.

As a result of these efforts, in 2018 we succeeded in achieving zero fatal accidents at all of our business sites in Korea and abroad, for the second consecutive year. In particular, our three overseas subsidiaries – Hyundai Assan Otomotive Sanayi (HAOS), Hyundai Motor Brazil (HMB), and Sichuan Hyundai Motor Company (CHMC) – achieved zero industrial accidents. Safety has firmly taken root at all our global business sites as an integral component of Hyundai's corporate culture and competitiveness.



Turkey is home to production bases of several global auto makers, including Hyundai, and there is a fierce competition among them. To stay ahead in the competition, we have chosen "right" growth, rather than rapid growth, and put safety at the center of that growth strategy. As a result, we have set a valuable record of zero accidents at our work site for two consecutive years.

**We will continue to uphold safety as our foremost value and conduct more thorough and rigorous safety management to maintain our record.**

Samil Unlu

Safety & Environment Team Manager, HAOS



## New Forms of Mobility

### GLOBAL CHANGE



As the sharing economy proliferates, its impact on global mobility and technological advances will continue to grow. Today's business environment demands a fundamentally different way of creating and capturing value. »

### OUR RESPONSE



We will innovate urban living and the way people live by successfully transforming ourselves into a smart mobility solution provider. »

CSV perspectives for the efforts to lead the future mobility market



- Secure future growth drivers
  - Gain a competitive edge in the FCEV market and secure technological advantage
  - Increase product safety and convenience
  - Grow through open innovation-based collaboration
- Hyundai Value

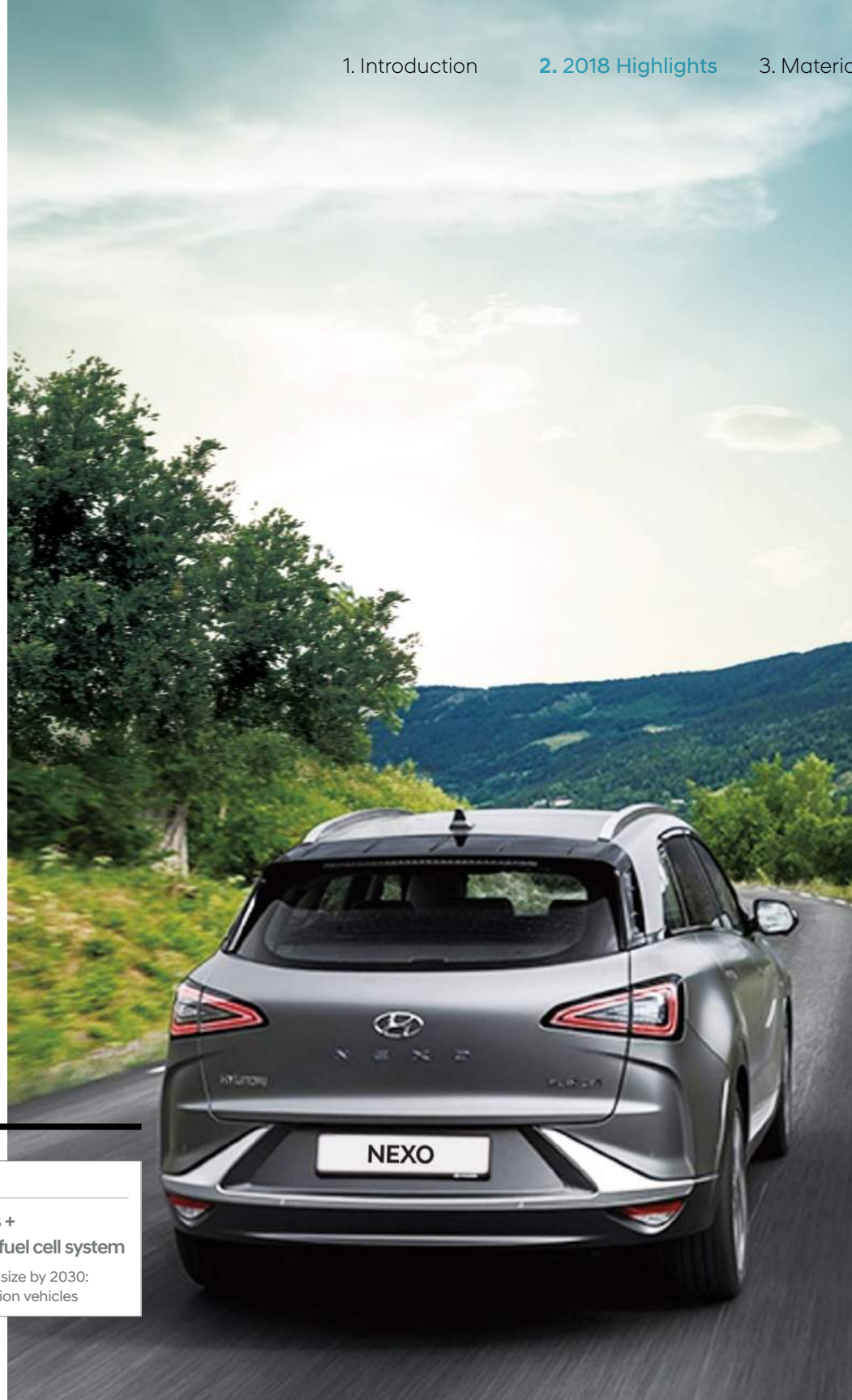


- Social Value
- Provide future mobility access and opportunity
  - Reduce air pollutant emissions and realize a new energy society
  - Improve mobility options for the mobility-impaired people and prevent traffic accidents
  - Support innovative start-ups



# #GREEN

Driven by hydrogen energy



## Hydrogen-fueled future on the horizon

Rapid developments driven by the pursuit of indiscriminate economic growth has led to problems of environmental destruction. Greenhouse gas emissions and industrial wastes are increasingly damaging the Earth's ecosystems while climate change has become a global issue. In response to these vexing problems, Hyundai believes hydrogen, an infinite natural energy that can replace finite fossil fuels, can play a key role in building a sustainable future. Hydrogen is the ultimate eco-friendly energy that neither becomes depleted nor emits pollutants. In particular, fuel cell electric vehicles (FCEVs) do not omit exhaust but purify the air of fine dusts and other pollutants. FCEVs are akin to trees, which absorb carbon dioxide and produce oxygen, in that the more they are on the road, the cleaner the air becomes.

The 'FCEV Vision 2030', which Hyundai Motor Group announced in December 2018, is Hyundai's roadmap for leading a hydrogen-based society. Accordingly, the Group will invest around KRW 8 trillion in R&D and facility expansion for developing a hydrogen-based economy. Our mass-production system with an annual production capacity of 500,000 FCEVs in Korea by 2030 is expected to create over 50,000 new jobs. As we move towards a hydrogen-based society, it is estimated that the global hydrogen-related industries will create USD 2.5 trillion in market value per annum by 2050<sup>1)</sup>.

In today's world, vibrant with various forms of life existing in harmony, the responsibility of mankind is far from small. In creating a world that runs on an energy source clean and equal to all, realizing the FCEV Vision 2030 will open a new historic chapter of a hydrogen society.

<sup>1)</sup> Source: McKinsey & Company 'Roadmap to the Hydrogen Economy'

### FCEV Production Plan of Hyundai Motor Group

2020	2022	2025	2030
11,000 vehicles	40,000 vehicles	130,000 vehicles	500,000 vehicles + 200,000 units of fuel cell system
			Global FCEV market size by 2030: Approximately 2 million vehicles



**FCEV Development History**



**First mover leading the FCEV market**

Against the odds, Hyundai succeeded in becoming a first mover in the FCEV market. We have continued our R&D efforts in hydrogen fuel cell since 1998, and as a result, in 2013 started to produce the Tucson ix, the world's first mass production. Furthermore, in 2018 we launched the Nexo, a next-generation FCEV integrated with eco-friendly materials and advanced technologies. Built with cutting-edge technologies based on the new hydrogen fuel cell, Nexo became the first FCEV to receive the highest grade in the European New Car Assessment Programme (NCAP). Nexo also took center stage in the global market as a safe, efficient and eco-friendly vehicle. Furthermore, Nexo's fuel cell electric powertrain was chosen as one of 'World's 10 Best Engines in 2019' by WardsAuto, a US-based automobile media outlet, reinforcing Hyundai's technical prowess as a first mover in the FCEV sector.

We are also taking the lead in building infrastructure for FCEVs. Hydrogen stations, compared with gas stations, are in considerable shortage in Korea. The government plans to expand the number of hydrogen stations to 310 by 2022 and we are contributing to reaching the goal. In addition to the 'H Stations' built in two highway rest areas<sup>1)</sup> on April 12, 2019, we plan to add two more stations in highway rest areas<sup>2)</sup> and build four stations in metropolitan areas<sup>3)</sup> by the year-end, which will bring the total number to eight hydrogen stations.

In addition to the H Stations, which we have built with our own capital, we have made an equity investment in Hydrogen Energy Network (HyNet), a special purpose company created to expand the infrastructure of hydrogen stations. HyNet will build 100 stations by 2022 and oversee the operations of those stations for 10 years. We believe HyNet can serve as a competitive and efficient business model of building and operating hydrogen stations.

<sup>1)</sup> Anseong, Yeosu Service Areas      <sup>2)</sup> Anseong, Yeosu, Haman, Hanam Service Areas  
<sup>3)</sup> National Assembly Building and Gangdong-gu in Seoul, Sasang-gu in Busan, Namdong-gu in Incheon

We are leading the commercialization of FCEVs, while writing a new chapter in the history of FCEVs. By taking the lead in building convenient and safe hydrogen stations, we are realizing the environmental and economic value of hydrogen energy.

**A Global player collaborating to realize a hydrogen-based society**

Hyundai is expanding the scope of its global cooperation to realize a hydrogen-based society. As a measure to secure a leadership position in the FCEV market, Hyundai Motor Group entered an agreement with Audi AG of the Volkswagen Group in June 2018 to cross-license FCEV patents, share major parts, and increase joint developments. In April 2019, we signed a contract with H<sub>2</sub>Energy AG, a hydrogen energy company in Switzerland, to supply 1,600 fuel cell electric heavy-duty trucks to the European market for seven years starting 2019. In October 2018, we signed a memorandum of understanding (MOU) Air Liquide, France based global gas company, and Engie, a multinational energy company, to increase the supply of FCEVs and hydrogen stations, and achieve our goal to export 5,000 FCEVs to France by 2025.

In addition, Hyundai has been serving as the co-chair of the Hydrogen Council, a global advisory body that defines the long-term vision on hydrogen, since 2017. In January 2019, Executive Vice Chairman Euisun Chung of Hyundai Motor Group was appointed as co-chair of the Hydrogen Council. We will continue to cooperate and compete with global companies to lead the transition to clean energy.



### Promoting an era of solar-powered automobiles

The automotive industry is facing stricter environmental regulations across the globe. Countries are raising standards on automobile emissions and fuel efficiency. In Korea, auto makers are required to meet greenhouse gas emissions and fuel efficiency standards of 97.0 g/km and 24.3 km/l, respectively, by 2020. Customers are also changing. Reflecting growing concerns over and interest in environmental issues, eco-friendliness has become a global priority and factors influencing customers' purchasing decisions. Ethical consumerism is gaining traction, especially among millennials, who are more eco-conscious. Eco-friendly technologies therefore must be secured to ensure sustainable growth of companies and society as a whole. To this end, Hyundai succeeded in developing a solar charging system in 2018, turning an environmental risk into sustainable growth opportunity.

Solar charging system is a way of charging batteries by using solar panels installed on the roof of vehicles. Although not used as the vehicle's main power, solar power is used in charging batteries of eco-friendly vehicles or used as an auxiliary source of energy for internal combustion engine vehicles (ICEVs). Hyundai will begin mass-production of a first-generation silicon-type solar roof for our eco-friendly models, to be followed by a second-generation semi-transparent solar roof for ICEVs, and a third-generation vehicle body-type lightweight solar-lid system. Solar roof systems will offer customers with benefits of another dimension, including not only higher fuel efficiency and lower fuel consumption, but also driver convenience and customer desire to be eco-conscious.



# #GREEN

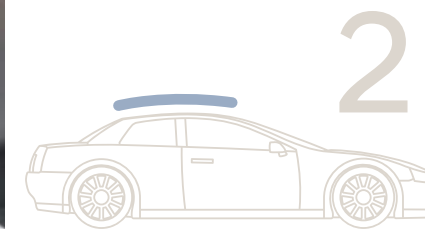
Powered by solar energy



#### FIRST-GENERATION

##### Silicon-type solar roof system

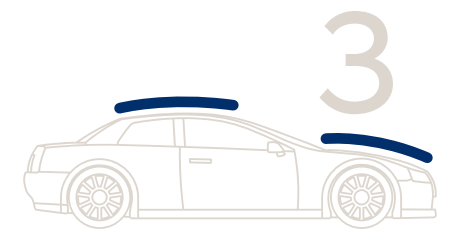
- Designed for eco-friendly vehicles
- To be featured in the new Sonata Hybrid scheduled to debut in July 2019



#### SECOND-GENERATION

##### Semi-transparent solar roof system

- Designed for ICEVs
- Under development with the goal of being the world's first to be mass-produced



#### THIRD-GENERATION

##### Solar-lid system

- Designed for eco-friendly vehicles
- Advanced research stage



**Composition of solar charging system and what to expect**

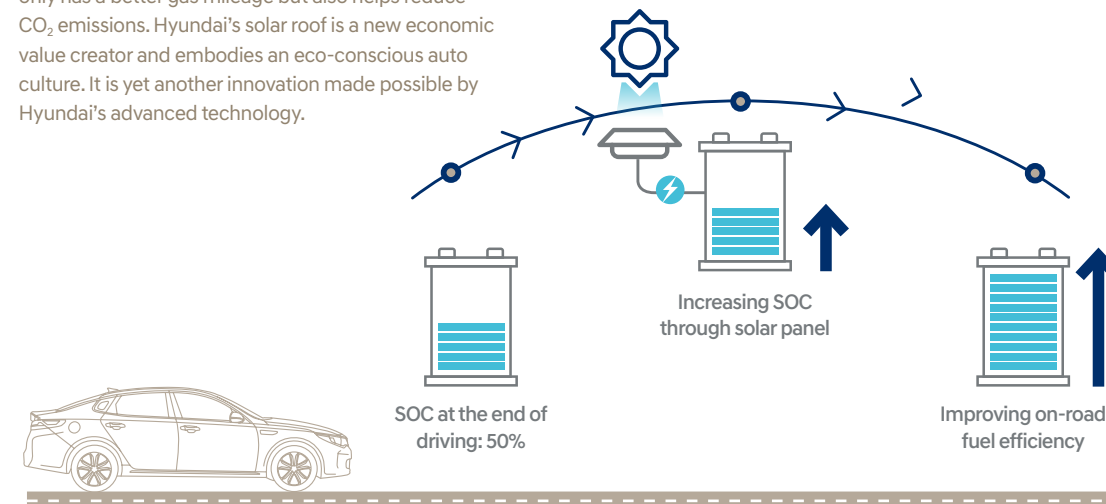


**Solar energy to make Sonata Hybrid sparkle**

The first vehicle to have the first-generation solar roof installed will be the Sonata Hybrid, scheduled to be released in July 2019. Sporting a new design and featuring most of Hyundai's innovative eco-friendly technologies, the new Sonata Hybrid is expected to deliver a fuel efficiency that is 10% higher than that of previous model. Moreover, the solar panel installed on the vehicle's roof will contribute to further improving the fuel efficiency of the vehicle. The new Sonata Hybrid can drive up to 1,300 km in a year, powered by the electricity generated by the solar roof. The solar roof system, an outcome of Hyundai's own technology, has unique marketability. We will develop second- and third-generation solar roof systems based on the experience gained from mass-production of the first-generation solar roof system, demonstrating our leadership as a first mover in the solar-powered vehicle sector.

**Effects of improving fuel efficiencies**

The first-generation solar roof system can charge the car battery up to 58% a day in summer and 30% in winter. The solar panel-equipped car therefore not only has a better gas mileage but also helps reduce CO<sub>2</sub> emissions. Hyundai's solar roof is a new economic value creator and embodies an eco-conscious auto culture. It is yet another innovation made possible by Hyundai's advanced technology.



**Hyundai's solar-powered production facility**

Hyundai produces environmentally friendly vehicles in an eco-friendly way. We signed a multi-party memorandum of understanding (MOU) with Ulsan Metropolitan City, Korea Hydro & Nuclear Power, and Hyundai Commercial in August 2018, to carry out a large-scale photovoltaic power generation project. The photovoltaic power generation system will be built on a site spanning about 264,463 m<sup>2</sup>, which includes the finished vehicle lot, at the Hyundai's Ulsan Plant. The system will be built with minimal impact on the environment as the solar panels are to be placed on a roof over the vehicle lot. Once the two-stage construction project of building a 27 MW level photovoltaic power generation system is completed in 2020, the facility will have the capacity to produce 35 million kwh of clean energy a year, an amount sufficient to power 10,000 households for a year. Subsequent to the roof-type photovoltaic power generation system built at the Asan Plant with annual production of 11.5 million kWh of electricity, we are building an identical system at our Ulsan Plant, continuing our commitment in eco-friendly manufacturing.

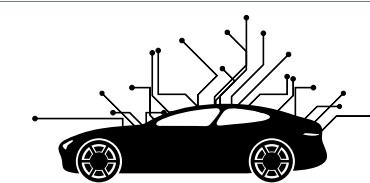




### Changing daily lives with connectivity technologies



Technologies that connect our living space and means of transportation are reshaping our lifestyles. Of these technologies, 'Home-to-car', which enables to control the indoor environment of a vehicle from home, and 'Car-to-home,' which enables to control household devices from a vehicle, are the first features of connected car that offers limitless possibilities of connectivity. In 2018, Hyundai integrated Home-to-car technologies in the new Tuscan model. The technology allows users to start the vehicle and set the internal temperature from homes using an artificial intelligence speaker. In March 2019, we applied our first voice-enabled virtual assistant, Car-to-home technology to our new Sonata. Advances in technology that seamlessly connects vehicles and homes are helping us to live a safer and more convenient life.



### Creating the future with global ICT companies

Boundaries between industry sectors continue to blur in the Industry 4.0 era. For smarter growth, Hyundai is finding solutions in connectivity and cooperation. To transform automobiles into real extensions of our homes, in particular, it is essential that auto makers team up with global ICT companies with cutting-edge information and communications technology. In 2002, we began providing hyper-connected services in partnership with renowned telecommunication companies in Korea, the U.S., China, and Canada; and in 2019, we launched a connected car service in Europe in partnership with Vodafone, Europe's largest telecommunication company. Technologies created through collaboration with innovators in various industries will create and deliver new value that exceeds customer expectations.

# #CONNECT





### A blueprint for a hyper-connected society

Hyundai envisions a future where people enjoy the freedom of mobility. In realizing future mobility, free of boundaries and limitations, we are developing people-centered technologies and formulating a realistic vision backed by execution strategies. At the 2019 CES, held in Las Vegas, U.S., we presented a blueprint for our transition to a smart mobility solutions provider. We plan to expend our resources in three key domains – electric vehicles (EVs), connected cars, and open innovation – to advance our vision for future mobility.

In regards to connected cars, we presented ‘transcend connectivity’ concept that embodies our vision to enable customers to expand and connect their lives. We plan to have all of our models equipped with connectivity solutions and secure 10 million global subscribers for our connected car services by 2023. Also included in our global strategy to become a leader in connected cars, which will serve as a hub in a hyper-connected society, is to be the first global automobile company to develop an open platform based on data generated from connected cars. In addition, we plan to provide new driving experiences created through open innovation and collaboration. Our drive to secure innovative technologies to stay ahead of the curve in the Industry 4.0 era and provide better mobility for our customers will be backed with unparalleled rigor.



Human-centered Smart City

### Hyundai's future mobility roadmap



#### ELECTRIC VEHICLE

Provide EV-based personalized mobility experiences



#### CONNECTED MOBILITY

Expand the scope of global connected car services and establish an open platform

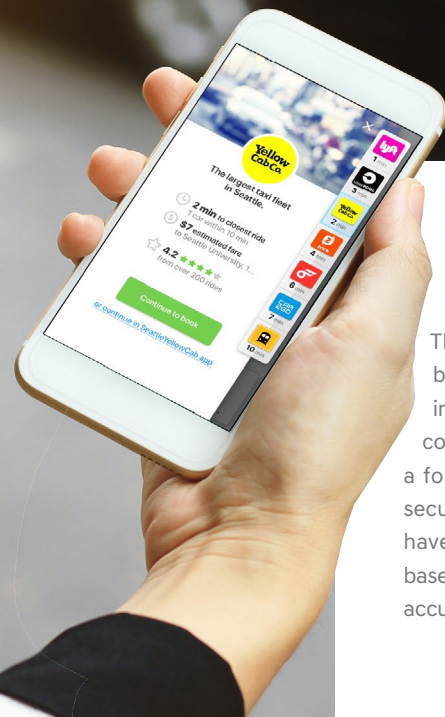


#### OPEN INNOVATION

Build a hub for open innovation and artificial intelligence innovation







### Entering the world's largest sharing economy market

The sharing economy, where goods can be enjoyed without the burden of ownership, is changing the landscape of the automotive industry. In September 2018, Hyundai built a 'mobility business belt' connecting the U.S., Europe, Asia and the Pacific, thereby establishing a foundation for advancing into the global car-sharing market. To secure a foothold in the world's largest sharing economy market, we have formed a partnership with Migo, and by working with the US-based company specializing in Mobility as a Service (MaaS), we plan to accumulate capabilities and technologies to lead the mobility market.

### Leading the eco-friendly trend of urban life in Europe

The IONIQ Electric, which has a one-time charge range of 280 km, is a car-sharing model that can be seen all across the Netherlands. Hyundai has been running an electric car-sharing service using the IONIQ Electric since 2017 in and around Amsterdam, a city known for its vibrant sharing economy. We are also offering a mobile rapid charging service, which provides European customers greater freedom in mobility. Our offerings and other services are allowing us to build a stronger brand image in the advanced European market.



# #SHARE

### Delivering distinctive value to consumers in Australia

Hyundai entered the Australian sharing economy market in July 2018 by investing in Car Next Door, a company that creates markets with its unique ideas. Going forward, we plan to develop car-sharing business using IoT technologies. Specifically, we will combine Car Next Door's P2P-based business models and a 'Hyundai Auto Link' application, which is currently under development. The convergence will create a connected sharing environment where Hyundai customers can easily engage in car-sharing using their smartphones, thus offering a distinctive customer experience.

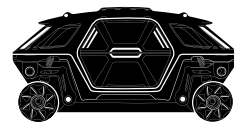


### Leading the sharing economy ecosystem in Southeast Asia

In 2018, Hyundai made a large-scale strategic investment in Grab, the largest car-hailing service company in Southeast Asia. We estimate great growth potential of Grab as well as of the Southeast Asian car sharing market. We began with a pilot service in January 2019, planning to increase the number of Kona EVs on the streets of Singapore to 200 by the end of the first half of 2019. We also plan to expand the service to other Southeast Asian countries and secure a competitive advantage by forging partnerships with local service providers.







### Presenting unlimited possibilities for the future of mobility

What does the future of mobility look like? In defining the future that we envision and to demonstrate new possibilities, Hyundai unveiled the Elevate Concept at the 2019 Consumer Electronics Show (CES). Equipped with the latest in robotics and electric vehicle (EV) technologies, the Elevate has four wheels mounted on robotic legs that can walk and move around. This futuristic vehicle was developed in collaboration between Hyundai CRADLE, our open innovation center in Silicon Valley, and Sundberg-Ferar, a US-based design consulting firm. The four-legged Elevate will expand the concept of mobility beyond limits of conventional automobiles and open new horizons for future mobility.



Hyundai Elevate Walking Car Concept

### Changing the landscape of future logistics through technology



In August 2018, Hyundai succeeded in the autonomous driving of a large tractor truck on a major highway for the first time in Korea. Carrying a trailer full of auto parts produced by Hyundai GLOVIS for exports, a Hyundai Xcient travelled 40 km on the highway between Uiwang and Incheon. Equipped with Society of Automotive Engineers (SAE) standard Level 3<sup>1)</sup> autonomous driving system, the truck completely self-navigated highway traffic for an hour. A human driver was on board as a minimum safety measure. The benefits of autonomous driving are applicable not only to passenger cars. Self-driving trucks, in particular, can deliver cargo on time more often, thereby helping the logistics industry become more competitive, reducing large truck-related traffic accidents, and improving air pollution problems. In innovating traditional industries, Hyundai is, once again, taking the lead.



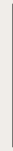
Successful Autonomous Truck Highway Journey

<sup>1)</sup> Level 3 of the six SAE-standard autonomous driving levels – Conditional Automation which meant that the car, rather than the driver, takes over actively monitoring the environment when the system is engaged



## New Values

### GLOBAL GROWTH



The Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. »

United Nations Development Programme

### OUR RESPONSE



Hyundai supports UN's efforts in building a sustainable future. We are expanding our efforts to positively impact communities around the world. »

CSV perspectives for social contribution activates to pursue sustainable development



- Enhance brand as a model corporate citizen
- Leverage capabilities as a global automaker
- Secure outstanding talents for future and expand potential customers

Hyundai Value



Social Value

- Support healthy development of local communities
- Contribute to solving social problems and creating a sustainable business ecosystem
- Foster and support future talents





# Innovation to #Change

Micro site for the #whatsnext campaign



[Link to UN SDGs](#)



I am embracing social changes following the lift of the ban on female driving.

With great anticipation, I look forward to various roles women will be playing in our society.



**Bayan Linjawi**  
Blogger and Influencer, Brand PR Ambassador of Hyundai Motor Company

## For a safe start of female drivers in Saudi Arabia

In 2018, we realigned our strategy for creating shared value (CSV) so that it would encompass both social contributions and business operations. Our three core values include innovation, communication and growth. Refining our CSV strategy underpins our commitment in solving social issues. Accordingly, we are committed to creating shared value that would bring a positive change in the local communities where we operate. We were able to partake in the milestone moment that allowed Saudi women to drive.

At 0:00 on June 24, 2018, the ban on female drivers were lifted in Saudi Arabia. In response to this historic event, Hyundai launched '#whatsnext', a hashtag campaign congratulating Saudi women on gaining the freedom of mobility. With the formation of a 'Saudi Female Customer Care T/F', we introduced new safety and convenience options such as a feature that alerts the driver when her

traditional Abaya is caught in the car door. We also opened a digital showroom in the capital Riyadh where customers can experience Hyundai brand with the help of digital technologies, and built a female customer-only lounge at some dealers where female customers are greeted and served by designated sales staff. Also included are 'Safety Day with Hyundai', a traffic safety education program, and 'Kona Color Drive', an online design contest, to help female drivers improve their automobile knowledge and increase their interest in the Hyundai brand.

Greater understanding of automobiles and safe driving by Saudi women empowers them to participate in their society, which translates into customers who are better informed and experiencing our offerings. Hyundai serves to be a reliable partner to the millions of Saudi women soon to be behind the wheel.



Welcome to the driver's seat



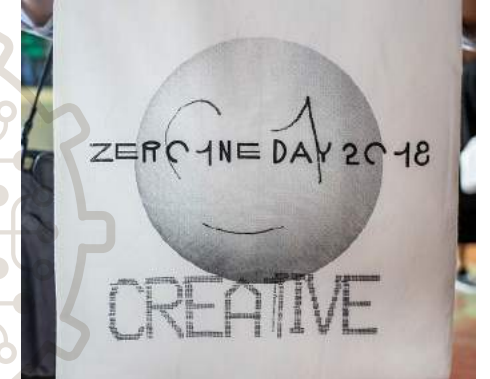
\* The ZERO1NE is designed based on the concept of 'village'. Rather than an office full of cubicles, it is an ecosystem of creativity where creators and startups are drawn together like magnets and naturally create something of mutual interest.



Link to UN SDGs



Website of ZERO1NE



# Communication to #Connect

## Playground for creators and start-ups to grow together

We launched our Open Innovation project in January 2017, with the aim of working together with creative minds and resources outside the company. We also opened a string of global innovation bases: the 'Hyundai CRADLE - Silicon Valley' in the U.S. in November 2017, followed by the 'ZERO1NE' and the 'Hyundai CRADLE - Tel Aviv' launched in Korea and Israel in March and October 2018, respectively. By doing so, we are expanding Hyundai Motor Group's global open innovation network, strengthening collaboration and joint investments with promising startups. Our open innovation initiatives are allowing us to secure future competitive advantage.

The ZERO1NE, Hyundai Motor Group's open innovation base in Korea, is a space where three players - creators with novel ideas, startups with seeds of new technology for new business, and Hyundai Motor Group - join forces and grow together through communication and collaboration. Creators and startups from various fields at the ZERO1NE collaborate with one another for new ideas and look for viable ways to grow together through joint project experimentations. 'ZERO1NE Day', held in October, served as a venue to introduce creative projects and ZERO1NE startups to the public. At the 'Creator Studio,' creators and the visitors freely exchange ideas about project outcomes. Some visitors, having learned of and inspired

by collaboration results, took on the upcycling challenge at the 'Creator Space' to build something out of over 10 thousand salvaged auto parts, showcasing their imagination and creativity.

There are infinite words that can fill in the parenthesis in the ZERO1NE Day slogan, 'Create your ( ), You can be the creator!'. Anybody can fill in the slogan and become a creator by drawing on his or her experience and capabilities. Connecting people's ideas and discovering new possibilities in the process of realizing the ideas - this is the ecosystem of creativity and innovation that Hyundai Motor Company envisions.



### Collaboration at the ZERO1NE takes place in various forms.

For example, we, a next-generation material specialist, are working together with pottery artists who are trying to find ways to upgrade material technology from traditional techniques. Thanks to the ZERO1NE, we are now able to collaborate with experts in various fields and try new concepts that were unthinkable before.



ZERO1NE DAY 2018

Hyung-il Choi  
CEO of M.O.P<sup>1)</sup>

<sup>1)</sup> A startup developing materials for 3D printing





Website of Looking for Three-Leafed Clovers



# Growth to #Share

## A journey of growth on its path to happiness

Sudden auto accidents are not only mental and physical issues for people involved, but also a grief for their families. Happiness seems too far away even to conjure up for suffering family members of auto accident victims, especially teenagers who are young and may find it difficult to overcome their grief. However, everybody can achieve happiness in their daily life. Dreaming of one's own future is happiness and this can sometimes help heal the pain. For this very reason, we designed a campaign to help teenagers from families of auto accident victims find happiness.

Hyundai has been carrying out 'Looking for Three-Leafed Clovers' program since 2005. Three leafed clovers symbolize love and happiness. In 2018, we selected 80 teenagers who have family members of auto accident victims and matched them with 80 college student mentors. In matching mentors and mentees, we carefully considered the mentees' future aspirations and subjects they planned pursue in college. During the six month mentoring camp, which began in July, the mentors and mentees visited Hyundai worksites, took part in family events, and joined other activities, including career exploration aimed at helping mentees find a career path of their dream.

In the past 14 years, we have met with a total of 1,600 teenagers suffering from auto accident-related trauma. Though we could not take away their pain, we were able to grow together by identifying with their grief and serving as a companion during trying times. Hyundai will continue to stand by them so that dreamers soon enjoy the fruit of their toil and their stories can inspire others. We hope to help them as they write their own journey of self-discovery and overcoming challenges.



I was bad at expressing my feelings. Also, I had nobody to talk to. Knowing that I am in the same team with Ae-ri, I was able to gradually share my inner conflicts and concerns. I am glad that I am close to realizing my dream, but

**what makes me happier is that I have met a good friend.**

Hyun-hee Kim, Mentee



One day when Hyun-hee was waving and walking towards me, I noticed how bright her face looked. I told myself that I made the right decision by taking part in the Looking for Three-Leafed Clovers program. I would like us to continue to encourage each other and achieve our dreams together.

**Together, I believe we can overcome any difficulties.**

Ae-ri, Mentor



   Link to UN SDGs



 Website of Happy Move Global Youth Volunteers

## 11 years of helping the world move forward through sharing

“Happy Move is referred as a lifetime international activity among college students.”  
 “One of Happy Move’s attractions is its value and the bond among its members. Especially, the bond continues even after we start our career.”

‘Happy Move Global Youth Volunteers’ is Korea’s largest youth volunteer group run by Hyundai Motor Group. For over 10 years, some 10,500 college students served in 113 regions in 22 countries<sup>1)</sup> as members of Happy Move. In Happy Move program, volunteers together have been involved in diverse activities related to construction, the environment, education and culture.

Happy Move was updated to ‘Happy Move 2.0’ in 2018. To go beyond the limit of one-off basis overseas volunteer activities, we have made a list of villages in underdeveloped regions of developing countries, where our volunteers go repeatedly for over three years. Moreover, Happy Move villages can receive support from Hyundai Motor Group’s subsidiaries operating in the respective regions during the period in which no volunteers are dispatched. Happy Move volunteers help local residents become self-reliant. Happy Move adopts a holistic approach to self-development where volunteers attend workshops together with local college students and share ideas on ways to address issues the village and society face. In 2018, Happy Move’s 21st group of student volunteers proposed to build a mural in a village in Uzbekistan as a way to regenerate a village where many ethnic Korean resided. The proposal was passed onto the 22nd group of Happy Move student volunteers. The 21st and 22nd groups shared ideas, know-how, and voices of local people in creating the mural that symbolized friendship and engagement between the two countries. We all look forward to future activities of the Happy Move Global Youth Volunteers, who are the emerging leaders of the world.

<sup>1)</sup> As of February 2019



### Happy Move Global Youth Volunteers is a gathering of warm-hearted emerging leaders.

The campaign attracts people with similar mindset and values as emphasis is placed on sincerity toward sharing and the spirit of volunteering in the selection process. A strong sense of fellowship among team members creates a link, which, in turn, extends a positive influence throughout our society. Sometimes, this sense of fellowship develops into love and results in a marriage, just like what happened to us.



**Yoo-jeong Kim (10th Group) and Seung-hyun Lee (11th group)**





1st  
China, India, Turkey, Thailand, Hungary



2nd  
Czech Republic, Slovakia, Turkey, India, China



3rd  
China, India



4th  
Brazil, China, India



5th  
China, India, Brazil



6th  
China, Philippines, Egypt, India, Brazil



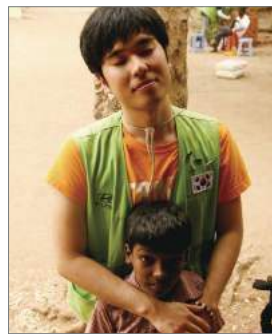
7th  
Ethiopia, Thailand, Brazil, India, China



8th  
Laos, Indonesia, Brazil, India, China



9th  
Vietnam, Tanzania, China, India, Brazil



10th  
Ghana, Malawi, India, China



11th  
Malaysia, India, Indonesia, China



12th  
India, Indonesia, Philippines, China

# And #Green

We empower them to be self-reliant. We restore their true colors. A small yet enduring change made possible by 11 years of dedication. Greener tomorrow is made possible for we are together.



13th  
Philippines, Laos, China, India



14th  
Cambodia, Myanmar, Sri Lanka, India, China



16th  
China, Vietnam, India



10 years of effort to combat the desertification in Inner Mongolia, China (Hyundai Green Zone)



17th  
Indonesia, India, China



18th  
Laos, Vietnam, India, China



19th  
Sri Lanka, India, Cambodia, Vietnam



20th  
China, Vietnam, India, Indonesia



21st  
China, India, Uzbekistan



22nd  
China, India, Uzbekistan, Myanmar



# Materiality Report

# 3

In addition to moving forward to generate economic value, Hyundai is mindful of the future of our society, and thus strives to create social values together with our stakeholders. We will create more value by leveraging technologies and assets we have accumulated over the years in partnership with stakeholders.



1. INTRODUCTION

2. 2018 HIGHLIGHTS

**3. MATERIALITY REPORT**

**3.1 CSV Strategy System**

3.2 Stakeholder Engagement

3.3 Sustainability Management Materiality Analysis

3.4 Material Topic #1.  
Producing Eco-friendly Vehicles

3.5 Material Topic #2.  
Customer and Product Safety

3.6 Material Topic #3.  
Social Value Creation

4. SUSTAINABILITY PERFORMANCE

5. APPENDICES

# CSV Strategy System

## CREATING SHARED VALUE

In accordance with the strategy for creating shared value (CSV) that Hyundai established in 2018, we seek to achieve our CSV mission of ‘scaling social impact and building a sustainable business ecosystem by creating shared value.’ Our CSV includes not only social contribution but also new value creation through combination of business and strategic CSR activities with an aim of fulfilling our corporate social responsibilities and beyond.

### CSV Strategy System

As public interests have been increasing in sustainability, so are calls for corporations to play a greater role in creating sustainable social developments. This societal demand has prompted rating agencies to consider non-financial factors, including environment, social, and governance (ESG), in the process of credit evaluations. Therefore, it has become imperative for companies to not only develop sustainable competitiveness in their operations, but to establish a respectable base from which to promote social values.

Hyundai carries out business operations based on our CSV strategy, through which we generate social values and make a positive impact on society. To this end, we continue to build a sustainable business ecosystem with a particular focus on five areas – eco-friendly, mobility innovation, traffic safety, future generation, and community.

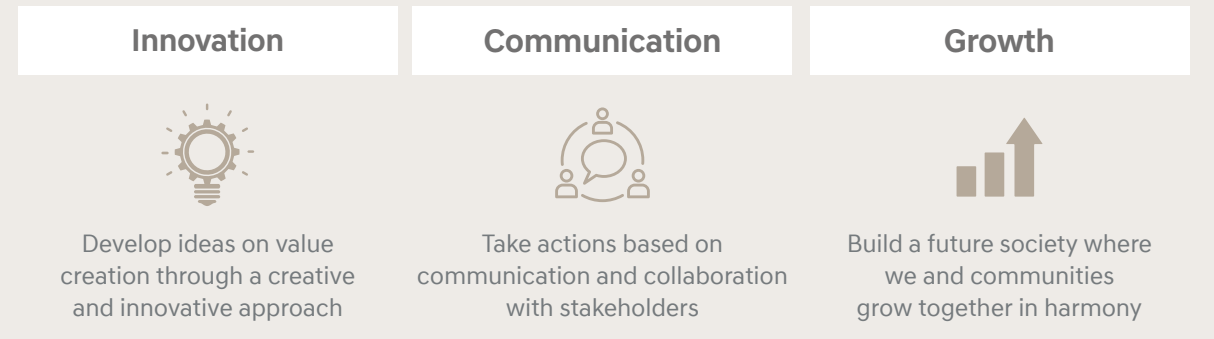
**Vision**

Lifetime partner in automobiles and beyond

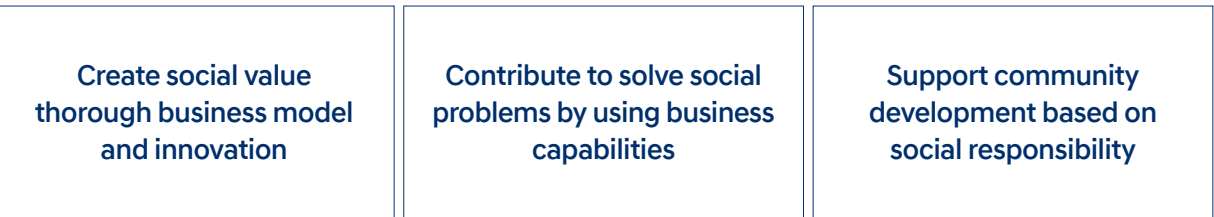
**Mission**

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

**Value**



**Strategy**



**Area**



1. INTRODUCTION

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# Stakeholder Engagement

## Stakeholder Communication

Hyundai places the highest priority on stakeholder trust and strives to strengthen communication across all areas of its business activities. We have categorized stakeholders into six major groups – customers and dealers, employees, government, shareholders and investors, suppliers, and local communities – and continue to identify and reflect their requirements, with the goal of building relationships based on trust. To this end, we have created this report to focus on major sustainability issues that our stakeholders are interested in. This report reflects material topics identified through the materiality analysis, and provides a detailed, transparent information on our sustainability performance which we have achieved based on our CSV strategy system and five major sustainability values.

Customers and Dealers	Employees	Suppliers	Local Communities	Government	Shareholders and Investors
					
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.	Suppliers provide parts or materials to Hyundai, enabling the company to produce quality products. Their quality competitiveness directly impacts 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.	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 Hyundai'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.

### Communication channels by key stakeholder groups

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

<ul style="list-style-type: none"> <li>Producing eco-friendly vehicles</li> <li>Improving fuel efficiency</li> <li>Customer and product safety</li> <li>Customer communication</li> <li>Production quality management</li> <li>Brand reputation</li> <li>Minimizing hazardous substances in products</li> </ul>	<ul style="list-style-type: none"> <li>Developing human resources</li> <li>Protecting human rights in the workplace</li> <li>Employee compensation</li> <li>Labor-management relations</li> <li>Health and safety in the workplace</li> <li>Greenhouse gas and energy management</li> </ul>	<ul style="list-style-type: none"> <li>Win-win growth</li> <li>Value chain sustainability</li> <li>Raw and subsidiary materials management</li> </ul>	<ul style="list-style-type: none"> <li>Job creation and retention</li> <li>Social contributions</li> <li>Reducing waste water and wastes</li> <li>Water resource management</li> <li>Protecting biodiversity</li> <li>Managing hazardous substances in the workplace</li> </ul>	<ul style="list-style-type: none"> <li>Anti-corruption and ethical management</li> <li>Establishment of infrastructure</li> <li>Reducing air pollution</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Financial performance</li> <li>Strategy for sustainable growth</li> <li>Technological innovation</li> <li>Risk management</li> </ul>
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**3. MATERIALITY REPORT**

3.1 CSV Strategy System

3.2 Stakeholder Engagement

3.3 **Sustainability Management Materiality Analysis**

3.4 Material Topic #1.  
Producing Eco-friendly Vehicles

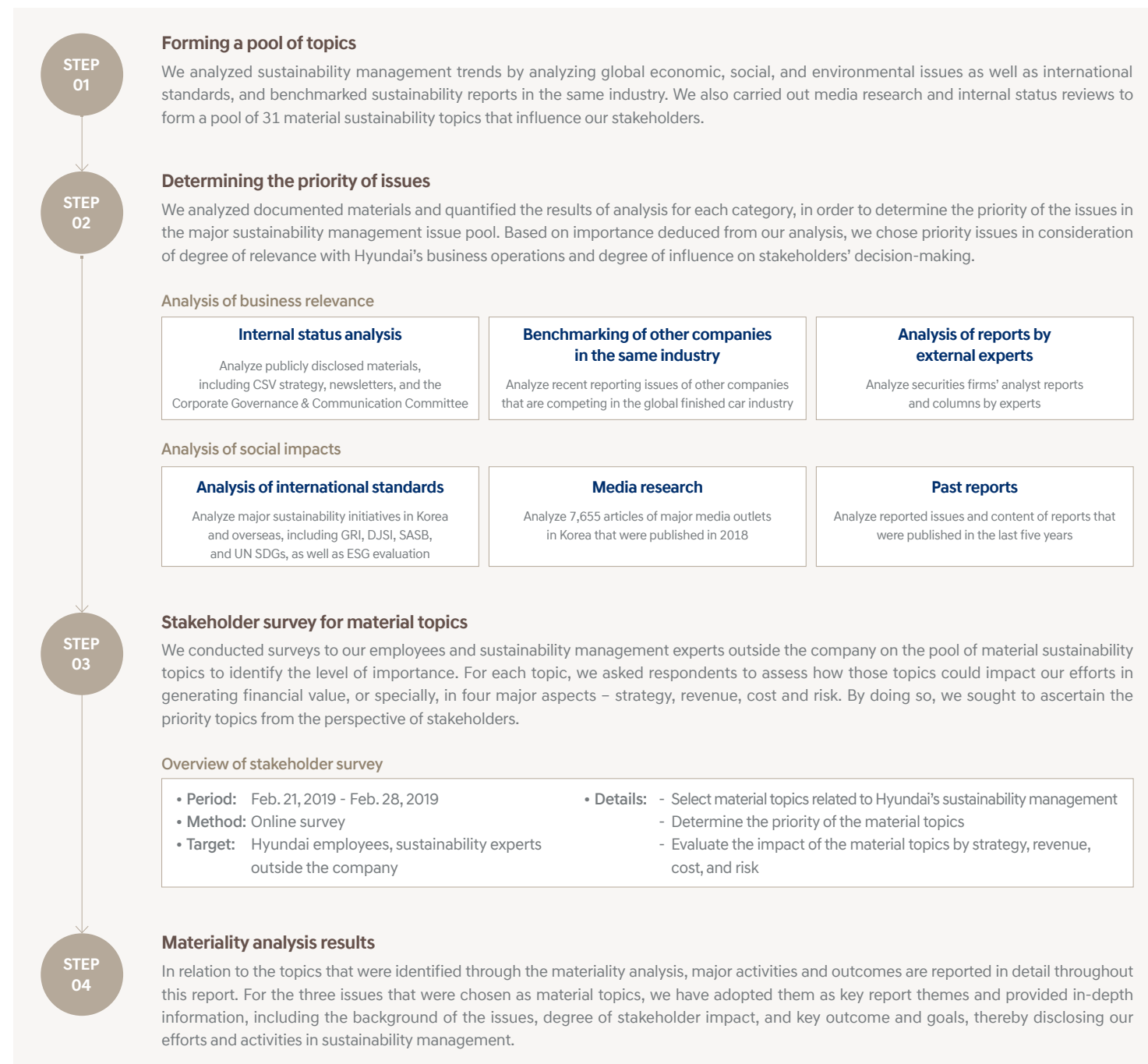
3.5 Material Topic #2.  
Customer and Product Safety

3.6 Material Topic #3.  
Social Value Creation

# Sustainability Management Materiality Analysis

## Materiality Analysis Process

Hyundai developed report themes and content in accordance with the principles of the Global Reporting Initiative (GRI), which is a global sustainability report guideline, and then carried out a materiality analysis, consisting of four steps, in order to identify material topics. We formed a pool of material sustainability topics and identified their priority. Lastly, we selected the topics that were identified as material topics as important report themes and provided a detailed information, thereby responding to matters that our stakeholders are interested in.



1. INTRODUCTION

2. 2018 HIGHLIGHTS

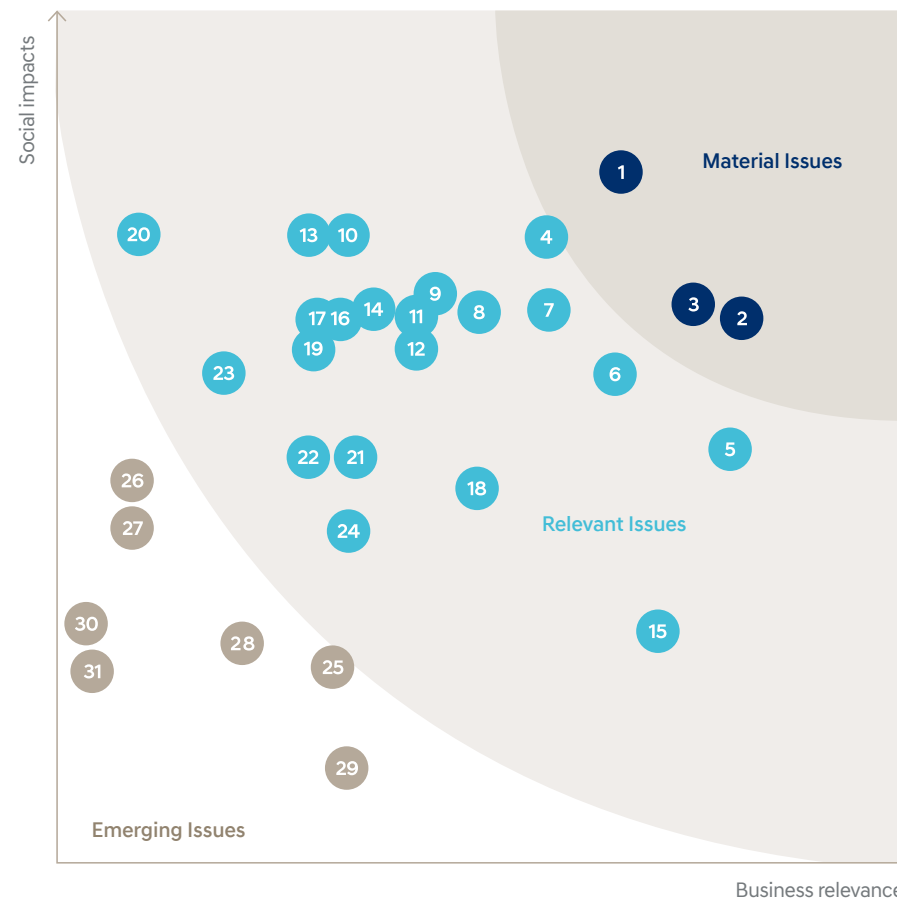
**3. MATERIALITY REPORT**

- 3.1 CSV Strategy System
- 3.2 Stakeholder Engagement
- 3.3 **Sustainability Management Materiality Analysis**
- 3.4 Material Topic #1. Producing Eco-friendly Vehicles
- 3.5 Material Topic #2. Customer and Product Safety
- 3.6 Material Topic #3. Social Value Creation

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**Materiality Analysis Results**



**Materiality Analysis Results**

- |                                   |   |   |   |
|-----------------------------------|---|---|---|
| 1 Producing eco-friendly vehicles | 4 Customer communication                  | 15 Reducing air pollution                   | 25 Water resources management                     |
| 2 Customer and product safety     | 5 Technological innovation                | 16 Energy management                        | 26 Entering the global market                     |
| 3 Social value creation           | 6 Win-win growth                          | 17 Protecting human rights in the workplace | 27 Employee compensation                          |
|                                   | 7 Developing human resources              | 18 Raw and subsidiary materials management  | 28 Risk management                                |
|                                   | 8 Improving fuel efficiency               | 19 Establishment of infrastructure          | 29 Protecting biodiversity                        |
|                                   | 9 Corporate governance                    | 20 Labor-management relations               | 30 Managing hazardous substances in the workplace |
|                                   | 10 Reducing waste water and wastes        | 21 Value chain sustainability               | 31 Minimizing hazardous substances in products    |
|                                   | 11 Production quality management          | 22 Brand reputation                         |   |
|                                   | 12 Job creation and retention             | 23 Financial performance                    |   |
|                                   | 13 Health and safety in the workplace     | 24 Reducing greenhouse gas                  |   |
|                                   | 14 Anti-corruption and ethical management |   |   |

**Selection of material topics**

NO	Material Issues	Material Topics	GRI Topics	UN SDGs <sup>1)</sup>	Page
1	Producing Eco-friendly Vehicles	Material Topic #1. Producing Eco-friendly Vehicles	Emissions (GRI 305)	Goal 7 Target 7.1  Goal 13 Target 13.1 	P. 34-35
2	Customer and Product Safety	Material Topic #2. Customer and Product Safety	Customer health and safety (GRI 416)	Goal 3 Target 3.6  Goal 11 Target 11.2 	P. 36-37
3	Social Value Creation	Material Topic #3. Social Value Creation	Indirect economic impacts (GRI 203)	Goal 8 Target 8.3  Goal 17 Target 17.17 	P. 38-39

<sup>1)</sup> The United Nations Sustainable Development Goals (SDGs) consist of global agenda items that aim to mitigate wide-ranging risk factors that pose threats to sustainable development 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.

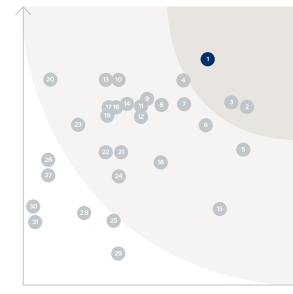


- 3.1 CSV Strategy System
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- 3.4 Material Topic #1. Producing Eco-friendly Vehicles**
- 3.5 Material Topic #2. Customer and Product Safety
- 3.6 Material Topic #3. Social Value Creation

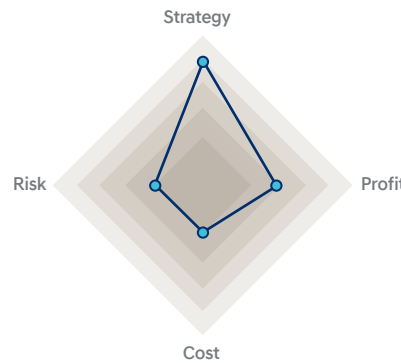
# Material Topic #1. Producing Eco-friendly Vehicles

We are leading the way towards clean mobility through our commitment to sustaining environmental values.

**Topic Navigator**



**Stakeholder's Impact Assessment**



**Link to UN SDGs**

**Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all**

7.1 By 2030, ensure universal access to affordable, reliable and modern energy services

**Goal 13. Take urgent action to combat climate change and its impacts**

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

## TOPIC BACKGROUND

With concerns growing worldwide regarding the future of the environment, both global regulations and stakeholder voices are becoming more assertive in relation to the impact of the automotive industry on the environment. In particular, as the international community calls for accelerated efforts to resolve the climate change issue, the automotive industry – a major user of finite energy sources – is recognizing the need to reduce its energy usage and transition towards energy sources of the future.

Eco-friendliness is now increasingly seen as an area of technological competitiveness for vehicles and the global automotive industry is engaged in fierce competition to lead the market for electric vehicles (EVs). Global brands are therefore announcing strategies in this area, and making major investments into new businesses. As a result, global demand for eco-friendly cars is estimated to grow to 20 million units by 2025.

## OUR APPROACH

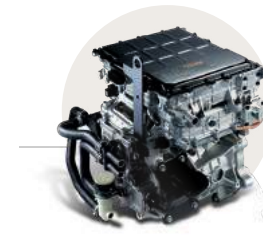
Hyundai Motor Company is aiming to strike the right balance between economic growth and eco-friendly values. Hyundai Motor Group also has set the goal of having at least 44 eco-friendly vehicle models by 2025, and annual sales of 1.67 million eco-friendly vehicles by 2025. In particular, we aim to lead the global market for electric vehicles by developing a complete range of electrification models, including HEVs, EVs, and FCEVs. We plan to invest around KRW 8 trillion by 2030 into hydrogen fuel cell technology. We are also improving our technological competitiveness in FCEVs, and working to make them more popular. We enjoyed a number of significant achievements in 2018, including expanding our line-up of eco-friendly vehicles, using next-generation systems, surpassing 1 million units in cumulative global sales of eco-friendly vehicles, and the success of the Kona EV in achieving the longest range of its class. We are thus moving closer to realizing a truly sustainable and eco-friendly society.

## 2018 KEY PERFORMANCE INDICATORS



**Surpassed 1 million units in cumulative global sales of eco-friendly vehicles**  
(Jul. 2009.7 - Dec. 2018)

**The Kona EV and the Nexo fuel cell system were chosen as one of World's 10 Best Engines by WardsAuto**  
(Dec. 2018)

**The Kona EV recorded the longest mileage of 417 kilometers during an EV evaluation by the British WHAT CAR?**  
(Oct. 2018)



## OUR COMMITMENT

Areas	Goals	Target date
 <p>Developing eco-friendly vehicles</p>	<ul style="list-style-type: none"> <li>More than 44 eco-friendly vehicle models of Hyundai Motor Group by 2025</li> <li>Hyundai Motor Group's annual sales of 1.67 million units</li> </ul>	By 2025
 <p>Developing FCEVs</p>	<ul style="list-style-type: none"> <li>Annual production of 500,000 units of FCEVs and 700,000 units of the hydrogen fuel cell system by 2030</li> </ul>	By 2030

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**3. MATERIALITY REPORT**

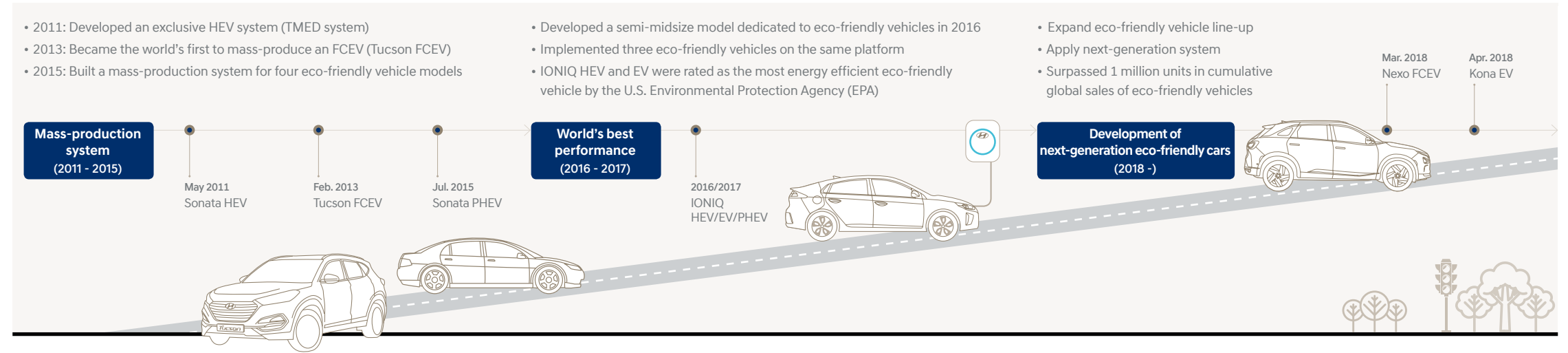
- 3.1 CSV Strategy System
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- 3.4 Material Topic #1. Producing Eco-friendly Vehicles**
- 3.5 Material Topic #2. Customer and Product Safety
- 3.6 Material Topic #3. Social Value Creation

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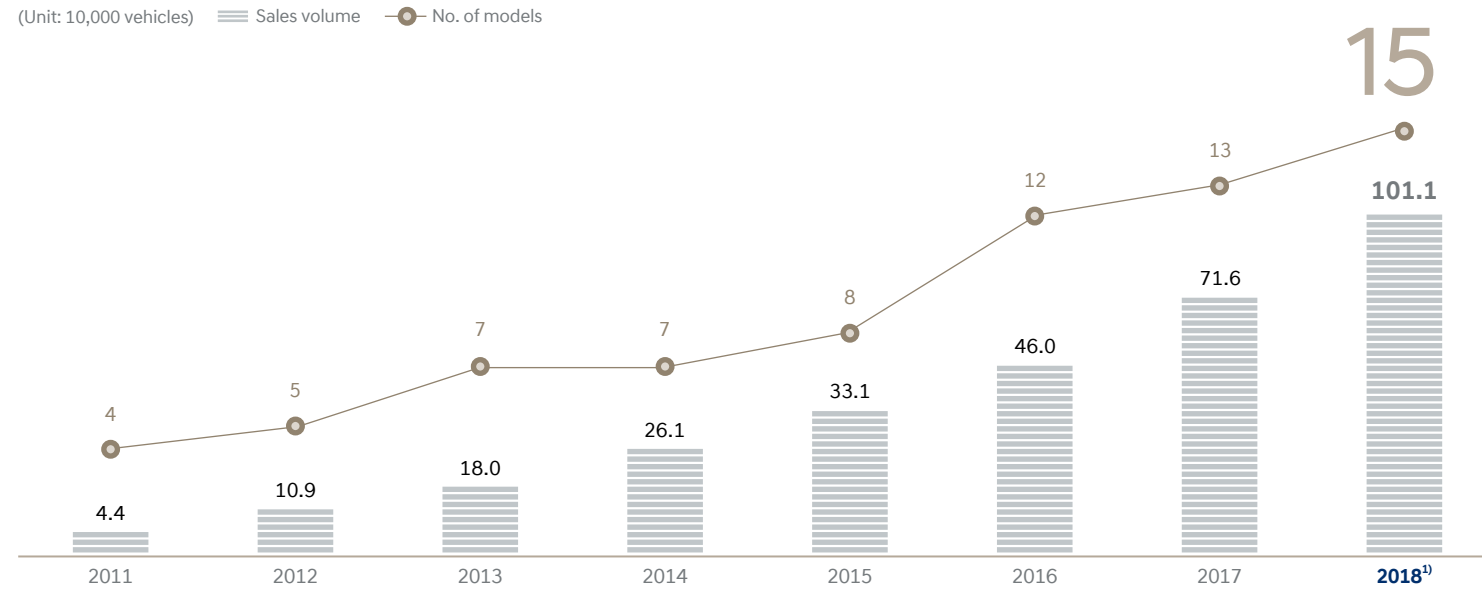
5. APPENDICES

## Hyundai's Eco-friendly Vehicle Development and Mass-production

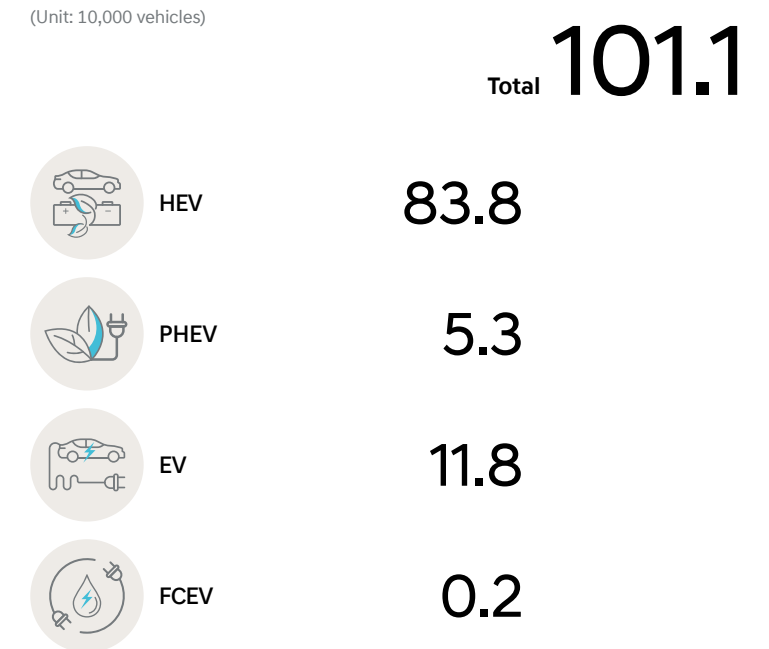
Hyundai has long been a first mover in eco-friendly vehicles, having begun R&D in 1997, and then beginning mass-production in 2009. Cumulative global sales of eco-friendly vehicles reached 1 million units in 2018. The use of next-generation systems and technological innovations which improved performance have encouraged more customers to drive eco-friendly vehicles. We will continue to lead the market in creating the environmental values that customers and society now require by unveiling eco-friendly vehicles that offer technologies of the future.



### Hyundai Motor Group's cumulative global sales of eco-friendly vehicles



### Eco-friendly vehicle sales by type



\* Overseas sales based on shipment; sales from January 2011 to December 2018  
<sup>1)</sup> 532,000 units have been sold by Hyundai Motor Company from among 1,011,000 units of accumulated sales as of 2018



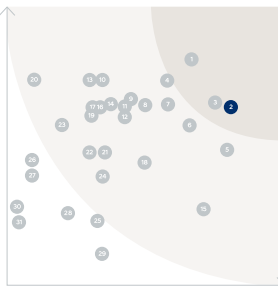
### 3. MATERIALITY REPORT

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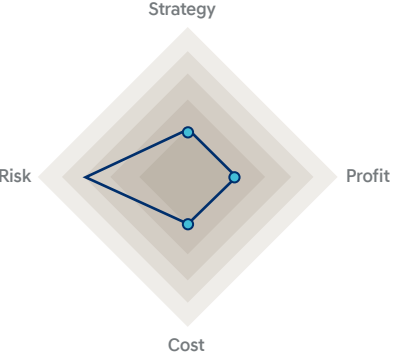
## Material Topic #2. Customer and Product Safety

We ensure safety and quality management with our customers at the center.


**Topic Navigator**



**Stakeholder's Impact Assessment**




**Link to UN SDGs**



**Goal 3. Ensure healthy lives and promote well-being for all at all ages**

3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents



**Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable**

11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

#### TOPIC BACKGROUND

Automobiles provide mobility, and give comfort to and enrich the lives of many people. On the other hand, however, they pose as a risk factor in that a safety accident can cause considerable damage to human life and property. For this reason, auto manufacturers continue their endless efforts to improve product quality in order to offer safe products.

The recent evolution of automotive technologies and the emergence of new risk factors as well as the digital convergence in the automotive industry have led to calls for higher level of vehicle safety. Customer requirements are also changing rapidly. It is imperative for auto manufacturers to ensure quality and to develop technologies to protect the lives of drivers, passengers, and pedestrians.

#### OUR APPROACH

Hyundai's philosophy for quality is 'zero-defect vehicles with no breakdowns', and our customer-focused quality management centers on this target. The Global Safety Office, set up in 2016, has a central role in implementing preemptive activities regarding quality, beginning with vehicle development. We have strengthened our systems for post-sales early detection, early improvement, and early measurement, to prevent any minor issues with safety from becoming more significant. These proactive quality services are now an integral part of our commitment to customer satisfaction. We also focus on active safety technology by applying the state-of-the-art advanced driver assistance system (ADAS) which detects objects around the car, alert the driver of hazardous conditions or potential danger.

Thanks to this commitment to quality, in 2018 seven Hyundai models were chosen as Top Safety Picks+ in collision tests in the U.S., the highest number of models among global car manufacturers. In 2019, we completed the development of a 3rd generation platform, and applied it to the 8th generation Sonata. We continue to offer vehicles with the highest levels of quality and state-of-the-art safety features through the on-going development and application of new safety technologies.

#### 2018 KEY PERFORMANCE INDICATORS



7 models achieved the highest grade in the 2018 Collision Test Evaluations from the US Insurance Institute for Highway Safety, the most of any auto manufacturer (Including the Genesis brand)

The Nexo won the highest rating and was named Best Vehicle at the 2018 Euro NCAP

The Nexo won the highest rating in 3 categories at the 2018 KNCAP



#### OUR COMMITMENT

Areas	Goals	Target date
 Applying 3rd generation platform	<ul style="list-style-type: none"> <li>• Launch the first model to which the 3rd generation platform is applied in 2019</li> </ul>	By 2019
 New car assessment program	<ul style="list-style-type: none"> <li>• Receive the highest rating at the 2019 Euro NCAP</li> </ul>	By 2019

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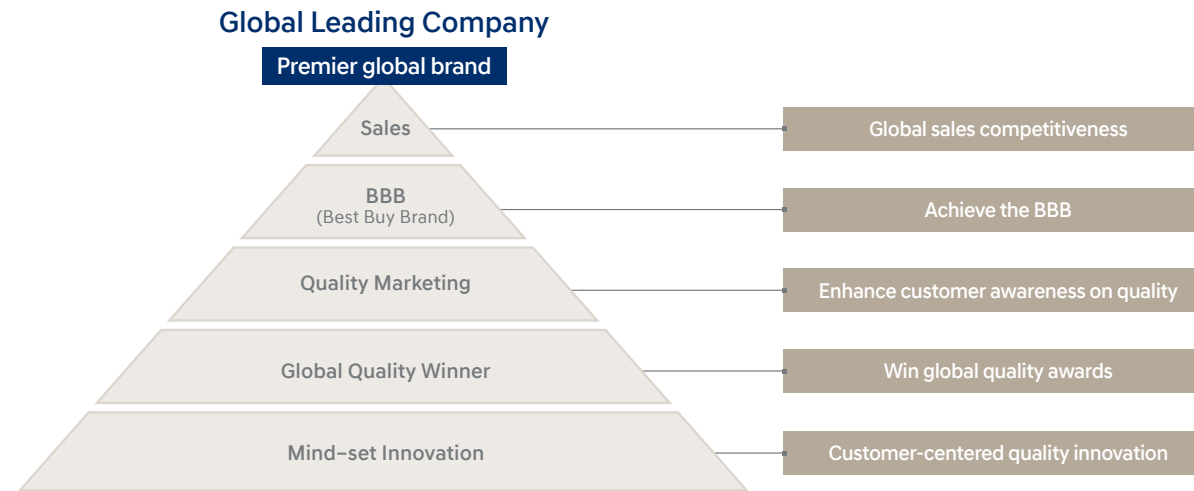
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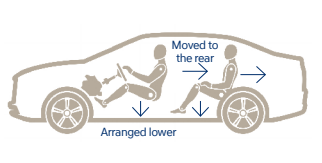
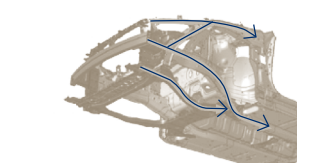
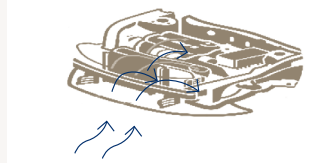
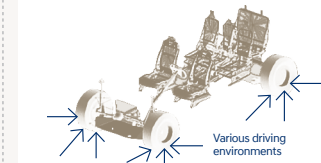
**Hyundai Motor Company's Quality Improvement Systems**

Hyundai set up Proactive & Creative Global Safety Quality Management System and is constantly undertaking a range of high-level quality management activities in order to ensure that our quality meets and exceeds that required by the market and our customers. We are further improving our position as a highly sought-after brand by innovating in the quality management chain across the entire process of vehicle development and production and also support.



**3rd generation platform**

A car platform is a compatibility package for major parts which enables multiple models to be manufactured on a single structure. It is an important foundation in determining a vehicle's fundamentals, including design, driving performance, safety, and interior space. Our 1st generation integrated platform was developed in 2008, followed by the 2nd generation integrated platform in 2015. This 2nd generation integrated platform won recognition for delivering the highest level of collision safety in the automobile industry. Following extensive R&D, we have completed the development of the 3rd generation integrated platform in March 2019. This 3rd generation platform has been applied to the 8th generation Sonata, enabling us to offer customers excellence in design, safety, and convenience.

Design-friendly Platform	Safety-First Platform	Energy-efficient Platform	Fun to Drive Platform
<ul style="list-style-type: none"> <li>Engine room, seat, underfloor, luggage room, etc. are arranged lower → More interior space</li> <li>The overall height is lowered and the cowl point is moved to the rear compared to the previous platform → More dynamic ratio in design</li> </ul>	<ul style="list-style-type: none"> <li>Design optimization to rearrange body structure → Average strength increase of 10%, average weight reduction of at least 55 kg</li> <li>The multi-load path structure for collision energy dispersion</li> <li>More use of ultra-high strength steel sheets and hot stamping → Maximized strength of the passenger space</li> </ul>	<ul style="list-style-type: none"> <li>Improve power and fuel efficiency by installing Smartstream powertrain and by using engine room flow control technology</li> <li>Improve power and fuel efficiency by positioning underbody lower and making it flat to reduce air resistance</li> </ul>	<ul style="list-style-type: none"> <li>Active driving performance that provides immediate response to the driver's intention and stability in various driving environments</li> </ul>
			

**Lot tracking system**

Hyundai's lot tracking system is a safety system that utilizes lot numbers to identify the causes of any problems with a product during manufacturing. The system enables us to manage the risk of defects in products which have used parts from the same lot. Driven by our complete focus on customer safety, we systematically manage all potential issues with products, beginning with parts, in order to prevent problems from occurring. This system is currently deployed in Korea and will be expanded to all overseas business sites in the near future.

**World's first automated inspection of ADAS electronic systems**

In November 2018, Hyundai developed the world's first single automated robot inspection process for assessing the quality of six electronic ADAS, in order to ensure the reliability of products that use the latest in cutting-edge technologies. Previously in 2015, we had developed an inspection system to assess quality in five autonomous driving electronic systems, including forward and rear collision-avoidance intervention, blind-spot collision warning and smart cruise control. Subsequent to continuous R&D efforts, the system has been upgraded and expanded to a fully automatic system using robotics that enables simultaneous and parallel inspections, and corrections if required. We plan to widen the application of this system at our production sites and also at our service centers. In doing so, we will enhance customer confidence in our product quality and safety, while improving customer convenience.

**CASE \_ Proven safety of the Nexo**

Launched in 2018, the Hyundai Nexo complies with all Korean and international hydrogen tank safety certification laws, from design to production. Furthermore, additional internal tests by the company on some 200 items demonstrate that the hydrogen fuel tank in the Nexo offers a level of safety and durability that is significantly higher than the standards legally required.

As a result, the Nexo has received recognition for offering customers the best levels of safety. It won the highest rating at Euro NCAP in December 2018. It also received the highest rating in three categories – midsize SUV, eco-friendly vehicle, and child protection – by the Korean New Car Assessment Program (KNCAP).

**2018 Ratings by KNCAP**

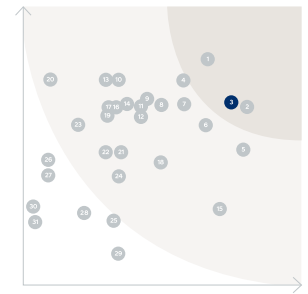
<b>No. 1</b> in the Midsize SUV Category (95.8 point)		
Collision safety	Pedestrian safety	Accident prevention safety
99.7%	83.6%	86.5%



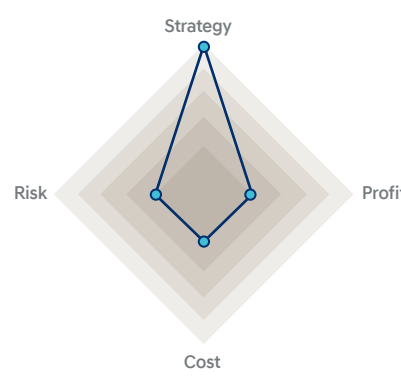
# Material Topic #3. Social Value Creation

We will build a sustainable future as a trustworthy partner.


**Topic Navigator**



**Stakeholder's Impact Assessment**




**Link to UN SDGs**



**Goal 7.** Strengthen the means of implementation and revitalize the global partnership for sustainable development

17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships



**Goal 8.** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

## TOPIC BACKGROUND

Technological innovation and industrial development in the 21st century have improved quality of life for many but have also brought about unexpected inequality. The economic value created by companies through products and services is closely connected to individual and social prosperity. However, with greater economic uncertainties, including a prolonged low-growth trend in the global economy and increasing trade tensions, there is ever-stronger demand for corporate social responsibility.

In September 2015, all the member countries of the United Nations adopted the UN Sustainable Development Goals (SDGs) for sustainable development of the international community. The member countries pledged to implement the agendas set forth by the UN SDGs by 2030. These 17 goals cover a wide range of social issues, including polarization, inequality, and environmental pollution. From the 17 goals, 169 detailed targets were set. In order to achieve these goals, countries, companies and civic society are all embracing receptiveness and global cooperation.

## OUR APPROACH

Hyundai understands that automobiles are not merely a means of transportation but a lifetime partner. We are therefore striving to create social values by contributing to the resolution of the universal issues facing humanity and local communities. We also pay continuous attention to social issues. We are expanding our CSV activities by leveraging our corporate expertise, including 'Driving Plus' – a new social contribution program launched in February 2019, to help drivers who have been involved in traffic accidents to overcome trauma.

In the meanwhile, Hyundai has recognized the social costs and benefits that are generated through our business operations but not reflected in current financial statements, and strives to analyze them from a quantitative perspective. To this end, we developed a case study on measuring social values and impacts of our eight eco-friendly vehicles. Going forward, we will upgrade the measurement methods to calculate comprehensive impacts of our business operations in the medium to long term, and make continuous efforts to maximize positive impacts.

## 2018 KEY PERFORMANCE INDICATORS

**Traffic Safety Campaign with Robocar Poli: Accumulated number of participants exceeded 350,000**  
 (2012 - 2018)





**IONIQ Forest: Planted a total of 15,250 trees**  
 (2016 - 2018)



**H-Social Creator: Fostered a total of 110 social innovators**  
 (2015 - 2018)



## OUR COMMITMENT

Areas	Goals	Target date
 <p><b>Preservation of Petra World Heritage Site</b></p>	<ul style="list-style-type: none"> <li>Improve the environment of the tourist spot to offer greater convenience to visitors (some 1 million visitors will be benefitted per year)</li> <li>Build an eco-friendly tourism infrastructure, such as two electric buses and charging facilities™</li> </ul>	By 2020
 <p><b>Building IONIQ Forest</b></p>	<ul style="list-style-type: none"> <li>Plant 30,000 trees in a metropolitan landfill site in Incheon</li> </ul>	By 2021

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Customer and Product Safety

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Social Value Creation**

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**Case study in measuring social value –  
Reducing social costs with eco-friendly vehicles**

Social interest in eco-friendly vehicles has been rising amid the threat of climate change and air pollution. As an eco-friendly automaker that pursues ‘clean mobility’, Hyundai has a full eco-friendly line-up, ranging from hybrid vehicles to plug-in vehicles, electric vehicles, and hydrogen fuel cell electric vehicles. Accordingly, we quantitatively measured the positive social impact of producing and selling eco-friendly vehicles.

**Scope of Measurement**

It is essential to understand data from all aspects of the life cycle assessment (LCA) to assess the social impact of a product. Among the aspects of development, procurement, production, sales and service, use, and end-of-life, Hyundai focused on the environmental impact that occurs in the ‘use’ stage. We measured social costs with a particular focus on GHG emissions and air pollutant emissions, such as Nitrogen Oxide and fine dust, that may be released during the operation of vehicles.

**Measurement Methods**

We applied limited data in consideration of the diversity in actual driving environments across various regions where we sell cars as well as the difficulty in setting a common measurement criteria for air pollutant emissions.

We also chose gasoline or diesel models<sup>1)</sup> of the same class as a comparison group, in order to measure the relative social value with air pollutant emissions of the eight eco-friendly models produced by Hyundai. In addition, we applied the potential impacts by using the concept of costs (eco-cost<sup>2)</sup>), which is required for the reduction of environmental pollution from carbon emissions in the results. Although there are some limitations in the scope and method of measurement, we will make continued efforts to measure the actual and comprehensive social impact of eco-friendly vehicles.

<sup>1)</sup> Gasoline or diesel models of the same class: Order of eco-friendly vehicle models presented above – Elantra (Avante) 1.6 Gasoline (15" wheel), Kona 1.6 Gasoline Turbo, Santa Fe 2.0 Diesel 2WD (18" wheel), Elantra 1.6 Gasoline (15" wheel), Sonata (DN8) 2.0 Gasoline (16" wheel), Elantra 1.6 Gasoline (15" wheel), Sonata (DN8) 2.0 Gasoline (16" wheel), and Azera (Grandeur) 2.4 Gasoline models

<sup>2)</sup> eco-cost is an environmental database developed by the Delft University of Technology in the Netherlands, with sponsorship from the EU. It calculates the costs incurred when treating pollutants, and then discloses the environmental cost per unit for each type of pollutant, product, and raw material every year

**CO<sub>2</sub> emissions by Hyundai's eco-friendly model**

	EV and FCEV models			PHEV models		HEV models		
	IONIQ Electric	Kona Electric	Nexo	IONIQ Plug-in	Sonata Plug-in	IONIQ Hybrid (15" wheel)	Sonata Hybrid (16" wheel)	Grandeur Hybrid
CO <sub>2</sub> emissions <sup>3)</sup>	0g/km	0g/km	0g/km	17g/km	25g/km	69g/km	78g/km	97g/km
NOx emissions <sup>4)</sup>	0.000g/km	0.000g/km	0.000g/km	0.004g/km	0.001g/km	0.002g/km	0.003g/km	0.002g/km
PM emissions <sup>5)</sup>	0.0000g/km	0.0000g/km	0.0000g/km	0.0006g/km	0.0002g/km	0.0002g/km	0.0003g/km	0.0002g/km

**Measurement Results**

The total sales volume of eco-friendly vehicles recorded approximately 146,000 units in 2018. Assuming that the sales volume of gasoline or diesel models of each of the eight eco-friendly models is equal, and consider the annual mileage based on pollutant emissions, it is estimated that around KRW 19.8 billion was reduced in annual social costs. In other words, the social cost of using eco-friendly vehicles is approximately KRW 14.3 billion, while the social cost of using gasoline or diesel models of the same class is around 34.1 billion, which represents a reduction of negative social impacts by 58.1%.

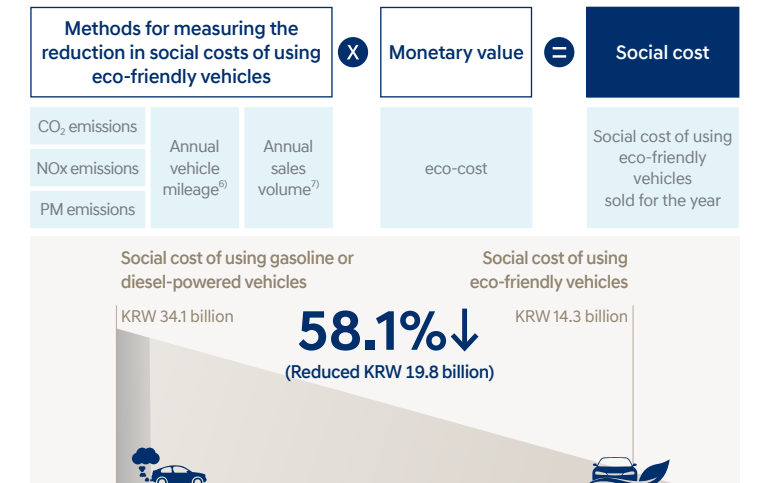
Hyundai is fully aware of the negative environmental impact caused by the use of automobiles. In order to create a sustainable environment for the future generations, we will be more proactive in our research and development efforts to provide our customers with eco-friendly automotive technologies that reduce environmental impacts.

<sup>3)</sup> CO<sub>2</sub> emissions: Government-recognized standard mileage and grade information pursuant to Article 15 of the Energy Use Rationalization Act

<sup>4)</sup> NOx emissions: Use the Ministry of Environment's CVS-75 test results that are measured pursuant to Article 50 of the Clean Air Conservation Act. In case of PHEV models, the calculation is based on the CD mode

<sup>5)</sup> PM emissions: Use the Ministry of Environment's CVS-75 test results that are measured pursuant to Article 50 of the Clean Air Conservation Act. In case of PHEV models, the calculation is based on the CD mode. Fine dust of all sizes is included, such as PM10 and PM2.5

**Measurement method**



<sup>6)</sup> Vehicle mileage: Apply the daily average mileage of passenger cars in Korea according to the Korean Transportation Safety Authority's 'Automobile Mileage Statistics (2018)' to all, irrespective of which region the vehicle was sold

<sup>7)</sup> Sales volume: This is the sales volume of Hyundai's eight eco-friendly models sold in 2018, which was calculated based on engines that were applied to the vehicles, without considering detailed specification, such as tire size. Apply annual vehicle mileage based on the 2018 sales volume without considering purchase date



# Sustainability Performance

# 4

Hyundai is opening a new chapter of a 'car-to-life' era in which automobiles become the center of our daily life. As a global auto maker as well as corporate citizen, we are bringing about meaningful changes based on five values of sustainable management – customer, environment, cooperation, people, and community. Presented in this report are the will and performance of Hyundai making progress toward a sustainable future together with stakeholders.

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# Corporate Governance

## Composition and the BOD

The BOD is composed of 11 directors (5 internal and 6 outside directors) in consideration of the efficiency of managing meetings and decision making. The outside directors form the majority of the BOD, and they have expertise in management, accounting, law, and automotive industry. Regarding the composition of the BOD, there is no discrimination based on gender, race, religion, politics, or culture, and the Board members are selected through a comprehensive review of independence, professionalism, and diversity.

Classification	Name	Position/Major Career	Date of Initial Appointment	Note
Internal directors	Mong Koo Chung	Chairman & CEO	Feb. 26, 1999	Chairman of the Board
	Euisun Chung	Executive Vice Chairman & CEO	Mar. 12, 2010	Outside Director Candidate Nomination Committee
	Won Hee Lee	President & CEO	Mar. 11, 2016	Outside Director Candidate Nomination Committee
	Albert Biermann	President, Director of R&D Division	Mar. 22, 2019	
	Eon Tae Ha	Vice President & CEO, President of HMC Ulsan Plant	Mar. 16, 2018	
Outside directors	Dong Kyu Lee	Advisor of Kim & Chang Law Group (Present); Secretary General of Korea Fair Trade Commission (Former)	Mar. 13, 2015	Corporate Governance & Communication Committee (Chairman), Audit Committee
	Byung Kook Lee	Chairman of e-Chon Tax Accounting Corp (Present); Commissioner of Seoul Regional Tax Office (Former)	Mar. 13, 2015	Audit Committee (Chairman), Corporate Governance & Communication Committee
	Eun Soo Choi	Counsel, DR & AJU law Firm (Present); President of Deajeon High Court and Patent Court (Former)	Mar. 17, 2017	Outside Director Candidate Nomination Committee (Chairman), Audit Committee, Corporate Governance & Communication Committee
	Chi-Won Yoon	Vice Chairman, UBS Wealth Management (Present); CEO of UBS Group Asia Pacific (Former)	Mar. 22, 2019	Audit Committee, Corporate Governance & Communication Committee
	Eugene M. Ohr	Partner of Capital International Inc. (Former)	Mar. 22, 2019	Outside Director Candidate Nomination Committee
	Sang-Seung Yi	Professor of Economics, Seoul National University (Present)	Mar. 22, 2019	Audit Committee, Outside Director Candidate Nomination Committee

## Operation of the BOD

The BOD meets on a quarterly basis, but it may be convened as and when a BOD resolution is required. The BOD resolves matters set forth in the relevant laws and the Articles of Incorporation and other important matters related to the company's business performance. It also undertakes thorough evaluation and supervision activities. In particular, the outside directors are given opportunities to participate in management through various practical monitoring and checking functions. The BOD is convened by the chair or another director appointed by the Board. With the exception of cases otherwise prescribed in the relevant laws and regulations, a BOD resolution is passed by a majority vote by a majority of the entire membership.

### BOD activities in 2018

Number of BOD meetings	Number of agenda items for resolution	Number of agenda items for report
11	30	13

### BOD participation in 2018

Average participation rate	Participation rate of internal directors	Participation rate of outside directors
78.6%	54.0%	98.2%

## Independence of the BOD

The BOD is composed of outside directors with the proven independence required to check and balance the company's operations. All members of our BOD must not only comply with the qualification requirements specified in the relevant laws and regulations but also possess exemplary professional ethics, values and integrity in order to represent stakeholders' interests. Outside directors must have deep expertise and experience in management, accounting, laws, and other specialized fields. They have no major conflicts of interest with the company and are thus in a position to make independent decisions. In order to prevent any future conflicts of interest pursuant to the Enforcement Decree of the Commercial Act, Hyundai prohibits its outside directors from performing any transactions in its line of business or becoming a partner with unlimited liability or a director in another company in the same industry, without the BOD's prior approval. Concurrent holding of the office of outside directors and an auditor is limited to two instances.

### Criteria for determining independency of non-executive directors (Disqualification of independence)

- Directors, executive directors and employees who are engaged in the regular business of the relevant company; or directors, auditors, executive directors and employees who have engaged in the regular business of the relevant company within the latest two years
- The largest shareholder, his or her spouse, lineal ascendants and lineal descendants
- Directors, auditors, executive directors and employees of the corporation, in cases where the largest shareholder is a corporation
- Spouse, lineal ascendants and lineal descendants of directors, auditors and executive directors
- Directors, auditors, executive directors and employees of a parent company or a subsidiary company of the relevant company
- Directors, auditors, executive directors and employees of a corporation which has a significant interest in the relevant company, such as business transactional relationship
- Directors, auditors, executive directors and employees of another company where directors, executive directors and employees of the relevant company serve as directors and executive directors

## Expertise of the BOD

It is vital to secure outstanding talents, equipped with specialized knowledge and experiences, in ensuring expertise and efficiency of outside directors. Our six current outside directors have expertise in management, accounting, and law. To help them understand our management situation and our line of business as early as possible, we hold regular seminars and arrange a visit to our production plants and technical centers in Korea and overseas, thereby helping them better perform their duties.



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**Evaluation and Compensation of the BOD**

A BOD evaluation is conducted by the outside directors at the end of each year, the results of which are reflected in the BOD operations in order to boost efficiency. The internal directors' remuneration is determined based on our executive compensation criteria, including the company's management performance (finance, sales, securing of future growth engines), the directors' contributions, jobs, positions, and personnel development, within the remuneration limit set by the annual general meeting (AGM). The outside directors' remuneration is set based on internal criteria that consider their job responsibilities, levels of competitors' compensation and directors' independence within the remuneration limit determined by the AGM.

**Director Compensation in 2018** (Unit: KRW million)

Classification	Internal director	Outside director	BOD	Employee
Average compensation per person	2,990	102	1,386	92

\* Detailed information is available in our 2018 Business Report disclosed on the Financial Supervisory Service's electronic disclosure system

**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.

**BOD sub-committees**

Classification	Roles and responsibilities
Audit Committee (5 outside directors)	<ul style="list-style-type: none"> <li>Evaluate the adequacy of overall internal control system operations</li> <li>Carry out auditing on the company's operations and finances, such as approval on agenda items to be submitted to the AGM</li> <li>Communicate with external auditors about financial statement audit plans and results</li> </ul>
Outside Director Candidate Nomination Committee (2 internal directors, 3 outside directors)	<ul style="list-style-type: none"> <li>Recommend candidates for outside directors</li> <li>Evaluate candidates in accordance with the Outside Director Candidate Nomination Committee Regulation</li> </ul>
Corporate Governance & Communication Committee (4 outside directors)	<ul style="list-style-type: none"> <li>Manage trading between related parties stipulated in the 'Monopoly Regulation and Fair Trade Act'</li> <li>Major policies related to ethical management and social contributions</li> <li>Discuss the company's management direction by collecting shareholder and stakeholder opinions on major management matters related to protecting shareholder rights and interests</li> </ul>

**Audit Committee**

Although the Commercial Act requires at least two-thirds of an audit committee to be composed of outside directors, all five members of the Audit Committee at Hyundai are outside directors. We also ensure that the Committee has at least one accounting and finance specialist, and that more than two-thirds of all the auditors are independent and have no business relationships with the company, thereby enhancing the transparency of the Committee.

**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 – two internal directors and three outside directors. The Committee has the right to recommend outside directors. When designating new outside directors, we submit a 'Confirmation of Qualification for Outside Director' to Korea Exchange that ensures the independence of new directors and other legal compliance.

**Corporate Governance & Communication Committee**

In April 2015, Hyundai launched the Corporate Governance & Communication Committee consisting entirely of outside directors to enhance its corporate transparency and protect shareholders' rights. The committee meetings are held prior to BOD meetings for the purpose of boosting the transparency of internal transactions and promoting ethical management practices as well as protecting shareholders' rights. The Committee carries out various activities expand shareholder rights by enhancing the transparency of BOD operations. The committee members attend domestic investor discussions and non-deal roadshows (NDRs) for overseas investors, in order to serve as a communication channel between the BOD and shareholders while improving shareholder value.

The Committee, in particular, introduced a shareholder recommendation system in 2018, through which an outside director in charge of protecting shareholder rights was appointed at the AGM held in March 2019. We will ensure that the Corporate Governance & Communication Committee continues to play a key role in establishing an independent corporate governance structure through active communication with our shareholders.

**ACTIVITIES TO IMPROVE GOVERNANCE** The Corporate Governance & Communication Committee is promoting various governance improvement activities with the goal of improving shareholder value. It shares the results of and future plans for governance improvements with our major shareholders in Korea and overseas, including the National Pension Service, Capital Group, and APG. It also looks for such growth directions as improvements in our environmental, social and governance (ESG) standards through consultation with various proxy advisory and other governance advisors. We also hold regular seminars on various governance issues, such as responsible investment, in an effort to raise our directors' governance insights and expertise. We will continue our effort to improve shareholder value by having more dialogues with shareholders and expanding our expertise.

**Protecting shareholder rights**

Hyundai focuses on protecting shareholder rights in order to build a shareholder-centric corporate culture. To provide our shareholders with enough time to review agenda items, we notify them of an AGM three weeks in advance, rather than the two weeks required by the Commercial Act. We also notify shareholders, who own less than 1% of the company's shares, about the holding of an AGM. In addition, we disclose our audit report two weeks prior to an AGM, and make a direct report at an AGM about our decisions concerning the appointment of external auditors for transparent and prompt disclosure of information.

In approving financial statements and making decisions on dividend payout, we have our shareholders decide at an AGM, instead of delegating the responsibility to the BOD. We also boost our transparency by disclosing all matters related to the BOD meetings and executive compensation in our business reports. Furthermore, shareholder information, such as stock issuance, treasury stock, stock distribution, and dividends paid in the past three years, is available on our website.

 Corporate Governance & Communication Committee Report



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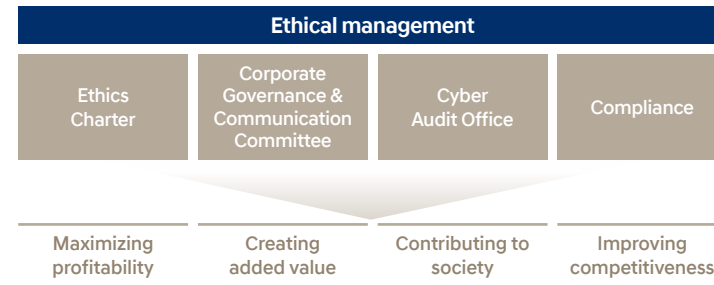
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# Ethical and Compliance Management

## Ethical Management

Hyundai seeks to create an environment where our employees can make ethical decisions in the event of a moral dilemma by implementing an effective corporate ethics policy. To this end, we have set various ethical rules, including the Ethics Charter, and established the Corporate Governance & Communication Committee. We have also established the Cyber Audit Office and implemented the Compliance Program as part of our efforts to build a system needed to implement an ethical code of conduct. In order to keep our ethical management system up to date, we immediately reflect any changes in the regulations and laws that might affect our operations. Based on such ethical management system, we will continue to enhance our transparency and accountability with the goal of becoming a model company in the global market.

### Ethical management system



### Ethics Charter

Hyundai enacted the Ethics Charter, the Employees' Code of Conduct, and the Guidelines for Ethical Business Conduct in 2001, thereby establishing standards for our employees to make ethical decisions in the workplace. The Ethics Charter provides the basic principles of Hyundai's ethical management practices and activities, while the Employees' Code of Conduct is a code of practice enacted to realize the spirit of the Ethics Charter. The Guidelines for Ethical Business Conduct stipulate the specific procedures and contents that apply to all of Hyundai employees to put ethics in practice.

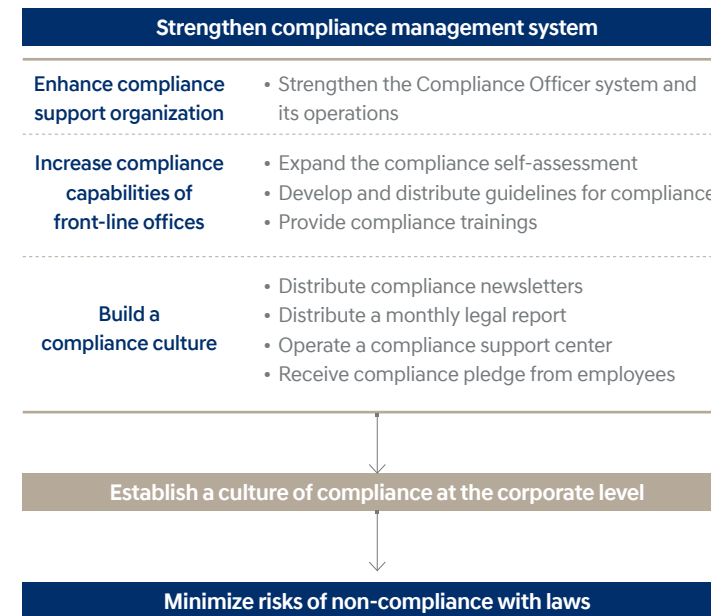
### Cyber Audit Office

Hyundai operates the Cyber Audit Office in order to establish and realize transparent management. The Office receives reports on, and manages, unfair trade, bribery, misfeasance, solicitation, improper practices, and violations of the Employees' Code of Conduct via the online channel.

## Compliance Management

Hyundai adopted a compliance management system in 2012 as a measure to prevent any legal risks that may arise in our business activities. This system aims to improve the efficiency of our compliance support organizations, strengthen the compliance capacity of our business divisions, and minimize the risk of legal violations by spreading a culture of compliance. To this end, we undertake various activities to support compliance.

### Strategic system and plan to support compliance management



### Compliance Officer

Hyundai has established a compliance officer system whereby a compliance officer takes responsibility for controlling compliance at each department with the aim of ensuring companywide compliance with all applicable laws. In 2017, we designated all department heads as compliance officers of their respective departments, and tasked them with ensuring that all their subordinates are aware of any changes in the corporate legal environment so as to perform their duties in compliance with relevant laws.

### Compliance self-assessment

We conduct a compliance self-assessment with individual departmental checklists for all the relevant legal requirements. Following the self-assessment, each department is provided with guidance papers by which they derive and support their own self-improvement activities. In 2018, the focus of the assessment was placed on anti-corruption, ban on improper solicitation and graft, customer data protection and trade secret protection. We prepared a separate self-assessment for our branches, so that all our branches can conduct self-assessment based on the branch-specific checklist. In 2019, we are expanding the scope of assessment and checklist to include intellectual property rights and the EU General Data Protection Regulation (GDPR) among others.

### Result of compliance self-assessment in 2018

	Anti-corruption		Anti-bribery		Customer data protection	Trade secret	Branch
Date	Apr.	Sep.	May	Oct.	Jun.	Aug.	Nov.
Target	647 teams	642 teams	254 teams	237 teams	36 teams	271 teams	470 branches
Rate	90%	86%	86%	84%	86%	93%	93%

### Developing compliance guidelines

We publish and distribute compliance guidelines on relevant laws and regulations, and corresponding measures with the goal of preventing any legal risks from materializing. As of end of 2018, we published and distributed a total of 39 compliance guidelines in nine major areas of legal practice in Korea. We have also published and distributed the Global Compliance Handbook to our overseas manufacturing and sales subsidiaries.

### Providing compliance trainings

Hyundai provides general compliance training, intensive compliance training, and online compliance training programs to its employees to help raise their awareness of compliance. New recruits and newly promoted employees receive general training on the necessity of compliance management and the risks of compliance violations in the automotive industry, while employees at the relevant team receive intensive compliance training in accordance with their job descriptions and the relevant legal issues. As for the online training programs offered in 2018, a training to guard against general copyright infringement and an anti-corruption training was provided to the employees in Korea and overseas, respectively.



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# Risk Management

## Global Risk Management System

Auto industry regulations are rapidly changing, and responding to this trend has become an important priority for Hyundai. Accordingly, since 2014, we instituted an organization managing all business-associated risks under the auspices of the Business Strategy Planning Division and risk management teams at all of our overseas business sites. These risk management units are structured to promptly respond to any risks occurring in the sphere of their respective business operations. In addition, Hyundai monitors all risk factors in all of our business operations and regions on a daily basis; and for each of those that can develop into a clear threat, we set up a contingency plan by evaluating its potential impact on our business using a variety of scenarios. A particular focus was placed on identifying reasons for, and backgrounds of, the major risk factors in question.

### Management of potential risks

Hyundai is aware of potential risks associated with our automobile and related operations and making efforts to proactively respond to such risks.



#### Changes in the international trading environment amid growing protectionism

##### Risk Context

Since the 2008 global financial crisis, unemployment has been soaring and the middle class collapsing in many countries, intensifying social polarization and thereby fueling anti-globalization movements and nationalistic sentiments worldwide. Accordingly, countries now tend to downplay the practicality of multilateral negotiation and instead opt for protectionism.

More notable is the emergence of such tariff barriers as anti-dumping duties and safeguard measures and such non-tariff as reinforcement of rule of origin and allegations of currency manipulation. Furthermore, adoption of an anti-immigration or anti-refugee policy has been on the rise to keep migrants at bay, and implementation of a protectionist policy for the sole benefit of domestic industries has been increasing as well. As the automotive industry has long been dependent on the global value chain strategy that centers on the division of labor by region, it is increasingly difficult for the industry to maintain the strategy in the face of a growing protectionism.

##### HMC's Approach

Hyundai is pursuing a variety of measures to address the changes in the business environment resulting from the spread of protectionism. First, we plan to shift our growth focus from globalization to localization. To respond more quickly to various policy changes, we are strengthening our system of analyzing operation risks vulnerable to changes in the international trading environment and shifting our decision-making base from headquarters to business sites. To this end, we are transferring the decision-making authority to the management of each business site and ensuring they bolster their local workforce. Moreover, we are raising the level of localization at our overseas business sites in the areas of raw material and parts procurement by further localizing their R&D, production and procurement. Furthermore, for areas hit by a higher tariff, we are considering adopting the complete knockdown (CKD) method in the short term, and secure the capacity to operate a string of small-scale plants and thus improve efficiencies in the operation of production bases in the medium to long term.



#### Stricter regulation on emissions and fuel efficiency

##### Risk Context

The EU is to raise its CO<sub>2</sub> emission target to 95g/km starting in 2020. Meeting the new emissions standard will be critical to sustainable growth of the automotive industry. In particular, sales of diesel-powered cars have plummeted due to the adoption of more stringent regulations regarding the production of diesel engines and the use of diesel automobiles in the city, as part of the global effort to reduce CO<sub>2</sub> emissions. Emissions standards has been strengthened to such an extent that even hybrid vehicles, generally known as transitional eco-cars, find them hard to meet. This has further pressured global auto makers to come up with better ways to cut CO<sub>2</sub> emissions.

Meanwhile, measurable CO<sub>2</sub> emissions will increase by 20% to 30% as the New European Driving Cycle (NEDC) is replaced by the Worldwide Harmonized Light Vehicle Test Procedure (WLTP), the existing standard for determining the levels of pollutants and CO<sub>2</sub> emissions.

##### HMC's Approach

Hyundai intends to focus on the mass-production and sales of eco-friendly vehicles as a way to respond to the tightening of emissions and fuel efficiency standards. This requires us to devise new strategies for models, mass-production, branding and business development. For product strategy, we are expanding our lineup of eco-friendly cars and further accelerate our drive to develop electric models. For more efficient mass-production, we are accelerating the process of innovating production lines. For branding, we are elevating the position of our brand in line with our increasing share of the environmentally-friendly vehicle market. For viable business models, we are generating practical plans to expand our use of renewable energy and participation in a consortium of companies building charging stations. We will spare no effort to successfully launch eco-friendly vehicles in the global market while sharpening our competitive edge in the SUV to environmentally-friendly vehicle markets in Europe.

## Tax Strategy

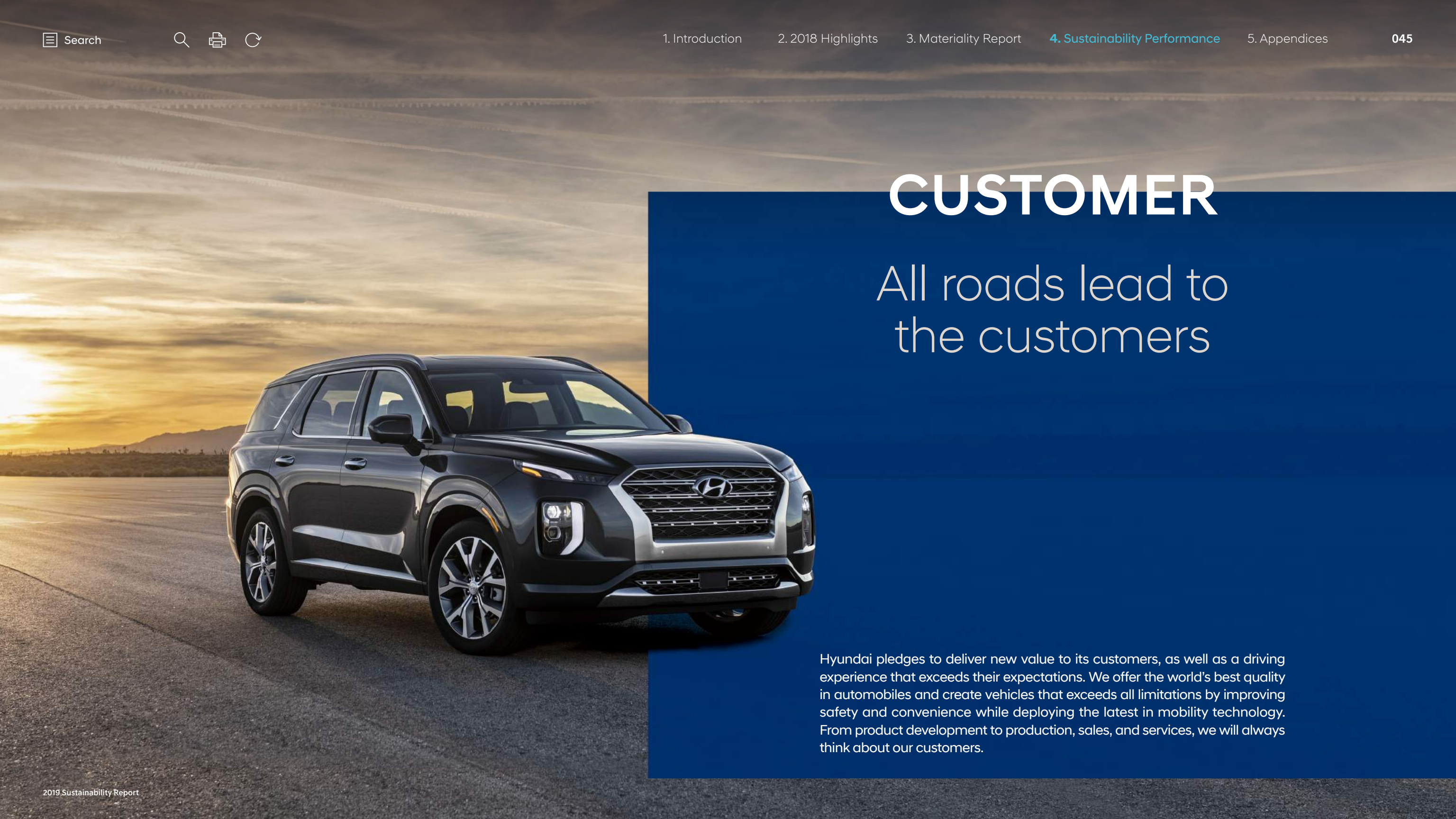
Hyundai is fully aware of that tax compliance and tax risk management are crucial to serving our customer's interests, maximizing shareholder return, and contributing to government finances, and that it is also a prerequisite for sustainable management. We are therefore striving to comply with our duties as a faithful taxpayer in response to the fair taxation principles of tax authorities, while establishing a cooperative relationship with the office based on mutual trust.

### Tax risk management

The core of our tax risk management is 'strict compliance with the law'. We maintain transparent relationship with the tax authorities, and provide them with all the evidence for verification they request. As a global company, we recognize the differences between the tax laws of each country and strive to prevent tax risks in advance. We do not own any subsidiary specifically established for the purpose of tax avoidance, nor do we transfer our revenues to any of our overseas subsidiaries located in tax haven countries. We also recognize the double-taxation risks arising from competition between tax authorities in our transfer pricing, and consequently conduct transactions within 'the normal price range' as a rule in order to address this issue.

### Contributing to local community with taxes

We make significant contributions to the economic development of local communities as a major taxpayer, investor and job creator in many parts of the world. We make sure that all our subsidiaries around the globe pay corporation tax on their revenues as well as any other taxes designed to increase the revenues of the tax authorities, such as value-added tax VAT and withholding tax.



# CUSTOMER

All roads lead to  
the customers

Hyundai pledges to deliver new value to its customers, as well as a driving experience that exceeds their expectations. We offer the world's best quality in automobiles and create vehicles that exceeds all limitations by improving safety and convenience while deploying the latest in mobility technology. From product development to production, sales, and services, we will always think about our customers.



# Our ways of satisfying customers

## We offer distinctive value to our customers.

Hyundai delivers unique value to its customers by responding effectively to rapid changes in the automobile market. Our customer-centered business strategy focuses on five key areas – Mobility as a Service (MaaS), smart city, energy, robot, and artificial intelligence (AI). In particular, we are expanding our business and strengthening foundations in related areas, including mobility, AI-based autonomous driving, and connected cars. We are also working on providing customers with a unique and distinctive brand experience. These efforts have led to us receiving multiple awards in Korea and overseas for brand communications.

In addition, Hyundai is enhancing customer value and building better customer relations through improved services based on communications. We have established the voice of customer (VOC) and H-Ombudsman channels to listen to customer opinions more effectively. We also conduct customer satisfaction surveys every year so that we can assess and improve our customer management. Moreover, we offer a service system that enables customers, who have purchased our cars, to receive the best post-sales service, with new services being continuously added. We have also implemented strict standards for the protection of customer rights, including the protection of personal information and provision of comprehensive and accurate product information.



### Stakeholder Interview

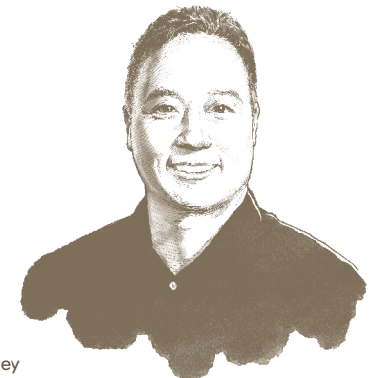


The question “What if a car had legs and could walk?” started us on a path that led to the Elevate concept vehicle. There are many examples of legged robots – two, four, six, and eight legs – which have been developed by robotics engineers. Knowing that there are limitations of wheels-only vehicles and recognizing that legged motion enables a car to break free from those limitations, we were motivated to explore the combination of wheels and robotics legs.

During the development process, we looked for inspiration by looking back in history and science fictions and for startups to collaborate with. We found many robotics startups that are advancing the capabilities to make robots more functional and intelligent. We were able to experience the development of technologies such as sensors, actuators, batteries, and other needed to make a robot.

There are technical challenges yet to overcome for Elevate to be commercialized. One is actuators for the robotic legs so that they are strong enough to lift not only the vehicle’s weight but also passengers and cargo while handling off-road travel. Another challenge is designing a control system for the walking motions in different type of terrain and situations. And the last but maybe the most important factor is providing a great user experience for the passengers such as comfortable ride and user-friendly operations.

I expect to learn a lot about what it takes to build a vehicle that is both robot and car and the actual requirements from potential customers. I hope this project can demonstrate that curiosity combined with determination and creativity can lead to totally new mobility products that are useful and valuable.



**John Suh**  
Hyundai CRADLE – Silicon Valley

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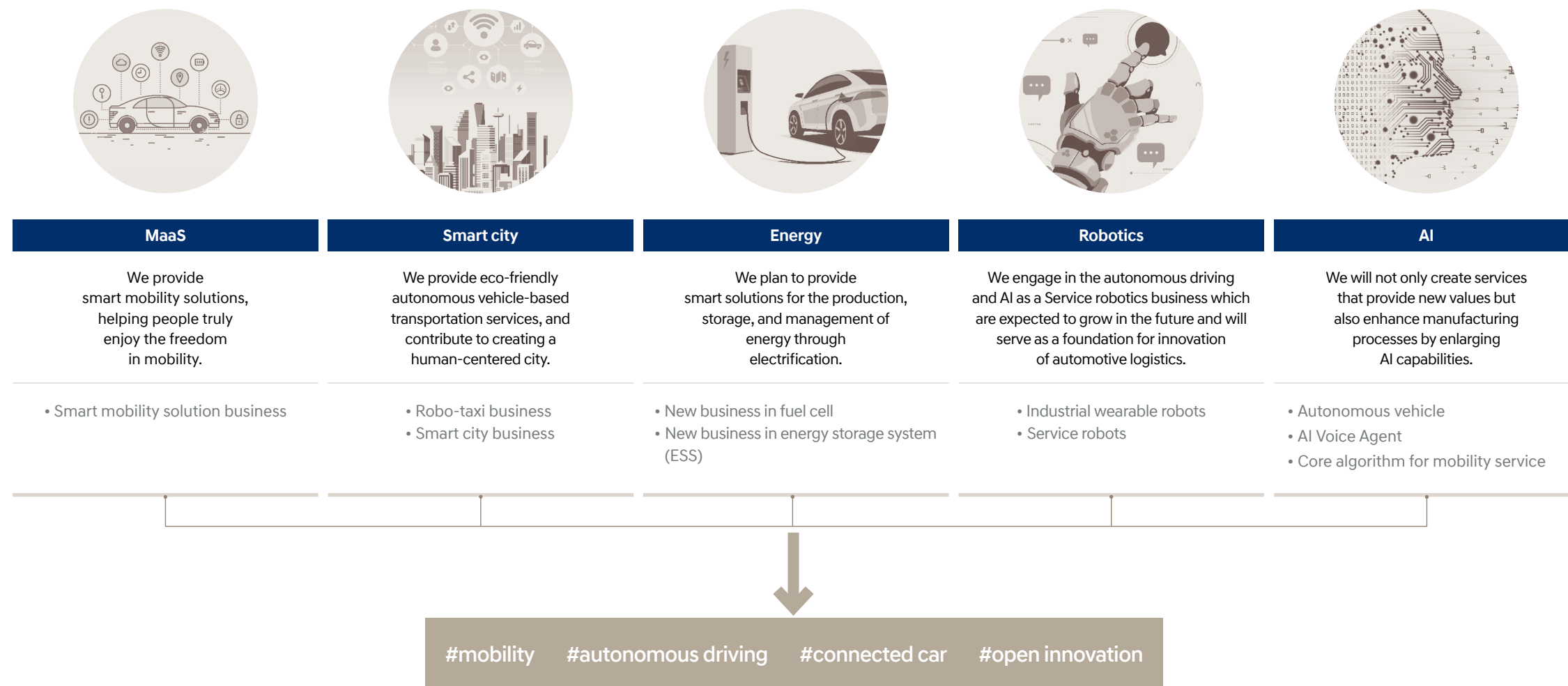
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# Driving Future Value

## Deploying Technologies of the Future

Hyundai responds to the rapidly-changing environment and strives to develop new growth drivers by identifying future sources of revenue through an internal organization dedicated to this task. The value chain in the automotive industry is expanding from development, production, and sales to include such areas as financial leases and vehicle rentals. We are strengthening our ability to respond to such changes in the industry and formulating strategies to expand new businesses. We are also continuing to develop and invest in future technologies, including mobility services, autonomous driving, connected cars and open innovation. These investments are centered on the five core areas of our business – MaaS, smart city, energy, robotics, and AI – and are focused on the goal of delivering new value to our customers.

### 5 core areas to better respond to the future





# #mobility

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**Collaboration with Ola, the largest car hailing company in India**



In March 2019, Hyundai invested in Ola, the largest car hailing company in India, as part of our plans to strengthen our position in the mobility market in India. Ola provides services in 125 cities around the world and has more than 1.3 million registered vehicles. Ola will cooperate with Hyundai in three major areas of mobility to strengthen its leadership in India's sharing economy.

Through this cooperation, Hyundai will optimize its car hailing vehicles and customize them according to specific customer requirements. We will also develop an integrated vehicle management system in order to respond to the fast-growing mobility market. In addition, the Indian government is strongly promoting eco-friendly cars. We will therefore implement a car hailing project based on EVs by creating an EV ecosystem specially designed for India, including building an EV charging infrastructure and developing related customer services. We will also collaborate with Ola in the development of a wide range of forward-looking new mobility services in India.

**Investment in Revv, a car sharing company in India**

Hyundai is making global investments to build a foundation for the smart mobility business. In 2018, we made a strategic investment in Revv, a car sharing company offering services in 11 major cities in India. The investment enables Hyundai to create new mobility businesses that are connected with Revv's car sharing services and to develop the skills and technologies needed to lead the mobility market of the future. It is also allowing more Indian consumers to experience the Hyundai brand, which in turn is expected to have a positive effect on future sales and enhancing our brand image in India. Hyundai will continue to respond preemptively to changes in its business environment by making significant strategic investments into global mobility companies.



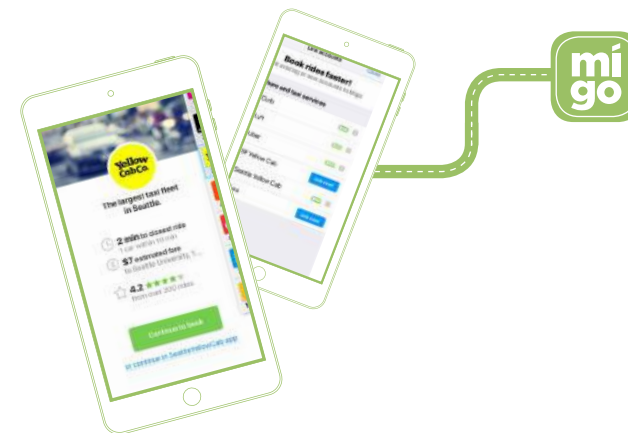
(From left to right) Young Key Koo, Managing Director and CEO of Hyundai Motor India; and Anupam Agarwal and Karan Jain, Co-Founders of Revv



**Collaboration with 'last mile' delivery companies**



Hyundai is investing in Korean and overseas 'last mile' specialist delivery companies, recognizing of the growth potential in the last mile delivery service sector. We have invested KRW 22.5 billion in Mesh Korea, a start-up that provides both a logistics platform for deliveries by two-wheeled vehicles and a long-distance shipping technology solution. We are now integrating our autonomous driving and connected car technologies with Mesh Korea's logistics network. We are also planning to provide innovative services that incorporate smart car technology. Overseas, Hyundai has invested in Immotor, a Chinese start-up offering battery sharing for last mile mobility, particularly electric two-wheeled vehicles. Immotor connects the delivery driver's movements, battery levels, and proximity to charging stations with IoT and smart battery technology to provide the most effective charging services. Hyundai will use Immotor's technologies to develop a new business curated for China. With last mile delivery integrating with the IoT, autonomous driving, and cutting-edge robotics technology, Hyundai plans to explore this sector as a new engine for growth.



**Innovative EV car hailing project**



Hyundai has made a strategic investment in Grab, the largest car hailing company in Southeast Asia, and plans to launch an innovative mobility service based solely on EVs in 2019. We plan to begin with a pilot project in Singapore and anticipate high levels of satisfaction from both drivers and passengers due the fact that Grab drivers can use Hyundai EVs to offer their car hailing services for financial gain. Also, there are no exhaust gases as well as much lower fuel costs compared to internal combustion engine vehicles. During the pilot project period, we will analyze the charging infrastructure, mileage, and driver and passenger satisfaction levels in order to confirm the potential of the EV car hailing service. Subsequent to our evaluation, we will expand our services in Southeast Asia including Indonesia, Vietnam and Malaysia. Grab has also established a partnership with Singapore Power, an electricity provider in Singapore, to build 1,000 chargers by 2020. Accordingly, it built 30 quick chargers in 2018, and Hyundai will also work on building up partnerships and extensive ecosystem with related stakeholders like EV charging infrastructure providers to accelerate the commercialization of EVs in Southeast Asia.

**Investment in a US-based multi-aggregation mobility service company**

Hyundai has invested in Migo, a mobility service specialist in the U.S., as part of our plan to make inroads into the US sharing economy. In 2017, Migo became the first company in the U.S. to unveil a new concept called mobility multi-aggregation. This uses a smartphone application to connect customers with the optimal car sharing service for their requirements. Migo now provides information on taxi and car sharing companies in 75 major cities in the U.S. Companies covered include Yellow Cab Co., Curb, and Car2Go. Migo also offers information on bike sharing services such as Lime and Spin, and public transportation.

This strategic investment in Migo will give Hyundai vital know-how concerning the mobility business in the U.S. Migo's platform will also give us information about customer preferences regarding car sharing services, and we can then use this information to develop our competitive position in the mobility markets of the future.

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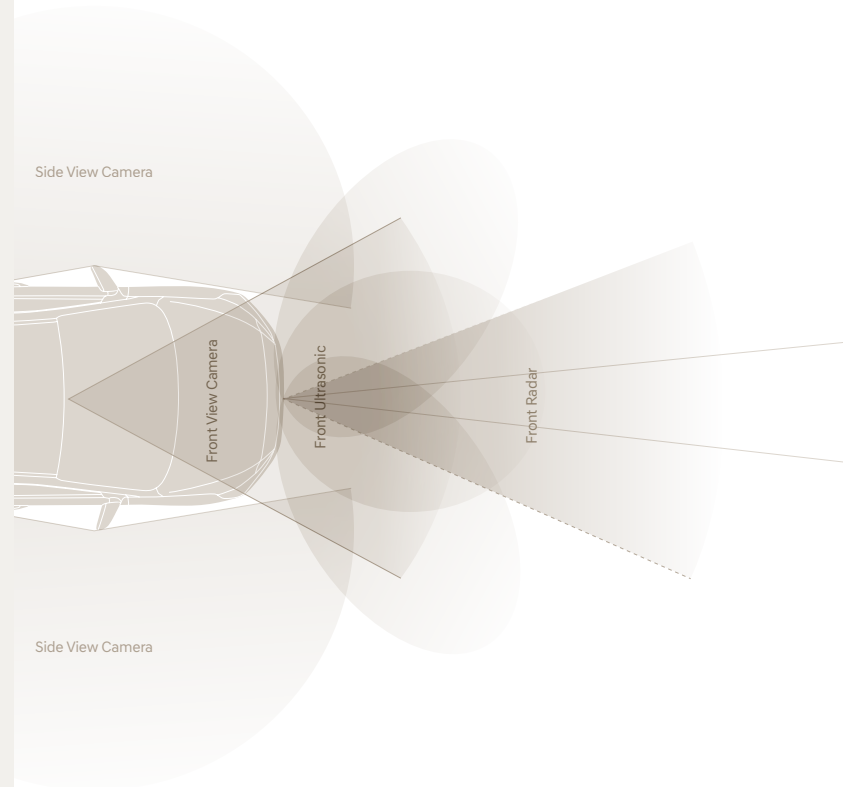
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# #mobility+connected car

## Development of a connectivity service in partnership with an Australian car sharing company

In March 2018, Hyundai invested in Car Next Door, a leading car sharing company based in Australia, that is operating in five major cities including Sydney, Melbourne, Brisbane, and Newcastle. Car Next Door uses a P2P business model, with individual car owners renting their vehicles to other individuals on an hourly basis.

Hyundai has developed the Hyundai Auto Link application that connects a customer's vehicle to a smartphone, allowing doors to be opened and closed, and the engine to be started. This phone connectivity makes P2P vehicle sharing more convenient by removing the need for the physical delivery of the car key from the owner to the renter. We launched this service in 2019 through our collaboration with Car Next Door, and plan to expand the service to all Hyundai models, starting with the i30 and Kona, which are particularly popular in Australia, thereby accelerating mobility innovation.



# #autonomous driving

## Collaboration with Aurora Innovation, a leader in autonomous vehicle technology in the U.S.

In January 2018, Hyundai forged a strategic partnership with Aurora Innovation, a start-up specializing in autonomous driving. Aurora was established in 2016 by experts in autonomous driving vehicles and mainly focuses on the development of autonomous driving software solutions. Through this partnership, Hyundai is aiming to run pilot operations for autonomous driving in smart cities by 2021, and achieve the full commercialization of autonomous driving vehicles by 2030. The target for 2021 is an autonomous driving vehicle with level 4 capabilities, including autonomous driving in urban environments – high automation.

In order to realize this plan and ensure the complete safety of autonomous driving, we are conducting test driving on actual roads in smart cities in Korea and abroad, using our next-generation Nexo FCEV to make autonomous driving more eco-friendly. We seek to create the optimal system for completely autonomous driving through cooperation across all areas of technology, including hardware and software.

### AURORA

## Participation in the Apollo project with Baidu in China

Hyundai is expanding its role as a leader in automotive technology in China, which is rapidly becoming the world's largest automobile market. We have been collaborating with Baidu, a specialist in AI, since 2015 as part of our efforts to set up a wider ecosystem of global alliances and develop a competitive edge in the fast-changing automotive technology sector. Our collaboration with Baidu covers a wide range of mobility services including navigation system, voice recognition, and AI. In 2018, we participated in the Apollo project relating to Baidu's autonomous driving cooperation system and we plan to further expand our collaboration with Baidu including autonomous driving technology.





# #connected car

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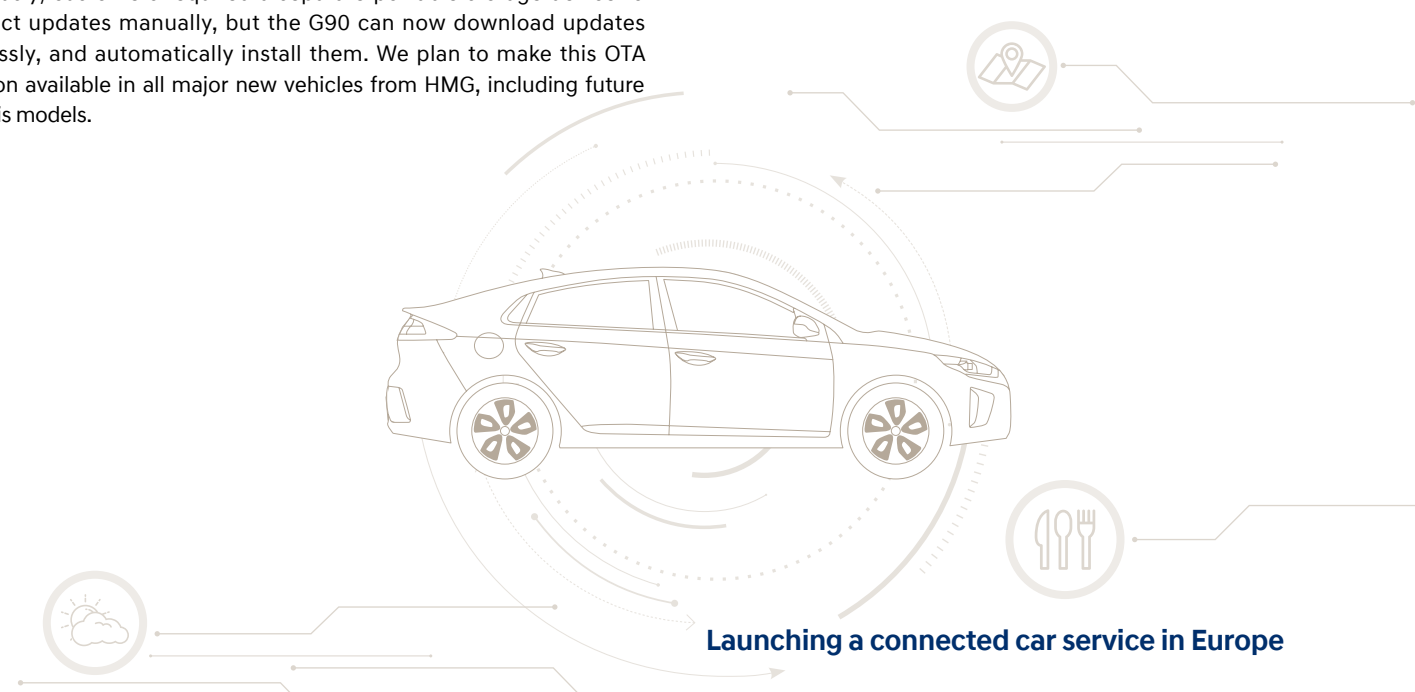
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**Automatic wireless navigation system updates for the Genesis G90**

Hyundai Motor Group (HMG) launched an over-the-air (OTA) software updates service for the navigation system installed in the Genesis G90. Previously, customers required a separate portable storage device to conduct updates manually, but the G90 can now download updates wirelessly, and automatically install them. We plan to make this OTA function available in all major new vehicles from HMG, including future Genesis models.



**Project to equip cars with the Kakao I voice recognition service**

Hyundai began cooperating with Kakao, a specialist in IT services in 2017, to develop a connectivity system using voice recognition technology. The new Sonata, released in March 2019, is equipped with 'Kakao I,' an AI platform that offers a range of vehicle and voice control functions. Kakao I makes the driving environment safer and more convenient, enabling customers to control the air conditioning and other systems through voice commands. Customers can also receive information relating to their daily lives, including weather, news and exchange rates, using AI-based voice recognition. Hyundai plans to substantially widen the scope of its connected car services through continued cooperation with Kakao and also to increase the number of vehicles that offer these technologies. By innovating technologies of connected cars, we are providing customers with a new experience of freedom, even inside their vehicles.



**Launching a connected car service in Europe**

In 2018, Hyundai signed a memorandum of understanding (MOU) with Kia Motors and Vodafone to provide connected car services in the European market. Vodafone is a major global telecommunications company, with over 120 million customers and mobile communications networks in 51 countries around the world, mainly in Europe, and is thus a valuable partner for cooperation in connected cars. We plan to apply our BlueLink connected car service to the Venue, a new compact SUV that will be launched in second half of 2019. Service will begin in eight major European countries, including the UK, Germany, France, and Spain, and then expand to cover 32 countries across Europe. BlueLink provides regional information services, including the location of parking lots, theft alerts, voice recognition, vehicle location and status checks. By establishing an alliance with Nuance, the US-based technological leader in voice recognition, we plan to offer services in as many European languages as possible, including English, French, and German.



(Left) Ji-yoon Kim, Managing Director of ICT Division at Hyundai Motor Group; and (Right) Yen Yen Tan, President of Asia Pacific at Vodafone

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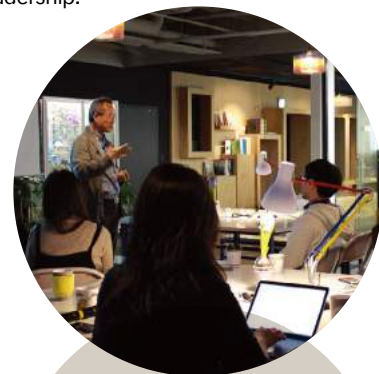
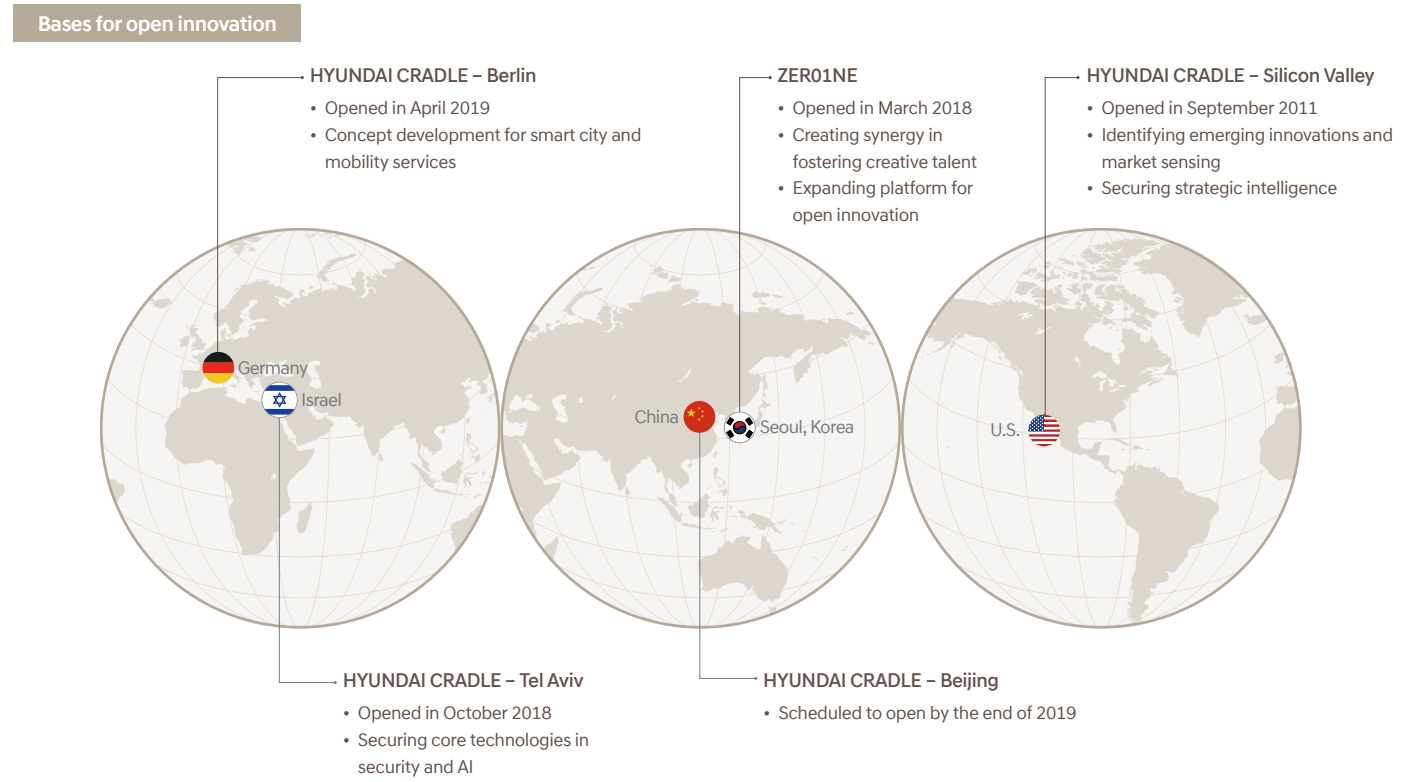
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# #open innovation

## Hyundai CRADLE & ZER01NE – global innovation bases

Hyundai has been committed to the discovery, investment in and promotion of start-ups since 2000, when we established 'Venture Plaza', an organization dedicated to venture investment and new business development. We then expanded our venture business by establishing an innovation base in Silicon Valley in 2011 in order to be an early mover in innovative technology and overseas start-up investments. In 2015, we were selected by the Korean Ministry of SMEs and Startups to be an operator of the Tech Incubator Program for Startups, a government program to promote start-ups. We launched the Strategic Technology Headquarters in 2017, to look for new growth engines for Hyundai Motor Group, run our new businesses, and promote open innovation by making active use of ideas from outside of the company. Furthermore, following the opening of HYUNDAI CRADLE – Silicon Valley and the ZER01NE in Korea, we opened HYUNDAI CRADLE – Tel Aviv in October 2018 and HYUNDAI CRADLE – Berlin in April 2019. We plan to establish an open innovation center in Beijing by the end of 2019, which will bring our major innovation bases in five global markets. These five major global innovation bases will discover, invest in, and promote promising start-ups, and collaborate with them to ensure our future technological leadership.



'ZER01NE', an open innovation center



Hyundai Elevate Concept

## Unveiling the Elevate concept car

At the international Consumer Electronics Show (CES) held in January 2019, Hyundai presented a new possibility for the future of mobility by unveiling the 'Elevate' walking concept car. The Elevate is the result of a collaboration between HYUNDAI CRADLE and Sundberg-Ferar, a US-based design consulting company. It is a new concept in mobility, able to travel both on general roads and, by moving the four robot legs attached to its wheels, in regions and in situations that would be impossible to access using existing means of transportation. If commercialized, it could contribute substantially to search & rescue and to mobility for the disabled. We continue to seek creative technologies through our open innovation centers, redefining concepts of mobility and discovering new possibilities for the mobility of the future.

## Hyundai In-house Startup Program (H-Startup)

Hyundai has been nurturing in-house startups since 2000 to generate new ideas about innovative products and services. The program has produced 53 in-house startups by May 2019, and 12 of them have successfully spun-off from Hyundai. (six new in-house startups and three spin-off companies in May 2019)

While in the early stage of H-Startup (2000-2010) in-house startups have mainly focused on auto part-related business, recently in-house startups are targeting a wide range of future oriented business fields including mobility, blockchain, IoT, and eco-friendly materials. Since 2018, we expanded the scope and scale of program by including employees of Hyundai Motor Group affiliates as target participants. The program renewal will foster development of innovative technologies and entrepreneurship of HMG employees.



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**Brand Communications**

Hyundai has set its brand direction as 'Connecting People with Quality Time.' In order to deliver the accurate meaning of our brand direction to our customers, we will go beyond excellence of our products and services, such as quality, driving performance, durability, perceived value, and fuel efficiency. We aim for higher level of customer satisfaction by appealing to consumer's emotions.

Our topics now include clean mobility, connected mobility, freedom in mobility, and other high level of themes related to future mobility. Going forward, we will engage in brand communication activities with a particular focus on delivering emotional and real value of Hyundai to our customers.

Brand Campaign

Hyundai plans to conduct two brand campaigns – 'Culture Station' and 'Reinventing your every time' – to effectively communicate 'Quality Time', which is our new brand purpose. 'Culture Station' is a project that transforms shut-down gas stations into a place where people can have quality time to announce changes from old energy to new energy.

The second brand campaign, 'Reinventing your every time', is a project that deals with issues that the millennial generations are facing. Through a total 24 videos in different time slots, we show that the daily lives of the millennials can change into 'quality time' through our future mobility technology. We plan to break away from the previous advertisement production method, and instead adopt a method film academy students and consumers use their smartphones to film their natural, daily quality time experiences and engage in a two-way, interactive communication with our customers.

Hyundai Motorstudio

Since the opening of Hyundai Motorstudio Seoul in 2014, Hyundai Motor Company has added Hyundai Motorstudio Hanam, Digital and Goyang in Korea, and Hyundai Motorstudio Moscow and Beijing in Russia and China, respectively. Guru, our vehicle experts, answer visitors' questions and offer a broad range of automotive experiences and communications at every Hyundai Motorstudio serving as an intermediary.



 Hyundai Motorstudio



Hyundai Motorsport takes victory in the WRC in Argentina 2019



Hydrogen Electric House Season 2

Genesis Gangnam

Hyundai opened the Genesis Gangnam showroom to be a space in which customers can get as close as possible to the Genesis brand. It enables customers to look at all the Genesis models, and experience every aspect of the Genesis, ranging from customized test drives to professional advice on purchasing. The dedicated experts at Genesis Gangnam provide one-on-one product information services to customers, who can enjoy the brand experience without feeling pressured to make a purchase.

High-performance N brand

Hyundai created the high-performance N brand based on the experience and expertise in motor sports accumulated over many years of participation in the World Rally Championship (WRC). The N brand goes beyond performance measured in numbers to pursue the kind of deep emotional enjoyment that makes a driver's heart flutter. Embedded in the DNA of our N brand are corner rascal, everyday sports car, and race track capability. The i30 N was launched in 2017, and this was followed by the unveiling of the Veloster N in 2018, which has been well received by customers in Europe and Korea. In addition to launching more N brand vehicles, we will expand the N line into general vehicles, including through the use of N performance parts that will allow customers to personalize their vehicles.

Hydrogen Electric House Season 2

Hyundai opened the Hydrogen Electric House Season 2 to encourage an eco-friendly society in which hydrogen is used to move cars, and these cars drive the world onwards. Season 2 enables visitors to experience a future created by FCEV technologies and eco-friendly hydrogen energy. It also enables them to see how close we are to a hydrogen society by showcasing how FCEVs can be more than just a means of transportation, and can actually be used as an energy source. In particular, Season 2 demonstrates the Nexo's air purification function, showing how FCEVs produce only clean water and electricity without discharging harmful exhaust gases, and how the Nexo actually draws in and filters fine dust. In addition, we are working with local governments to expand the infrastructure for FCEVs and hydrogen charging.

Official sponsorship of FIFA

Hyundai became an official sponsor of the International Federation of Association Football (FIFA) in 1999, and, since then, we have been an active sponsor and supporter of many major football tournaments, including the World Cup. As an official sponsor, we have been able to raise Hyundai brand awareness at many tournaments organized by FIFA, including every World Cup from 2002, the FIFA Women's World Cup, the FIFA Confederations Cup, and the FIFA U-20 World Cup. In 2019, we will be at four tournaments, including the 2019 FIFA Women's World Cup in France. Hyundai will run a wide range of marketing programs to enhance its brand at these events, including providing official vehicles, setting up prominent stadium advertising boards, offering test drives, and undertaking joint digital marketing programs in partnership with FIFA.

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# Enhancing Customer Satisfaction

## Customer Communications

Everything we do at Hyundai is connected to our customers. We pay close attention to the opinions of both existing and potential customers, and every department within the company cooperates seamlessly to resolve any issues that may arise. We communicate with our customers through a wide range of channels, including the 'H-Ombudsman', which goes beyond just listening to voice of customers and enables the direct application of customer opinions to our business, thereby enhancing customer value.




### Promoting VOC-based customer communications

Hyundai has created a department dedicated to customer communications. The department is tasked with identifying complaints and inconveniences, and collecting as many customer opinions as possible. This department quickly delivers customer communications to the relevant departments, which any necessary measures for improvement are put into place. We then check that those measures are immediately reflected in product quality and customer service.

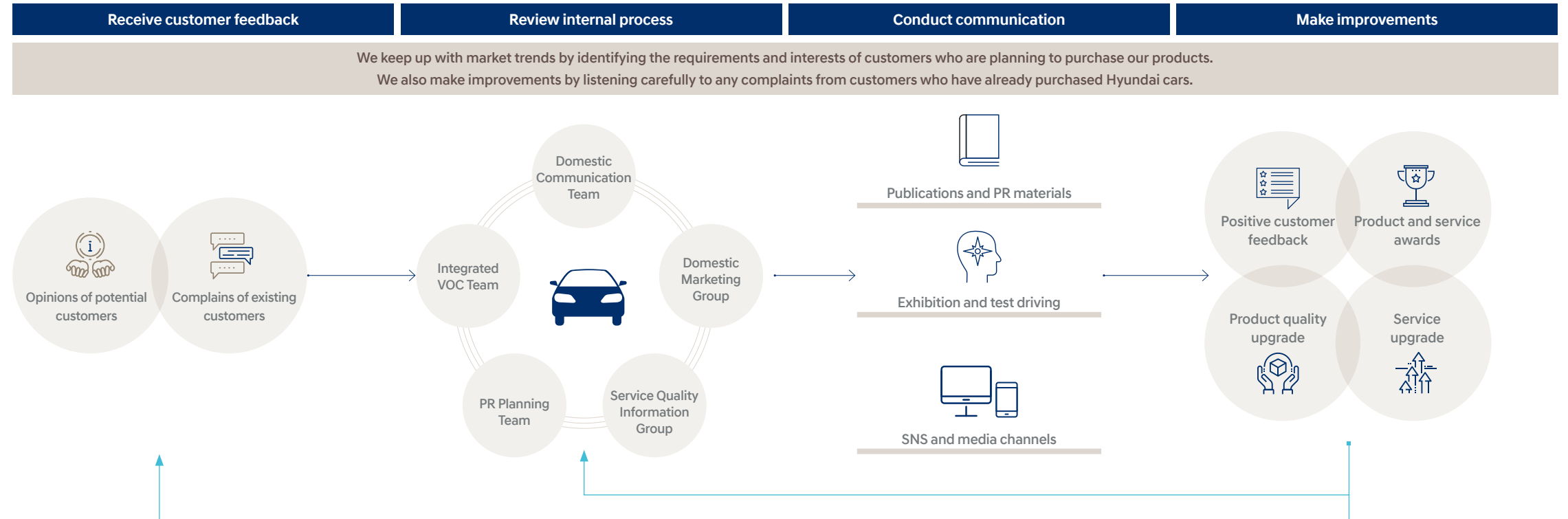
### Customer satisfaction survey

Hyundai conducts the Hyundai Customer Satisfaction Index (HCSI) every year in order to identify customer requirements and to assess their levels of satisfaction, both in absolute terms and relative to our competitors. We measure the quality of the customer experience, and identify where we can make improvements. In 2018, there was a total 4,500 surveys that were allocated proportionally to sales, with 3,900 surveys relating to cars in Korea, and 600 to cars produced overseas. In parallel, we also held a focus group interview, so that we could identify specific areas for improvement. The major areas covered in the survey were the specific model owned by the customer and questions regarding price, sales service, maintenance, overall corporate image, and the level of customer loyalty.

### External evaluation regarding customer satisfaction

-  **National Customer Satisfaction Index (NCSI)**  
1st place at six segments<sup>1)</sup>
-  **Korean Standard-Quality Excellence Index (KS-QEI)**  
1st place at all segments
-  **Korean Customer Satisfaction Index (KCSI)**  
1st place at all segments

<sup>1)</sup> Compact, semi-medium, medium, semi-large, large, RV





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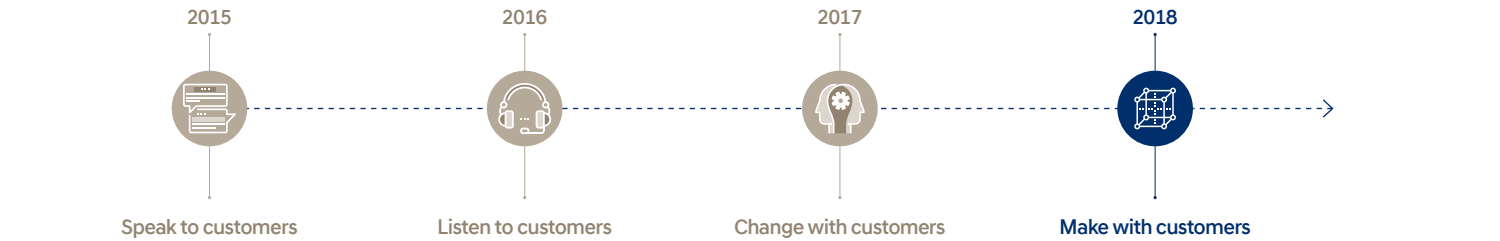
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**H-Ombudsman**

H-Ombudsman is Hyundai's customer communications program launched in 2016. The program is designed with the aim to listen intently to our customers and reflect their opinions in how we operate. Through H-Ombudsman, Hyundai is able to listen carefully to customer opinions on a range of topics, including products, marketing, and creating shared value (CSV). We are then able to reflect those opinions in our corporate and product development, meaning that customer opinions have a direct and immediate impact on actual products. We look for outstanding ideas in three specific areas – product innovation, customer value, and social benefits – and then reflect these ideas in actual product development, customer service and marketing, and corporate social responsibility. There were a number of new H-Ombudsman activities in 2018, which included the 'H-Ombudsman Talk', through which Ombudsmen, mentors, and Hyundai can make unfiltered comments about relevant issues; the 'H-Ombudsman Heritage', a program for strengthening loyalty of the previous H-Ombudsmen participants; an online sketch created by social media influencers; and online viral marketing. In May 2019, H-Ombudsman will evolve into an open communications platform for customers, called 'H-ear', which will become the ear of Hyundai, listening to our customers. It also encourages anyone to participate in the H-ear lab to share their thoughts and ideas on automobile and related services.



\* Previously called as 'Maeum Dream' in 2015; and change the program name to 'H-Ombudsman' in 2016

Areas of suggestion	Product innovation	Customer value innovation	Social innovation
<b>Mentors</b>	Dong-sun Chang, Senior Researcher of Future Mobility Development Team at Hyundai Motor Company	Gilyoung Song, Senior Executive Vice President of Daumsoft	Jeong Tae Kim, CEO of Merry Year Social Company (MYSC)
<b>Participants</b>	30 persons (5 persons x 6 teams)	40 persons (5 persons x 8 teams)	30 persons (5 persons x 6 teams)
<b>Ways of being accepted</b>	Product development	Services, marketing, and promotions for customers	Discovery of outstanding ideas related to Hyundai's CSR/CSV activities to resolve social issues
<b>Ideas accepted in 2018</b>	<ul style="list-style-type: none"> <li>• Truck sharing service in farming areas</li> <li>• Customized and personalized convenience functions</li> </ul> 	<ul style="list-style-type: none"> <li>• Program of using the Hyundai's base with a specific theme</li> <li>• Untact marketing to minimize stress at customer contact points</li> </ul> 	<ul style="list-style-type: none"> <li>• Rest area for the elderly living in shanty towns in Summer by using the Hydrogen House and the Nexo</li> <li>• Blind exhibition through collaboration between the disabled and non-disabled artists</li> </ul> 



H-Ombudsman Year 3 – Presentation on improvements and proposals

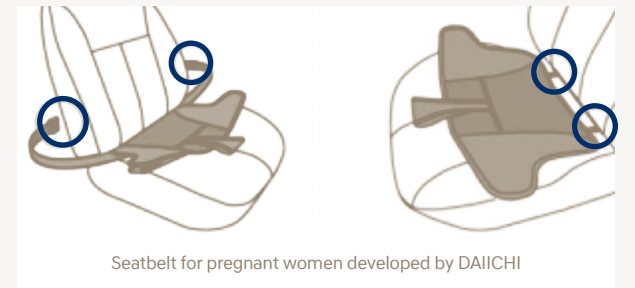
**Results of adopting ideas presented by the 2018 H-Ombudsman**

**1. Enhance Hyundai's brand image by rearranging contact and untact services**

- Mix the manned and unmanned response methods (Customer Value Innovation Part. Team 6)
- **Relevant team:** Space Marketing Team
- **Result of evaluation:** Established a plan to operate a customer service robot at the Hyundai Motorstudio Goyang as a part of untact services, and outsourced the development project (scheduled to be launched in 2019)

**2. Customized safety and convenience services for pregnant women and the mobility impaired**

- A seatbelt for pregnant women ([Outside the Closet] Team of Social Innovation Part)
- **Relevant team:** Passenger Safety System Design Team
- **Result of evaluation:** Reviewed the possibility to apply a seatbelt for pregnant women to the pre-mom package (DAIICHI Belt)



Seatbelt for pregnant women developed by DAIICHI

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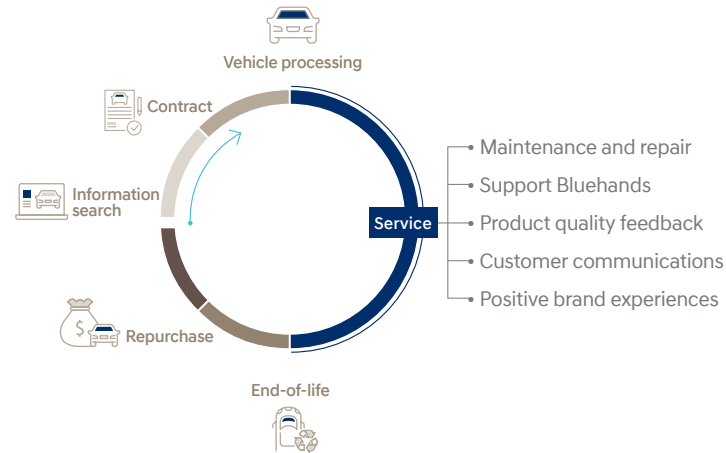
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**Improving Customer Services**

Hyundai always strives to provide customers with the very best in services. We use our nationwide service infrastructure to ensure that customers can use their vehicles safely, and we are continuing to improve convenience and efficiency for our customers.

**Roles of Hyundai services**



**Service bases**

Our service bases provide maintenance and other services, and also serve as a window for communications with our customers. Our nationwide network of 1,400 bases consists of directly-operated service centers and Bluehands, the official auto repair & service franchise of Hyundai.

**Training in service**

Training at Hyundai is aimed at improving the service skills of staff at service centers in Korea, Bluehands employees, and our overseas subsidiaries and agents. Specific training is provided on new cars, eco-friendly cars, and the Genesis. There is also targeted training on all aspects of manufacturing and service, including ADAS, networks, safety, NVH, engine diagnosis, car body, and painting, as a way to foster service experts who preemptively take measures for new future technologies.

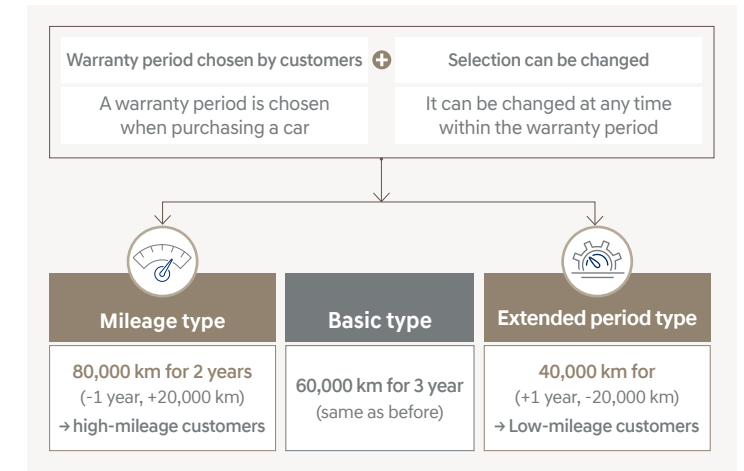
**Service system**

Thanks to our extensive network of service bases, Hyundai provides its customers with a wide range of services. In 2018, we introduced our new 'flexible warranty service', and the 'Genesis Butler Service', a one-on-one service manager program for Genesis customers, thereby strengthening our unique customer service value.

Service system	Details
Before Service	• Make a visit to a location designated by customers and provide vehicle maintenance and counseling services for safe driving
Blue Basic Inspection	• Provide free inspections eight times in eight years for members of Bluemembers
Emergency Dispatch Service	• Provide emergency dispatch service when vehicles or engines sold by Hyundai do not either start or operate properly
One-Stop Service	• Provide exclusive services by an expert, ranging from customer response, consultation, vehicle repair and process management as well as explanations to customers after-sales service
Home-to-Home Service	• Pick up vehicles at a time and location designated by customers and deliver the vehicles to desired locations after repair for customers who find it difficult to visit a repair center
Excessive Maintenance Prevention Program	• Offer a maximum 300% compensation for excessive repair cost bills and provide detailed information on repairs beforehand to increase customer trust
My Car Story	• The beginning of smart management of my car, a customized vehicle management smartphone application
G90 Customer Satisfaction Inspection	• The Genesis G90's unique and distinctive service where a visit is made at a time and location designated by customers, two weeks after vehicle processing
Visiting Charging Service	• Make a visit to a location that customers desire and provide free EV charging for 7 kWh that allows a driving distance of 44 km
Rental Car Service	• Provide a rental car service when a defect arises during the warranty period for the duration in which the vehicle cannot be run so as to reduce customer grievance and improve convenience
Flexible Warranty Service	• Enable customers to choose a warranty period to suit their particular lifestyle
Genesis Butler Service	• Exclusive Genesis Butler service, both for new and existing Genesis customers

**Flexible Warranty Service**

Launched in 2018, the flexible warranty service enables customers to choose a warranty period to suit their particular lifestyle. The three types currently available are mileage, basic, and extended mileage. This program is offered to all customers purchasing any Hyundai passenger car model launched after January 1, 2018, and the type of program selected can be changed at any time within the warranty period.



**Genesis Butler Service**

We launched the exclusive Genesis Butler service in 2018, both for new and existing Genesis customers. Customers receive information on vehicle management and maintenance, and they also receive a range of other unique, high-level services. These include advisory services for all car-related questions, exclusive support when a car is brought in for repair, booking services for customers in the event of a trouble code, as well as detailed information on the arrival of any consumables required within the warranty period.



Genesis Butler Service



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**Bluehands**



Bluehands is Hyundai's official service supplier, and our extensive network enables us to provide efficient services at locations close to our customers. Bluehands makes improvements to enhance customer safety and convenience, and strives to reduce repair time.

**Bluemembers**



The Bluemembers membership service is open to all Hyundai vehicle owners. It enables our customers to obtain more enjoyment from their vehicles, and use our services with great convenience.

**Blue Link**

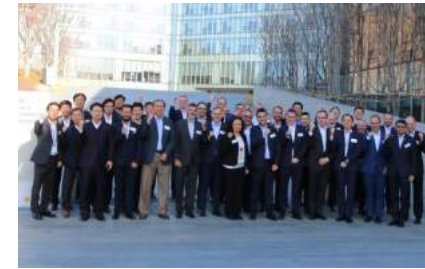


Blue Link is Hyundai's connected car service. It offers customers a wide range of functions and services, including remote vehicle control, safety and security, vehicle maintenance, and route information.

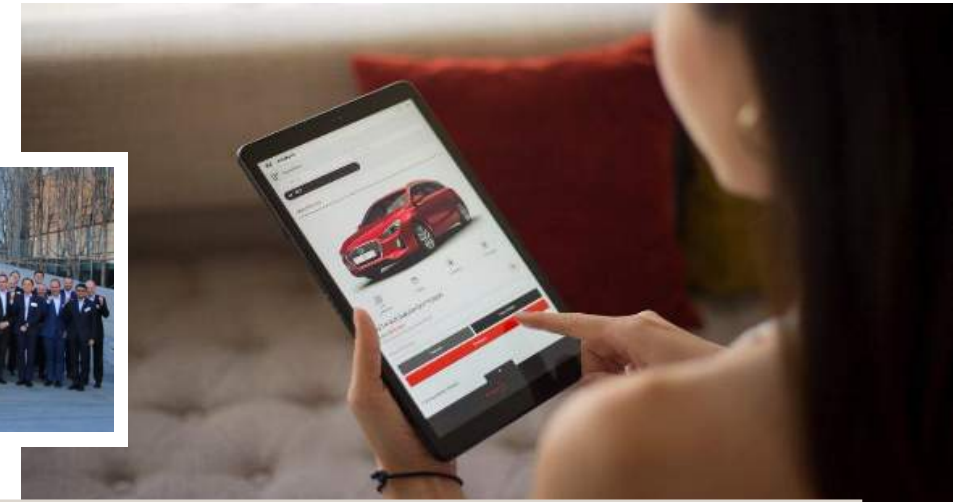
**Autolink**



The Autolink application-based service was introduced in 2017. We offer the same services as Blue Link to our overseas customers. Services include the 'gas discount service' which provides route information to nearby gas stations. In addition, the driver's driving patterns can be analyzed through the use of big data and the driver can then be offered a 'insurance discount service,' through which we have been making inroads into car sharing and car hailing services.



Service Innovation Conference



**Global Service Support**

Hyundai's service slogan, 'Right Here, Right Care', reflects our commitment to world-leading service quality. We have established a worldwide service organization, strategies, and methods to ensure that manufacturing and service quality are the same in Korea and overseas. Following the launch of the Customer Experience Division, we have strengthened our agent and dealer management systems to enhance customer experiences through global services support, and we also offer digital services and specialist services for each model as a way to respond to changes in the automotive industry including eco-friendly vehicles.

In 2018, we further improved our global service operations in order to support international sales and drive continued growth. We improved service quality in Korea, and rolled out Workshop Automation across the globe, enabling us to collect service information in the field and then use this information to improve quality. The Workshop Automation system has computerized and automated the processing of all tasks handled inside workshops, from when the vehicle is first received to when it is returned to customers. In 2018, we hosted our first 'Service Innovation Conference', inviting service directors from our overseas subsidiaries to Korea to participate in open and wide-ranging discussions on the strategies and future direction of our global services. In addition, certain overseas bases have become regional headquarters, allowing each region to implement service strategies specific to the characteristics and requirements of that region. Since the cultural and social environments in each country where we operate are different, there is a need to develop and spread distinctive sales support programs by region. We independently monitor customer responses to our global services. We also check our performance in indices relating to initial quality, durability and reliability, as well as the results of customer satisfaction surveys.

**Online sales platform**

Hyundai has built an online sales platform which seamlessly connects the online and offline sales experience, making purchasing much more convenient. Online sales staff provide one-on-one concierge services which enable the entire purchasing process to be handled online, from searching for a car to checking inventory, negotiating the purchase, applying for finance and insurance, and making an online payment. Customers can thus purchase a Hyundai vehicle at any time and from any location, while sales staff can both generate new sales opportunities and provide a higher quality, more efficient customer experience. Online sales services were launched in Singapore and Australia in 2018, and we will expand the service to other regions in 2019, beginning with India and to Europe and the Middle East.

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**Protecting the Rights of Customers**

Hyundai protects its customers' rights, and provides up-to-date, detailed and accurate product information. Regulations on the protection of personal information are becoming stricter to reduce the risk of privacy-related incidents. We have therefore established a committee to prevent risks and ensure the protection of personal information. In addition, we are committed to guaranteeing customers' rights by providing accurate and detailed information. In the event of any accidental violation of this policy, we disclose information and transparently by issuing a report, press release, or other forms of public disclosure.

**Protecting customers' personal information**

Hyundai runs a Personal Information Protection Committee, a company-wide decision-making body that establishes, executes, inspects, and improves plans for protecting customers' personal information. It is chaired by the Chief Privacy Officer (CPO), who is also the Domestic Sales Director. The CPO is responsible for overseeing the personal information management process. The Committee meets twice a year, and a working-level sub-committee meets four times a year, although ad hoc meetings are held when required to respond to issues relating to the protection of personal information. In addition, we built and operate management and information protection systems that are designed to secure safety of customer information processing systems, such as the personal information protection system (PIS), homepage integrated personal information protection system (HTPS), integrated monitoring of personal information processing systems (PIM), image storage system, autonomous personal information search system, and security assurance management system (SAMs).

**Organization chart of the Personal Information Protection Committee**



Category	CPO <sup>2)</sup>	Working-level Member <sup>2)</sup>
Sales and Membership Information	Domestic Sales Strategy Group Director	CRM Team Manager, Integrated VOC Team Manager, Customer Experience Strategy Team Manager
Service Customer Information	Service Operation Director	Service Planning Team Manager
Commercial Customer Information	Commercial Marketing Director	Commercial Vehicle Customer Value Management Team Manager
Blue Link Membership Information	Connectivity Director	Connectivity 1 Team Manager
Employee Information	HR Operation Director	HR Operation Team Manager
Information Protection	General Affairs Director	Security Management Team Manager

\* As of November 2018

<sup>1)</sup> 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

<sup>2)</sup> CPO: Executive in the respective area | Working-level Member: Head of each department

**Major duties related to personal information protection**

- Committee activities**
  - Hold the Personal Information Protection Committee's general meeting and working-level staff meeting to establish a work plan for each sector, evaluate annual activities, identify areas of improvement, and establish a plan for work improvement according to major law amendments
- Assessment**
  - Examine the implementation status of the measure to ensure stability of the corporate-wide personal information processing system on a regular basis
  - Conduct on-site assessments of major business sites and bases (regional headquarters, branch, service center, vehicle processing center, test drive center)
- Education and training**
  - Provide compulsory training to staffs handling personal information by task and position
  - Provide training to major personal information-handling staffs through online training
- Management of external service providers**
  - Provide off-the-job training to personal information processing service providers (first half of every year)
  - Perform on-site assessments on personal information processing service providers (second half of every year)
- Improvement**
  - In case of amendments to relevant laws and changes in relevant organization policies and guidelines, execute immediate improvements and application to Hyundai's policies, work processes, systems, and forms
  - Identify improvement points through regular internal reviews, followed by making work improvements and reaffirming execution

**Marketing Communications & Product Labeling**

Hyundai ensures that its customer marketing is completely free of any infringements of stakeholder privacy, never includes double standards, and never attempts to influence vulnerable groups, including children. We review our marketing communications in countries around the world to ensure that they conform to all local legal, ethical and cultural standards, and we also take full account of local opinions.

By doing so, we ensure customers have the complete information they need when purchasing or using our products, while fulfilling all labeling obligations in every market in which we operate.

Country	Product labeling obligation
	Product information: ID labeling (year of production, vehicle weight, vehicle identification number, types of car, model name, tire, etc.)
Korea	Fuel efficiency (environmental) information: Fuel efficiency labeling; and exhaust gas-related sign  Product safety information: Airbag warning labeling, etc.
	Product information: ID labeling; VIN (Vehicle Identification Number, W/screen); and anti-theft labeling
China	Fuel efficiency (environmental) information: Fuel efficiency labeling  Product safety information: COC labeling; child restraint system (CRS) warning labeling  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.)
EU	Fuel efficiency (environmental) information: Refrigerant labeling; diesel engine car smoke labeling (corrected absorption coefficient value indication); battery recycling labeling; and fuel labeling  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  Product safety information: Tire air pressure information labeling; safety certification labeling; and airbag warning labeling



## Hyundai's Customer Value

Hyundai makes diverse efforts to adopt itself to the fast-evolving automotive industry and technology environment, and thus delivers new value to customers. Moreover, we are preparing for the future of mobility where people's daily lives are seamlessly integrated with automobiles through tireless pursuit of technology and sincere communication with customer. We will develop state-of-the-art technology in the mid- to long run, while being fully aware of all customer experiences related to products and services, thereby delivering values that are distinctively Hyundai.

### Major Performance & Plan

	2018 Performance	2019 Plan	Mid-to Long-term Plan
Driving Future Value	<ul style="list-style-type: none"> <li>Applied the state-of-the-art Advanced Driver Assistance System (ADAS) to mass-produced vehicles                             <ul style="list-style-type: none"> <li>Blind-Spot View Monitor (BVM), Navigation-based Smart Cruise Control (NSCC, curved road), Lane Following Assist (LFA), Parking Collision-Avoidance Assist (PCA), Remote Smart Parking Assist (RSPA)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Apply Highway Driving Assist II (HAD II) system to the new Genesis SUV in the second half of 2019</li> </ul>	<ul style="list-style-type: none"> <li>Mass-produce autonomous vehicles with level 3 capabilities, such as highway driving, by 2021</li> <li>Mass-produce autonomous vehicles with level 4 capabilities, such as urban driving, for fleet business by 2023</li> <li>Mass-produce autonomous vehicles with level 4 capabilities by 2030</li> </ul>
Enhancing Customer Satisfaction	<ul style="list-style-type: none"> <li>Established the company's electric vehicle (EV) strategy and provide a curated future lifestyle to customers</li> </ul>	<ul style="list-style-type: none"> <li>Establish 'Style Set Free' strategy based on fully customized mobility experience</li> </ul>	<ul style="list-style-type: none"> <li>Introduce a private electric vehicles platform named 'E-GMP (Electric-Global Modular Platform)' which will be able to satisfy the needs of its unique customers</li> <li>Based on E-GMAP, implement 'Style Set Free' strategy and expand producing autonomous vehicles and electric vehicles</li> </ul>
	<ul style="list-style-type: none"> <li>Received suggestions for improvements from 95 customers who participated in H-Ombudsman, and review measures to apply</li> <li>Expanded the scope of the Custom Fit to include the Veloster and i30 N Line</li> <li>Won the Brand of the Year title at Red Dot Awards in October 2018</li> </ul>	<ul style="list-style-type: none"> <li>Launch the H-ear website, an open customer communication channel</li> <li>Receive awards from various institutions</li> </ul>	<ul style="list-style-type: none"> <li>Establish a corporate-wide policy and strategies through two-way communication with customers, and position in as a platform based on which products and services are developed</li> <li>Enhance brand awareness and competitiveness</li> </ul>

### First in all six categories for four consecutive years in the NCSI

Hyundai became the first automotive company to take top spot for four consecutive years in all categories of the National Customer Satisfaction Index (NCSI) – compact passenger car, semi-medium passenger car, medium passenger car, semi-large passenger car, large passenger car, and RV. In the RV category, in particular, it was our thirteenth consecutive achievement. The NCSI is a highly-regarded index that undertakes a comprehensive evaluation of customer satisfaction, including levels of customer anticipation, perceived value, and customer loyalty. We received customer recognition for our innovative communications programs and outstanding quality, thus solidifying our reputation as the No. 1 automotive company in Korea.



### The Manufacturer of the Year at the 2018 BBC's Top Gear Awards

In November 2018, Hyundai was chosen as the Manufacturer of the Year by BBC's Top Gear magazine, one of the best-known media outlets in the automobile industry, thereby being recognized for our continuing success and growth and a diverse product line-up. The Top Gear is one of Britain's four major car magazines that published its first issue in 1993, and it provides information on general consumers' comparative evaluation of new cars versus competitor models, test drives, and vehicle purchase. Our brand composition that we have been steadily building, which ranges from the i30N high-performance model to eco-friendly cars such as the IONIQ and the Kona Electric, received high recognition by Top Gear.



### Launched Genesis Gangnam, a stand-alone brand showroom

Hyundai opened 'Genesis Gangnam' in January 2018, its first stand-alone showroom for the Genesis brand, offering an in-depth experience of the entire Genesis line-up. Genesis Gangnam is a two-story, 1,293.6 m<sup>2</sup> building where visitors are greeted by a process director who provides detailed information on the whole purchase experience. Customers are also given one-on-one help and information by professional curators who offer customized products and test drive experiences in order to deliver the full value of the Genesis brand to our customers.







# ENVIRONMENT

Green innovation  
for the future

Hyundai is committed to sustaining the natural environment for future generations. The development of eco-friendly cars and our efforts to reduce CO<sub>2</sub> emissions will protect the Earth from pollution, and will serve as a driver of truly sustainable development. We will continue to contribute to a better future for all humankind through our total commitment to eco-friendly values.



# Greenlight for the sustainable future

## Eco-friendliness is a vital part of our production process.

Hyundai strives to respond to ever-stricter environmental regulations around the world and the rapid growth of the market for eco-friendly vehicles. We are therefore minimizing the environmental impact of our cars by expediting the production and development of eco-friendly vehicles and by improving the fuel efficiency of our internal combustion engines. We are also reducing the amount of hazardous substances used in automotive parts, using more eco-friendly materials, and recycling waste resources.

Due to the characteristics of the automotive industry, automobile manufacturers use a great amount of energy and discharge high levels of greenhouse gas (GHG). With environmental regulations being enforced around the world, Hyundai is committed to ensuring that our eco-friendly production satisfies all global standards. We have established the Global Energy and Greenhouse Gas Management Center, and we are making a number of changes in our business, including using more solar energy and improving our hydrogen infrastructure.



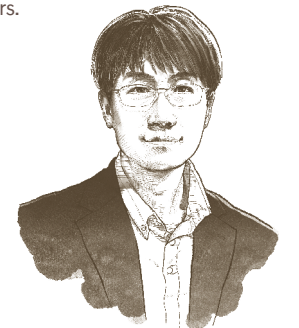
### Stakeholder Interview



Building an additional photovoltaic power generation facility requires a large amount of space, which potentially triggers environmental issues, including damage to forests. As a result, the best way to install the facility is to merge it into existing infrastructure. A solar roof integrates a solar system into the roof of a vehicle, and uses photovoltaic electric power to support the main power of the vehicle. The installation of a 200W solar panel enables the production and storage of 200Wh of energy per hour at 1 Sun standard (assuming the sun is at summer noon, producing 1,000 W/m<sup>2</sup> intensity of radiation). Solar panels can recharge the batteries of both eco-friendly vehicles and internal combustion engine vehicles (ICEVs), resulting in improved fuel efficiency and reduced CO<sub>2</sub> emissions. Even after the panels are installed, we continue to strive towards better customer satisfaction and quality in our products. We also focus on ensuring that the durability of vehicles with solar roofs is the same as the durability of others.

Hyundai will soon become the first automotive company in the world to unveil a second-generation semi-transparent solar roof system. We have already undertaken the pilot development needed to complete verification of technical issues within the vehicle unit, and we are now setting up the production processes and the value chain required for mass-production. We expect to launch the system in four to five years. In addition, we are conducting pilot research on the third-generation solar-lid system, and we are now confirming its feasibility which will be followed by the mass-production.

The automobiles of the future will make full use of a wide range of technologies related to energy, including solar systems. Vehicles will no longer passively consume energy, but instead will become power plants that actively produce energy. Car owners will thus become energy prosumers rather than energy consumers.



**Sang Hak Kim**

Part Leader,  
Environment & Energy Research Team,  
Hyundai Motor Company

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# Eco-friendliness of Products

## Eco-friendly Vehicles

Hyundai has been leading the ICEV market as a global automaker, and continues to improve the eco-friendliness of ICEVs while developing and producing eco-friendly vehicles such as EVs and FCEVs. We are reducing the environmental impact of our vehicles by using a wide range of technologies and systems throughout the entire life-cycle of a vehicle, from product development to manufacturing, use, and end-of-life.

### Improving fuel efficiency

Hyundai continues to improve fuel efficiency and apply new technologies in response to toughening global fuel efficiency regulations and to ensure our competitiveness in fuel efficiency. Major markets, including the U.S., Europe, and China, may make their regulations even stricter after new fuel efficiency regulations go into effect in 2020, which will be followed by higher fuel-economy standards and mandatory test mode beginning in 2025. In response, Hyundai is expediting the changes in specifications needed to optimize fuel efficiency, and developing related key technologies.

### Next-generation weight reduction technology

Weight reduction is vital in the automotive industry for a vehicle's weight has a significant impact on engine performance and fuel efficiency. With the recent development of eco-friendly vehicles and greater use of new materials, there is now an increasing focus on reducing weight by using cutting-edge materials such as high-formability advanced high strength steel (third generation sheets), aluminum, and carbon fiber reinforced plastic (CFRP).




Against this backdrop, Hyundai focuses on researching measures to combine advanced materials, including the development of joining techniques that can be used for mass-production. We have applied advanced high strength steel to 53% of the IONIQ car body, and use aluminum in major parts such as the hood, tailgate, and chassis; this has resulted in a reduction in the weight of the car and outstanding fuel efficiency of 22.4 km per liter. Hyundai will continue to use new materials in its vehicles, and reduce their weight in order to enhance eco-friendliness.

### Development of solar charging system

Hyundai unveiled its new solar charging technology in October 2018, installing solar panels on vehicle roofs to charge batteries. This system offers auxiliary power to charge the batteries of eco-friendly vehicles or boost the power of ICEVs, rather than acting as the main power source. We are conducting research on three types of system – a first-generation silicon-type solar roof, a second-generation semi-transparent solar roof, and a third-generation lightweight car body solar-lid system.

We plan to use the first-generation solar roof system in the new Sonata Hybrid to be launched in July 2019, and we are also striving to become the first automotive company in the world to commercialize solar systems for ICEVs. Energy from the solar system will improve driver convenience and have a positive impact on the environment by improving fuel efficiency and reducing GHG emissions. In addition, Hyundai will earn carbon credits and respond effectively to global environmental regulations. We will continue to innovate so that automobiles no longer simply consume energy, but can function as a moving power plant, actively producing energy.

### Hyundai's direction to improve fuel efficiency

 <p><b>Developing next-generation powertrains (Smartstream)</b></p> <ul style="list-style-type: none"> <li>• Fuel efficiency enhancement by redesigning engine structure                     <ul style="list-style-type: none"> <li>- Optimizing the combustion chamber and piston shape</li> <li>- Change of intake port shape</li> <li>- Reducing mechanical friction on engine moving system</li> </ul> </li> <li>• Implement high fuel efficiency by applying key technology                     <ul style="list-style-type: none"> <li>- Integrated Thermal Management System (ITMS)</li> <li>- Continuously Variable Valve Duration (CVVD)</li> <li>- Dual Port Fuel Injection (DPFI)</li> </ul> </li> </ul>	 <p><b>Improving fuel efficiency and applying new technologies</b></p> <ul style="list-style-type: none"> <li>• Improving tire rolling resistance and aerodynamics; and making tires lightweight                     <ul style="list-style-type: none"> <li>- Developing electrification technologies, such as 48V mild hybridinjection technology</li> </ul> </li> </ul>	 <p><b>Improving fuel efficiency on real roads (Off-cycle technology)</b></p> <ul style="list-style-type: none"> <li>• Applying eco technologies to reduce power load                     <ul style="list-style-type: none"> <li>- LED light bulbs, high efficiency alternator, solar panel, etc.</li> </ul> </li> </ul>
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First-generation (left) and second-generation (right) roof panels



Performance evaluation of the second-generation roof panel



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**Reducing the use of hazardous substances**

Regulations relating to the use of hazardous substances continue to get stricter. Hyundai therefore operates a detailed regulation response system that covers the entire process, from the monitoring of regulations to their application in vehicle development and mass-production. Moreover, we ensure that our suppliers are able to respond effectively to all relevant regulations.

In addition, Hyundai has adopted the International Material Data System (IMDS), operated jointly by global auto manufacturers since 2004, to systematically manage information on the chemicals contained in our products. Information collected from the IMDS is linked to our own Material Analysis Management System (MAMS) to ensure that there is no inflow of hazardous substances into our products.

In order to offer the safest possible products to customers, we are constantly looking to use alternative substances instead of substances that may be harmful to the human body, irrespective of whether there are regulations requiring us to do so.

**Application of eco-friendly materials**

Most of the countless non-metal parts used in automobiles are based on petrochemicals. Hyundai recognizes the environmental impact of the automotive materials, and is aiming to expand its use of bio-materials that originate from micro-organisms and plants.

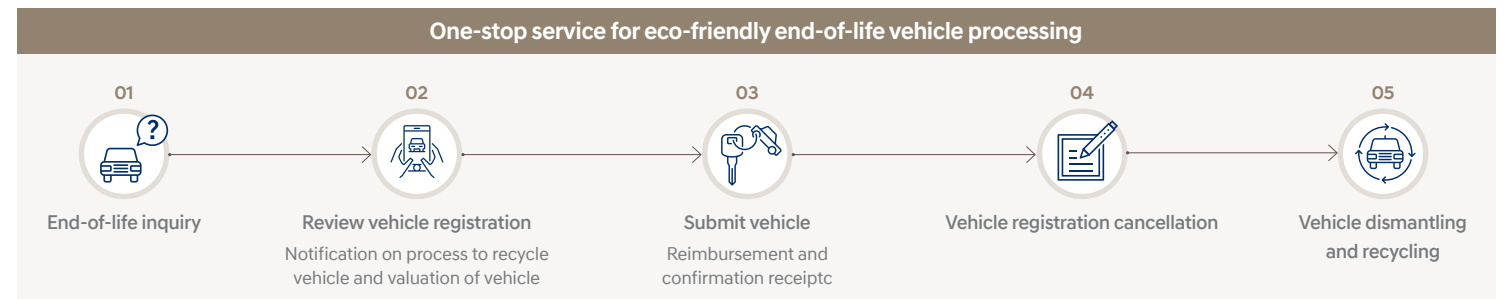
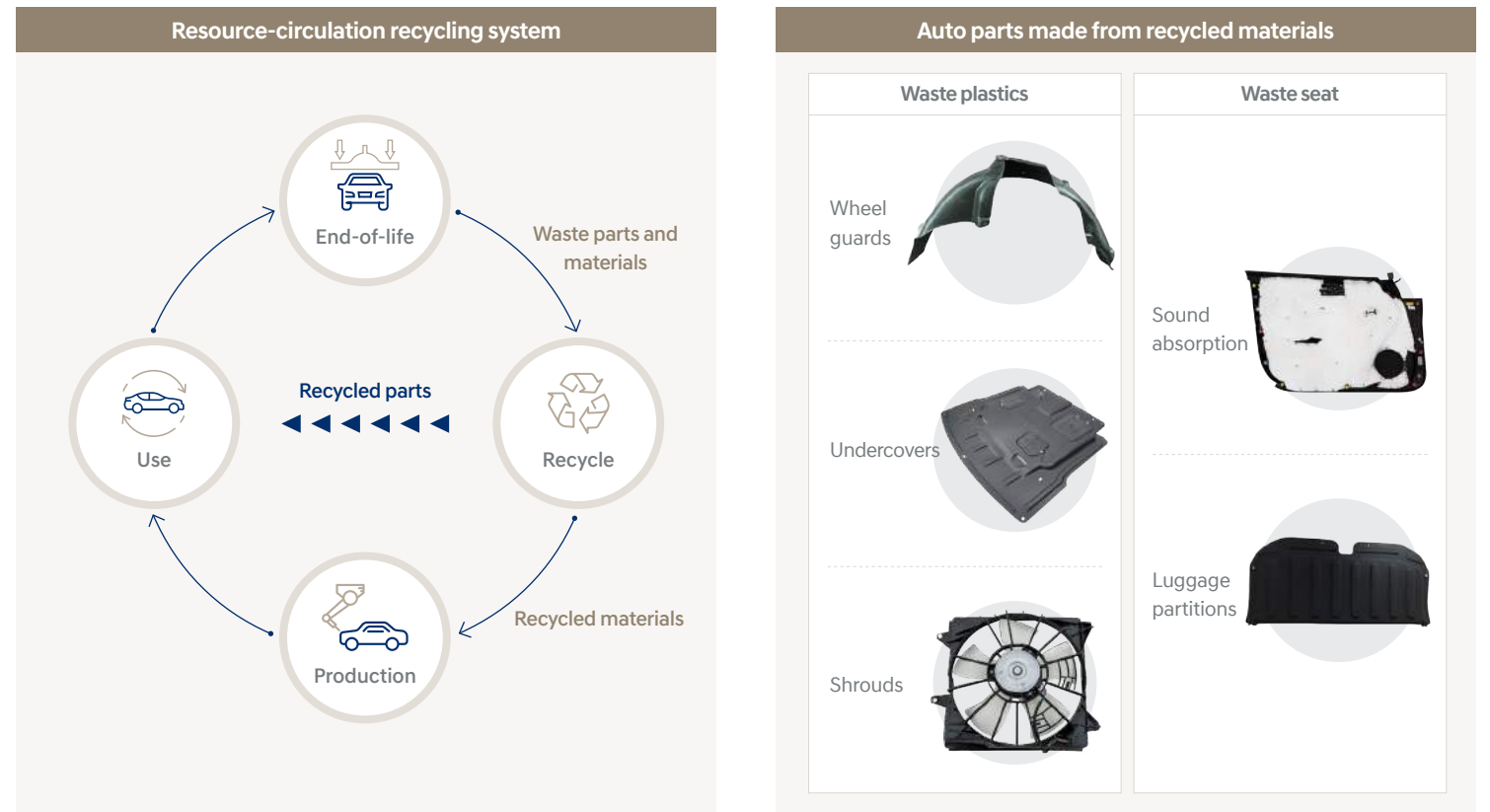
Most interior materials in the Nexo, our next-generation FCEV launched in 2018, are UL-certified bio materials, including plant-based artificial leather, bioplastics and fabrics, and plant-based paints. We will continue to expand the use of eco-friendly materials, so that we can offer our customers better air quality inside their vehicles, greater durability, improved safety, a better driving environment, and more value.



Eco-friendly bio-materials used in the Nexo

**Recycling waste resources**

Hyundai is building a resource-circulation recycling system to enable us to reuse many of the parts in our automobiles. Our eco-friendly end-of-life vehicle processing network is creating a positive resource cycle, collecting recyclable parts from end-of-life vehicles and then putting them through an eco-friendly recycling process so that they can be used in the production of new vehicles. This system is currently limited to iron and non-ferrous metals, but we plan to increase its scope to include non-recyclable items, including plastics, rubber, glass, and seats, so that we can reuse as many materials from end-of-life vehicles as possible. In plastics, for example, we are mixing pellets produced through recycling with new materials and then applying the mixture to functional parts such as wheel guards, undercovers, and shrouds. For seats, we have developed a technology which makes them into materials for parts such as sound absorption and luggage partitions. We will continue to expand the scope of our parts recycling technologies in order to fulfill our social responsibility to build an eco-friendly and resource-efficient economy.



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# Responding to Climate Change

## Managing Energy and Reducing GHG Emissions

Hyundai is reducing its GHG emissions as part of the extensive efforts being made by the international community to counter climate change. In addition to developing eco-friendly vehicles, we are reducing energy usage at all of our business sites, especially production plants, including building high-efficiency facilities and making process improvements. In addition, the GHG strategy organization consisting of the energy managers from all of our business sites, is helping us to build sustainable and eco-friendly plants.

In 2018, Hyundai built on our existing energy saving measures, including the manufacturing of a photovoltaic power generation system and the use of a co-generation system, by establishing a mid- to long-term strategy to reduce GHG emissions and to use more renewable energy.

### Establishing the GEMS

Hyundai promotes the efficient use of energy through the Global Energy & GHG Management System (GEMS), allowing real-time energy monitoring of all of our business sites both in Korea and overseas. We analyze energy indicators in real time, including energy usage, GHG emissions, and energy costs. We share the technical abilities of energy-efficient sites, and create targeted measures for improvements in energy consumption and GHG emissions for each business site. Hyundai will continue to improve its eco-friendly energy and emissions systems at all of its business sites.

### Reducing Scope 3 GHG emissions

Hyundai controls its Scope 1 emissions – direct emissions from owned or controlled sources – and Scope 2 emissions – indirect emissions from the generation of purchased energy. In addition, we manage our Scope 3 emissions – indirect emissions from our value chain, including employee commuting, the transportation and distribution of products, and the full range of both upstream and downstream emissions. It also covers indirect emissions by companies in which we invest. In 2018, there was a year-on-year improvement of 27.6% in our Scope 3 GHG emissions, mainly attributable to increased demand for the IONIQ Electric and Kona EV. We measure, manage and strive to reduce all of our direct and indirect GHG emissions, and we also continue to disclose our environmental efforts to all our stakeholders.

### Increasing generation of photovoltaic power

Hyundai reached an agreement with Ulsan Metropolitan City and Korea Hydro & Nuclear Power in August 2018, to build a large-scale photovoltaic power generation system at our Ulsan Plant. We had built the photovoltaic power generation facility on the roof of our Asan Plant in 2013, and we plan to install a major photovoltaic power generation system on existing sites at our Ulsan Plant, including in the proving ground and the export vehicle yard.



Photovoltaic power generation facility installed in the proving ground of the Ulsan Plant

Hydrogen Fuel Cell Demonstration Center

H Station, a hydrogen charging station, at the Anseong Service Area

The photovoltaic power generation system will be set up on a site of around 270,000m<sup>2</sup> within the Ulsan Plant. The site will continue to serve its original purpose while the photovoltaic panels are being installed on the roof, to ensure that the construction does not cause any environmental damage. The first phase, involving installation in the proving ground, is expected to be completed in September 2019. Once second phase construction is finished in 2020, the construction of a 27 MW system will be completed, and we expect it to produce 35 million kWh of electricity annually, an equivalent of electricity used by 10,000 households in a year.

This photovoltaic power project at our Ulsan Plant is the first in Korea to involve joint development between a public and a private company, and, after its completion, we will review whether to implement additional projects in the future. Hyundai will continue to respond actively to the Korean government's policies on renewable energy, reduce its GHG emissions, and develop eco-friendly production plants.

### Developing hydrogen fuel cells

In December 2018, Hyundai signed an agreement with Ulsan Metropolitan City to expand the hydrogen infrastructure through the Hydrogen Fuel Cell Demonstration Center at the Ulsan Technopark, a project to envisage the hydrogen society of the future by demonstrating a 500 kW power generation fuel cell, developed by using Hyundai's outstanding fuel cell technology for FCEVs. Our plan for 2019 is to carry out a pilot project in cooperation with regional energy companies through which we will build a 1 MW fuel cell system that can supply electricity to more than 1,000 households. We are also looking into participating in a pilot project relating to a hydrogen fuel cell for buildings, while also planning to install a hydrogen fuel cell power plant at our production plant, with the goal

of building an eco-friendly hydrogen ecosystem and developing a new energy business model.

### Expanding the hydrogen infrastructure

Hyundai is planning to expand the hydrogen charging infrastructure by opening charging stations at four locations across Korea in 2019, beginning with the National Assembly building in May, which will be followed by Gangdong-gu in Seoul, Sasang-gu in Busan, and Namdong-gu in Incheon by September. We also opened the first hydrogen charging station on a highway in Korea in April 2019, the first step towards building a hydrogen charging network. Moreover, Hyundai is the second largest shareholder in the Hydrogen energy Network (HyNet), a special purpose company that is working in partnership with the energy industry to expand the hydrogen infrastructure by building 310 hydrogen charging stations by 2022.

Hyundai has been a member of the Board of Directors at H<sub>2</sub>KOREA since August 2016, a hydrogen convergence group that brings together the public and the private sector to advance the hydrogen industry. Hyundai is also a founding member and co-chair of the Hydrogen Council, a group of CEOs from international hydrogen-related companies. Hyundai is strongly supporting international public-private cooperation within the hydrogen industry and is taking the lead in expanding the hydrogen economy.

Hyundai will continue to work on resolving environmental issues through the use of hydrogen energy, including by developing technologies that will make FCEVs even more eco-friendly, and by building an infrastructure in support of FCEVs and other hydrogen vehicles.



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**Energy Management and Reduction of GHG Emissions at Major Business Sites**

As the international community is demanding eco-friendliness while governments around the world are enforcing ever-tighter environmental regulations, Hyundai strives to improve its energy efficiency and reduce its GHG emissions. We identify how we can reduce the use of energy at each business site and in each working process, and set out plans on an annual basis to put effective countermeasures into place.

**Ulsan Plant**

Hyundai's Ulsan Plant became the first automotive plant in Korea to build a co-generation system to replace its diesel emergency generators. The system uses a gas turbine that burns LNG to supply the electric power and steam needed at the plant. The entire power generation process is automated through a Factory Energy Management System (FEMS) and is designed to allow unmanned operations.

This co-generation system produces 11 million kWh of electricity annually, and has enabled savings of around KRW 900 million every year during the peak demand periods in winter and summer. We have also installed an external steam program, which uses the heat generated during waste incineration for some of our other work processes, thus reducing our impact on the environment.



Co-generation facility at the Ulsan Plant

**Asan Plant**

Hyundai's Asan Plant has reduced its energy usage in a number of ways, including by installing high-efficiency facilities and optimizing its processes. The photovoltaic power generation facility has been in operation since 2013, and produces an annual 13,000 MWh of electricity. We are continuing to expand eco-friendly management at all of our business sites, including identifying more areas in which we can use alternative energy.

The major focus of our environmental activities in 2018 was the building of an energy management system at our Asan Plant. This system examines our energy usage and GHG emissions in real time, so that we can eliminate energy wastage during non-production hours. Other activities aimed at reducing energy usage included replacing older motors with high-efficiency motors, and installing inverters and LED lights. These have resulted in an annual reduction in GHG emissions of 3,700 tons, and an annual reduction in the cost of energy of KRW 960 million.



Energy management system at the Asan Plant

**Namyang Technology Research Center**

The Namyang Technology Research Center produces a certain amount of GHGs during its research activities, including car design, pilot production and performance testing. It therefore uses high-efficiency facilities and operational systems to minimize its GHG emissions.

Lighting fixtures in older buildings at the Technology Research Center were replaced with LED lights and an automatic lights-out system has been installed. This has resulted in a 3.32 million kWh annual reduction in the use of energy and an annual reduction of 1,547 tons of GHG emissions. Waste heat from incineration is used for heating, which reduces GHG emissions by 2,377 tons, and 720,000 kWh of electricity was produced using photovoltaic power generation facilities, reducing GHG emissions by 336 tons.

The Technology Research Center is also enhancing its energy efficiency by repairing and replacing older facilities and equipment used in its experiments, and by improving operational efficiency. An energy management system is used for the real-time monitoring and control of energy usage, and also for the empirical analysis of our reduction of GHG emissions.


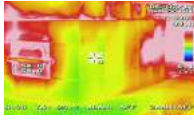

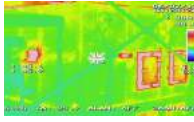


Photovoltaic power generation facilities at the Namyang Technology Research Center

**Jeonju Plant**

Hyundai's Jeonju Plant has reduced its GHG emissions by utilizing construction methods which minimize energy usage in its production facilities, and by replacing older facilities with new, high-efficiency facilities.

In 2018, the Jeonju Plant reduced its GHG emissions by 2,445 tons by applying insulating paints to its paint shop oven, standardizing its facility operating hours, installing high-efficiency air compressors, changing 1,500 fluorescent lights to LEDs, and setting up 28 power-saving circuits in its engine processing equipment. In particular, we reduced 508 tons of CO<sub>2</sub> emissions from paint shop operations by replacing 25 older motors with high-efficiency motors.

<b>Classification</b>	Paint shop oven temperature management	
VOC burning temperature management		
Hot air circulation temperature management		

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# Minimizing Environmental Impacts

## Reducing the Environmental Impact of Business Sites

Hyundai is constantly striving to reduce the environmental impact of all of its business activities. In managing environmental pollutants at our business sites, especially production plants, our internal control criteria are stricter than the regulatory requirements of every country in which we operate. We also have established an integrated environmental facility control system. In addition, we make sure that our employees are fully aware of the importance of the environment through corporate-wide campaigns aimed at preventing accidents and monitoring environmental risks. Furthermore, we actively respond to the environmental and social demands of our internal and external stakeholders, thus building an environmental ecosystem at our business sites that will be effective over the long-term.

### Minimizing air pollutants

Hyundai continues to make facility investments and process improvements to reduce the amount of pollutants generated by our automobile production. In 2018, we installed an additional painting regenerative thermal oxidizer (RTO) and invested in improving material dust collectors, resulting in a 4% reduction in emissions intensity of volatile organic compounds, and a 9% reduction in dust emissions intensity. In 2019, we are making an active effort to resolve fine dust problems by making facility investments including the installation of paint shop evaporation equipment.



RTO facilities at painting shop 42 line of Ulsan Plant

### Managing water resources

With water posing a social issue worldwide, water resource management at our business sites has become of vital importance in looking after our local communities. Hyundai has established water management policies and goals for reducing water usage at each business site, backed by detailed implementation strategies.

Our Ulsan Plant sets strict criteria to prevent leaks of water pollutants and utilizes a remote monitoring system for the automated monitoring of potential problems. In addition, a detailed management plan concerning potential sources of pollutants ensures that there is zero oil leakage into streams. In addition to reducing water pollutants, we also strive to reduce the amount of wastewater itself. The Asan Plant uses a zero liquid discharge system in order to reuse all of the wastewater produced at the plant and in local residential areas.

We will continue to extend our pollutant management activities. We are also running programs aimed at minimizing environmental damage, including making safety and the environment a vital part of the mindset of all of our employees, and conducting training on how to respond to major leaks.



Installation of fiber disc filters at the Asan Plant

### Minimizing waste materials

Hyundai has been making facility investments and expanding the number of items that we are able to recycle with the goal of reducing waste while increasing recycling. For example, sludge conditioning and improvements in the dehydrators at our Ulsan Plant have reduced the amount of sludge being generated by some 287 tons. Our plan for 2019 is to reuse sludge as an auxiliary fuel for thermal power plants, and to increase recycling by improving our ability to separate out solid incinerated matter.

### Strengthening management of hazardous chemical materials

Hyundai is committed to preventing harm to people and the environment from leaks of hazardous chemical materials at our business sites. We are therefore replacing highly hazardous materials, and strengthening our facility inspections. In 2018, we replaced the hydrochloric acid used in our paint shops and the sulfuric acid in our material plants, thereby resulting in a reduction of 109 tons in our use of hazardous chemical materials. We will continue our replacement activities in 2019. We will also offer extensive employee training relating to hazardous materials by using user-created content, so that we can build an even safer system for the management of hazardous chemical materials.



Sludge dehydrators at the Ulsan Plant



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**Roadmap for the Eco-friendly Site Management**

Hyundai identifies the major activities of each of its business sites and their resulting impact on the environment. We then deploy targeted efforts to reduce the environmental impact. This will further improve the eco-friendliness of all of our business sites over the mid- to long-term.

Plans to reduce environmental impacts at each business site

	Repetitive, short-term (3-5 years)	Mid-term (5-10 years)	Long-term (10 years and more)
<p>HQ</p> 	<ul style="list-style-type: none"> <li>• Make efforts to reduce GHG in connection with reducing fine dust                             <ul style="list-style-type: none"> <li>– Raise employee awareness, communicate through various channels, etc.</li> </ul> </li> <li>• Continually implement and strengthen activities to reduce energy use in daily life                             <ul style="list-style-type: none"> <li>– Make continued corporate-wide efforts and strengthen campaigns to reduce energy use</li> <li>– Carry out energy-saving activities through the restart campaign of Go Together</li> </ul> </li> <li>• Monitor the GHG emissions of suppliers</li> <li>• Operate a GHG Council consisting of representatives of business sites</li> <li>• Operate wastewater treatment facilities at vehicle processing centers to improve water quality after washing cars</li> </ul>	<ul style="list-style-type: none"> <li>• Make the new HQ building (Global Business Center) eco-friendly in terms of construction and operation                             <ul style="list-style-type: none"> <li>– Apply eco-friendly factors when building the GBC</li> <li>– Use eco-friendly fuel and install power generation facilities (hydrogen/photovoltaic)</li> </ul> </li> <li>• Adopt an energy storage system (ESS) mainly at business sites on Jeju Island, the mecca of eco-friendly vehicles</li> </ul>	<ul style="list-style-type: none"> <li>• Expand the scope of environmental management to include dealerships and service centers in order to contribute to building an eco-friendly society                             <ul style="list-style-type: none"> <li>– Apply eco-friendly air-conditioning and heating, and adopt high-efficiency facilities</li> </ul> </li> <li>• Expand the installation of new and renewable power generation (hydrogen/photovoltaic) at company buildings</li> </ul>
<p>Plant</p> 	<ul style="list-style-type: none"> <li>• Begin the shift into eco-friendly energy sources                             <ul style="list-style-type: none"> <li>– Install large-scale photovoltaic power generation in the Ulsan Plant by 2020</li> <li>– Build a co-generation plant that produces electricity and heat (steam) together</li> </ul> </li> <li>• Increase energy reuse in processes                             <ul style="list-style-type: none"> <li>– Apply plant steam through waste heat from Hyundai Heavy Industries' incinerators</li> <li>– Operate pressure differential power generation using steam</li> </ul> </li> <li>• Minimize energy loss that occurs while operating production facilities                             <ul style="list-style-type: none"> <li>– Replace old pipes, lines and facilities, and apply high-efficiency equipment</li> <li>– Conduct campaigns and communication continuously to raise employee awareness</li> <li>– Carry out energy-saving activities through the restart campaign of Go Together</li> </ul> </li> <li>• Carry out diverse activities and obtain certifications as an outstanding company in energy saving</li> </ul>	<ul style="list-style-type: none"> <li>• Apply and expand new energy reduction/management technologies of the future                             <ul style="list-style-type: none"> <li>– Adopt hydrogen fuel cell power generation to the company's processes</li> <li>– Expand the application of ESS</li> <li>– Adopt energy management techniques using IoT</li> </ul> </li> <li>• Conduct eco-friendly activities in connection with resource recycling                             <ul style="list-style-type: none"> <li>– Adopt power generation using waste generated in the plants</li> <li>– Secure waste heat suppliers, including nearby industrial complex, and adopt power generation using waste heat</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Build eco-friendly smart factories                             <ul style="list-style-type: none"> <li>– Expand self-assessment and IoT-based management of energy</li> <li>– Apply optimal energy operation efficiency techniques, including outage-free production plants in connection with co-generation power plants</li> </ul> </li> <li>• Move forward with "producing eco-friendly vehicles at eco-friendly plants"                             <ul style="list-style-type: none"> <li>– Replace production lines to be eco-friendly</li> <li>– Increase new &amp; renewable energy power generation</li> <li>– Build power plants by recycling waste EV batteries</li> </ul> </li> <li>• Strengthen roles as an energy consumer through diversification of energy adoption sources                             <ul style="list-style-type: none"> <li>– Review the operating of internal power plants through direct gas import</li> <li>– Review the contributing to the RE100 society through direct new and renewable energy import</li> </ul> </li> </ul>
<p>Technical Center</p> 	<ul style="list-style-type: none"> <li>• Strengthen management of energy loss factors                             <ul style="list-style-type: none"> <li>– Operate air-conditioning and heating, and strengthen related campaigns</li> </ul> </li> <li>• Adopt external waste heat steam, and reduce fuel use</li> <li>• Make efforts to reduce GHG in connection with fine dust reduction                             <ul style="list-style-type: none"> <li>– Raise employee awareness, communicate through various channels, etc.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Build eco-friendly research facilities                             <ul style="list-style-type: none"> <li>– Expand the installation of photovoltaic power generation on building roofs</li> <li>– Build a smart grid</li> </ul> </li> <li>• Expand eco-friendly research facilities in connection with R&amp;D for eco-friendly vehicles                             <ul style="list-style-type: none"> <li>– Review the adopting of ESS that uses waste batteries from EVs</li> <li>– Review the adopting of hydrogen fuel cell power generation (small scale)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Expand use of eco-friendly energy at R&amp;D facilities                             <ul style="list-style-type: none"> <li>– Expand the adoption of hydrogen fuel cell power generation</li> <li>– Review the adopting of photovoltaic power generation in connection R&amp;D for eco-friendly vehicles ESS</li> </ul> </li> </ul>

## Hyundai's Environmental Responsibility

Hyundai not only responds to global environmental regulations with eco-friendly technologies, but also is fully aware of the automotive industry's impact on eco-systems on the Earth. That is why we always strive to fulfill our social responsibilities by improving the gas mileage of our products, continuing to reduce carbon footprints, proactively recycling by-products, and conducting other eco-friendly actions. We will continue to put our best efforts to improve the eco-friendliness of automobiles, one of the main issues that the industry has to resolve in the medium- to long run, and to further reduce the environmental impact associated with our business operations.

### Major Performance & Plan

	2018 Performance	2019 Plan	Mid-to Long-term Plan
Eco-friendliness of Products	<ul style="list-style-type: none"> <li>Discovered a new company for the resource-circulation recycling system, reducing transportation logistics costs and promoting stable operations</li> <li>Conducted an evaluation for selecting an outstanding company within the network to level up overall standards</li> </ul>	<ul style="list-style-type: none"> <li>Discover more companies within the resource-circulation recycling network to improve resource-circulation recycling rate</li> </ul>	<ul style="list-style-type: none"> <li>Continue to improve resource-circulation capabilities for end-of-life vehicles in line with the adoption of extended producer responsibility (EPR) programs</li> </ul>
Responding to Climate Change	<ul style="list-style-type: none"> <li>Achieved the goal of emission allowances allocated by the government according to emissions trading scheme (ETS)</li> <li>Continued to operate existing photovoltaic power generation facilities built in our Ulsan Plant and Asan Plant</li> </ul>	<ul style="list-style-type: none"> <li>Operate a corporate-wide GHG response committee, and strengthen activities to reduce GHG emissions</li> <li>Complete the phase I of the construction of a photovoltaic power generation complex in the proving ground of our Ulsan Plant</li> </ul>	<ul style="list-style-type: none"> <li>Reduce GHG emissions in a phased manner, and expand the CDM project at overseas business sites</li> <li>Reduce GHG emissions by 26% compared to the figure in 2017 by 2030</li> <li>Build a 27 MW-level photovoltaic power generation complex in the Ulsan Plant by 2021</li> </ul>

### Winner in three categories at the British 'Next Green Car' Awards

The Next Green Car Awards are given to the best eco-friendly vehicles launched in the UK. These awards examine a wide range of vehicles and manufacturers for car of the year, and make their selections based on a number of criteria, including environmental performance and cost. Hyundai's Kona EV received the 2018 Next Green Car Awards in two categories – Car of the Year and Family Car of the Year. Hyundai also won the Manufacturer of the Year award, in recognition of our outstanding expertise in the development of EVs. It is the first time for a manufacturer, rather than a car, to receive the award.



### Carbon Management Honors Club's Award by CDP

The Carbon Disclosure Project (CDP) is a global project founded in 2003. It evaluates the activities of companies in some 90 countries around the world in reducing GHG emissions. Approximately 6,800 companies were assessed by the CDP in 2018, and 139 of them were given the top 'Leadership A' grade. Hyundai not only earned a Leadership A grade in 2018 but received the 'Carbon Management Honors Club' award.



### Tenth win in the WardsAuto 10 Best Engines Award

Hyundai has been named among the 10 Best Engines Winners by WardsAuto, a total of ten times over the last 11 years, beginning with the Tau engine in 2009. The Tau engine was awarded for three consecutive years from 2009 through to 2011, and that success was followed by our winning of the pure internal combustion engine category on six occasions, for the Kappa 1.4 Turbo Engine and the Lambda 3.3 Turbo Engine. Hyundai has also been named for four times in the eco-friendly model category, for the Sonata Plug-in Hybrid, the Kona Electric, and the Nexo FCEV, thereby meeting fuel efficiency and environmental standards as well as customer requirement for vehicle performance.







# COLLABORATION

Shared challenges,  
shared growth

Hyundai believes that its own competitiveness relies on the competitiveness of its suppliers. Given the massive changes taking place in the automotive industry, a better future can only come about through strong partnerships with our suppliers. Hyundai is therefore creating a virtuous cycle of joint growth within the automotive industry by providing suppliers with comprehensive support.

# Driven by a shared vision

**We grow in partnership with our suppliers,  
driven by the same goal – the highest levels of quality.**

Hyundai knows that growing in partnership with its suppliers leads to better quality for its customers. We are therefore committed to transparent and fair trade with our suppliers. We have in place rigorous fair trade compliance programs and risk assessments to increase the transparency of our supply process, which are building the foundations for joint growth.

Hyundai's suppliers grow alongside us, and we offer a wide range of programs enabling them to develop a global level of competitiveness and to achieve continued growth. In partnership with our suppliers, we build an ecosystem for joint growth that ensures both Hyundai and our suppliers to offer customers the highest standards in quality.



## Stakeholder Interview



The Hyundai & Kia Automotive Suppliers Association was established to build strong and cooperative relationships between Hyundai and its suppliers, and to promote the exchange of information between them. With the automotive industry now seeing extensive technological convergence and substantial changes, it is vital to innovate, even for all of 30,000 parts of Hyundai products. However, rising global protectionism, increases in minimum wage, reduced working hours, and other changes in the Korean labor market are having a substantial impact, not only on small and medium-size suppliers but also on the industry as a whole. The changes are making supply chain competitiveness more important than ever.

Against this backdrop, Hyundai is expanding the scope of its joint growth to include tier 2 and tier 3 suppliers, and also increasing the amount of support it gives to its suppliers, so that we can maintain a healthy ecosystem across the entire automotive industry. Hyundai established the Foundation of Korea Automotive Parts Industry Promotion to improve the qualitative and technological competitiveness of parts suppliers over the mid- to long-term. Hyundai is also helping suppliers by providing direct financial support, such as compensation for wage increases and low interest rate loans for tier 2 and tier 3 suppliers experiencing financial difficulties due to increases in the minimum wage.

The Supplier Association will further widen the channels of communication between Hyundai and its suppliers. We hope to create mutual understanding based on consideration and respect for others, and we are looking for ways to move forward in partnership, especially at a time of substantial change in our industry.



**Soo Young Um**

General Manager,  
Hyundai & Kia Automotive Suppliers Association



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# Compliance Program

## Establishing Fair Trade Order

Hyundai operates a Compliance Program (CP) to promote joint development based on mutual trust and cooperation with all of its stakeholders. We first set up the CP in 2002 to ensure that we comply with fair trade laws. Overall management of the CP is the responsibility of the independent Compliance Officer, whose authorization and responsibility are delegated from the CEO. He is also supported by various organizations within Hyundai. The results of the CP are reported to the Board of Directors.

We recognize that fair trade and competition are essential for a company to grow. Hyundai continues to implement fair trade and comply with all regulations in order to build strong relationships with all of our stakeholders, including staff, suppliers, governments, and local communities.

## Implementing Compliance Program

Fair and transparent management at Hyundai derives from our CEO's commitment to fair trade, as set out in the declarations made in the first and second half of every year. This strong commitment to fair trade is communicated to all of our staff, and compliance guidelines are implemented throughout our business. In addition, Hyundai is establishing a fair trade mindset by providing extensive, company-wide training on fair trade, and by publishing regular newsletters on this issue. Results from the CP and next year's CP plans are reported to the BOD every year, to ensure that compliance with fair trade is instituted at every business site.

### CP implementation process



### CEO's commitment to compliance

Fair and transparent management at Hyundai begins with CEO's strong commitment to fair trade. In the first and second half of every year, our CEO publicly announces his pledge to practice fair trade compliance. The strong commitment to fair trade of the top management is communicated to all of our staff, and compliance guidelines are implemented throughout our business accordingly.

### Providing CP education

Hyundai provides training on fair trade to new executives and employees when they join the company, to ensure that they are fully aware of the importance of the Fair Trade Act. In addition, staff whose work is closely related to fair trade receive additional compliance training every year. We also publish monthly newsletters on fair trade, so that our employees are properly kept abreast on fair trade, and a fair trade mindset is established throughout the company.



CP education

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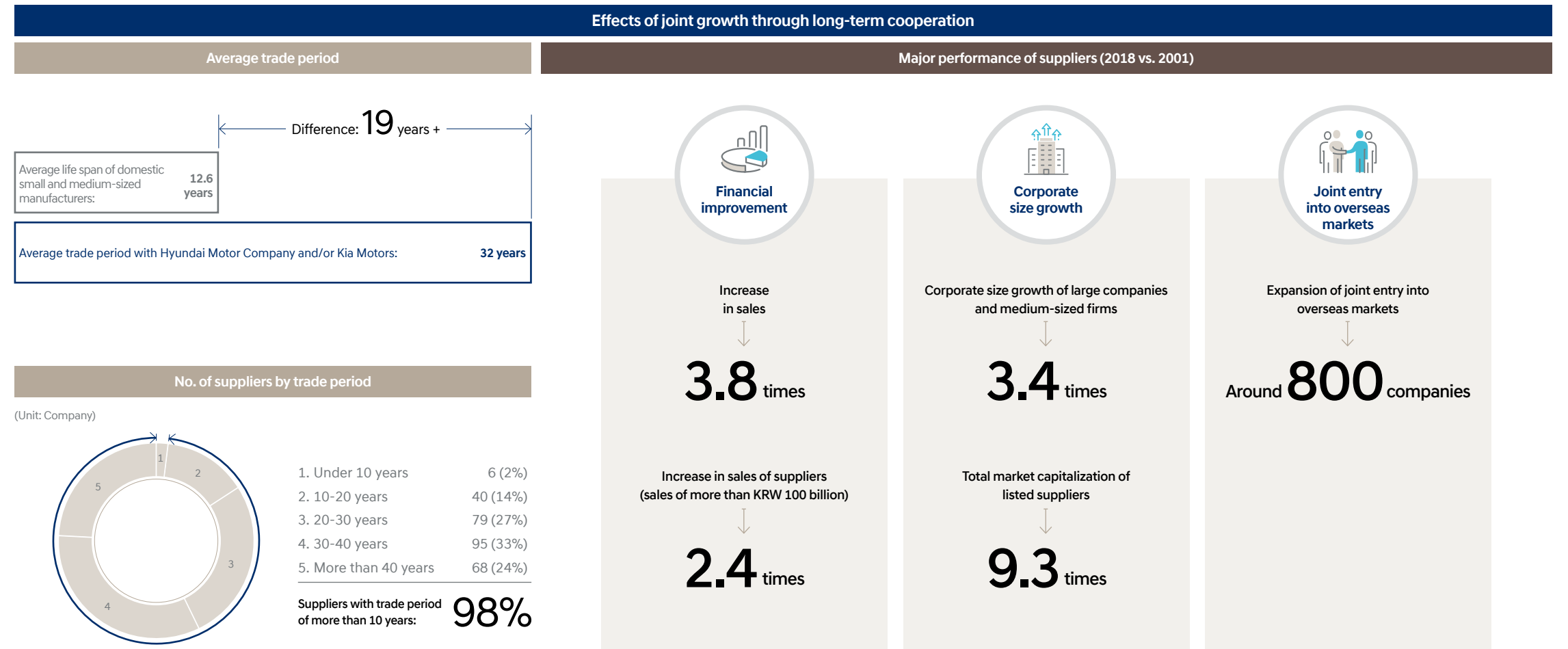
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# Supporting Suppliers' Growth

## Supporting the Growth of Suppliers

Hyundai's suppliers consist of tier 1 suppliers, who supply parts directly to us, tier 2 suppliers, who supply to the tier 1 suppliers, and general suppliers, who supply general products. Our Joint Growth Team spearheads the implementation of policies that are put in place to achieve win-win cooperation with our suppliers. Hyundai believes that improving our suppliers' capabilities improves the competitiveness of the Korean automotive parts industry. We are therefore supporting our suppliers in terms of production technologies and R&D, over the long term. We will continue to provide positive support to suppliers to improve their businesses, so that we can enhance our own quality and the competitiveness of the automobile industry in Korea.



\* Target of analysis: Tier 1 part suppliers (excluding Hyundai affiliates and non-specialist firms on which the company depends under 10%)



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**Win-win Growth Strategy for Suppliers**

Hyundai's strategy for joint growth with its suppliers is to cultivate their global competitiveness, reinforce the basis for sustainable growth, and establish a culture of joint growth. In cultivating global competitiveness of our suppliers, we plan to foster quality competitiveness, develop R&D capability, and enhance productivity. To reinforce the basis for sustainable growth, Hyundai is helping suppliers in strengthening foundation for sustainable management, building infrastructure for growth, and expanding global sales channels. In order to establish a culture of joint growth, Hyundai will strengthen the collaborative network between suppliers and the company, expand its support for tier 2 and tier 3 suppliers, and create a culture of joint growth. These efforts will build a virtuous cycle of win-win growth for Hyundai and its suppliers based on a strong partnership.

Joint growth strategy and programs



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**Cultivating Global Competitiveness**

Quality at Hyundai depends on the quality of parts used in our finished cars, which means that quality and technical excellence of the parts which come from our suppliers are directly linked to customer trust. We are therefore supporting our suppliers' efforts to improve quality, make technological developments, and enhance productivity, in order to ensure that we can minimize defects within our finished products.

**Fostering quality competitiveness**

Foundation of Korea Automotive Parts Industry Promotion

In partnership with Kia Motors and Hyundai Mobis, Hyundai has established the Foundation of Korea Automotive Parts Industry Promotion in 2002. Hyundai invests around KRW 6 billion every year to support making improvements in quality, technology, and management at its suppliers. Our Quality and Technology Volunteer Group and Supplier Support Group work with our suppliers to make improvements in quality and technology.

5-star system (product quality, technology and delivery)

We evaluate suppliers' quality competitiveness, technological development capability, and delivery competitiveness using a quantitative method, and provide incentives to outstanding suppliers accordingly, as a measure to help suppliers enhance their competitiveness in quality, technology, and delivery.

Quality and technology school

Hyundai established a quality and technology school to train experts in quality, thus helping to improve our suppliers' quality management systems. We also offer direct, targeted education to our suppliers in order to maintain the quality and consistency of our mass-produced parts. In addition, we have overhauled the processes for resolving important issues experienced in the field by our suppliers, and we also update them on improvements in durability developed at our technical centers.



**Developing R&D capacity**

R&D Support Group for Suppliers

Hyundai became the first Korean automobile company to establish an R&D Support Group for Suppliers. The R&D Support Group shares technology between Hyundai and its suppliers, and pursues improvements in quality. This helps suppliers build their R&D capacity, enabling them to produce high-quality products through independent improvements in technology. Some 270 tier 1 suppliers are currently part of the R&D Support Group, through which Hyundai and its suppliers are growing together.

Guest engineers

Engineers from our suppliers are invited to work at Hyundai's technical center for a certain period through the guest engineer program. They take part in designing parts for new cars, and thus learn Hyundai's technologies. Upon completion of the program, guest engineers return to their employers and perform crucial roles in improving the supplier's technological prowess.

Sharing patented technology

Sharing technology with our suppliers is vital in improving and commercializing product technologies. Hyundai therefore shares its patented technologies with suppliers free of charge, and executes technology transfers when necessary. We share a list of available patents with suppliers every month; suppliers then apply for a patent transfer, and Hyundai in turn shares the patented technologies after reviewing the applications.

**Enhancing productivity**

Industrial innovation campaign

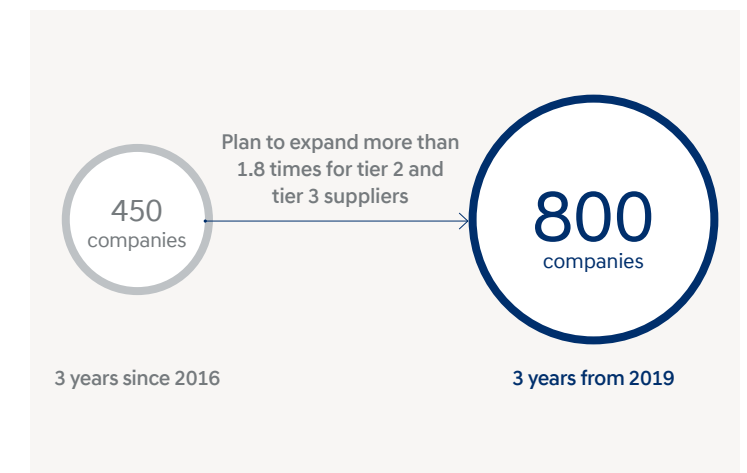
A group comprised of large companies, tier 1 suppliers, and experts carries out an industrial innovation campaign by overhauling technologies, working environment, and production process, in order to manage the quality of mass-produced parts.

Building smart plants

Hyundai uses information and communications technology to operate a range of tracking systems in our manufacturing processes. This minimizes defects in parts and products, and enables us to trace and identify problems, and, if necessary, to temporarily stop the entire car production where the defective parts are found.

Hyundai has supported some 450 companies since 2016, and will increase this number to 800 starting in 2019, so that our tier 2 and tier 3 suppliers enhance their competitiveness by building smart plants. Hyundai will provide consulting to help our suppliers apply for smart factory and also make facility investments, which will enable them to digitalize their data processing, reduce lead times, failure rates and disposal costs, improve rates of delivery, and increase sales revenues, thereby improving overall business efficacy.

**Number of suppliers benefitted from the program to build smart plants**





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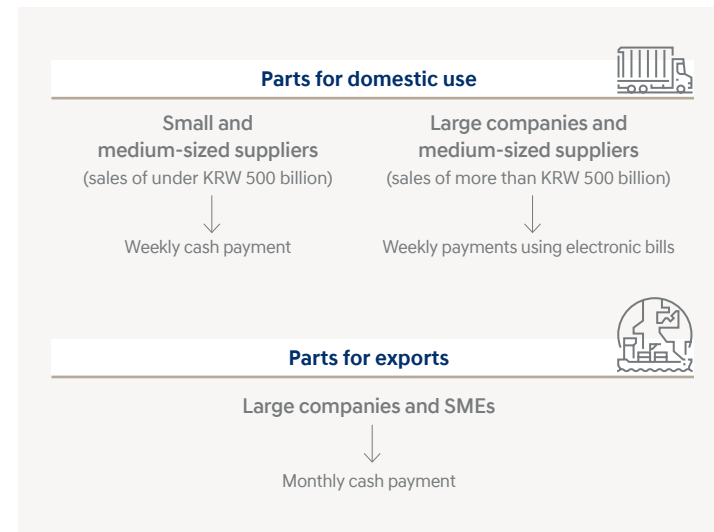
**Reinforcing the Basis for Sustainable Growth**

Hyundai supports our suppliers in improving their quality and technology. In addition, we strive to maintain a structure in which demand for parts is stable and steady, so that our suppliers do not experience business difficulty, and build an infrastructure for growth to boost technological development. We also help our suppliers to expand their global sales channels, helping them grow into stable and global companies.

**Strengthening foundation for sustainable management**

Cash payment for product delivery prices

Since May 2006, Hyundai has paid its 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 with 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 the price of raw materials

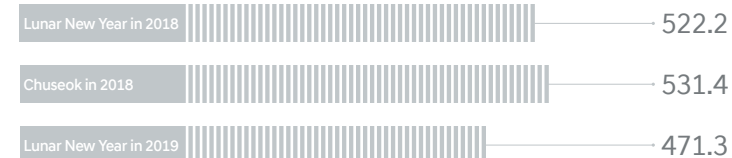
Prices for raw materials can change frequently and substantially, depending on a number of factors, including global economic conditions. Price increases can potentially lead to suppliers not being able to supply enough parts. In order to prevent this from occurring, Hyundai absorbs the burden of price increases in raw materials for its suppliers. In case of plastics, aluminum, steel sheet, copper, noble metals, and lead whose price is adjusted according to subcontract, price-volume agreement, and market price change, we pay for them by referring to the factors based on which the adjustment for each material has been made.

Early payment for products on holidays

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 encourage tier 1 suppliers to subsequently support tier 2 and tier 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 tier 3 suppliers.

**Amount of early payment for products on holidays**

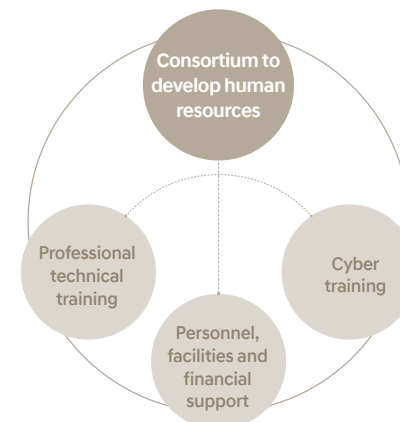
(Unit: KRW billion)



**Building infrastructure for growth**

Consortium to develop human resources

Since 2004, Hyundai has been part of a consortium to develop human resources in partnership with the Ministry of Employment and Labor (MOEL) 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**

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 tier 3 suppliers. Partnerships that have been developed in Korea are now expanding to overseas, backed up by a range of programs so that Hyundai's global operations can offer greater opportunities to our suppliers.



Support for export marketing of tier 2 and tier 3 suppliers

Hyundai actively supports export marketing of its tier 2 and tier 3 suppliers. We support their participation in automotive parts exhibitions held in Korea and overseas, and operate a program that matches suppliers with overseas buyers. We will support some 90 companies every year for the next three years to 2021, a total of around 270 companies.

In Korea, we provide financial support to suppliers on fees related to setting up booths at the Korea Automotive Industry Exhibition (KOAA SHOW), and organize one-on-one meetings with overseas buyers. For overseas marketing, we provide support to cover various expenses, including participation fees for exhibitions and related costs such as airfare and accommodation.



Exhibition held in Shanghai

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**Establishing a Culture of Joint Growth**

Hyundai believes that joint growth is essential in improving its own corporate competitiveness. We have therefore strengthened our collaboration networks not just with tier 1 suppliers, but also the tier 2 and tier 3 suppliers. We are also providing them with quality and technology support, to ensure that we create transparent and fair trade through a culture of joint growth.

**Strengthening the collaborative network**

Operating a collaborative council by tier 1 suppliers

The collaborative council by tier 1 suppliers is a dialogue channel for Hyundai to share its policies and other information with its suppliers, to resolve any difficulties experienced by tier 2 and tier 3 suppliers, and to collate any requests that may arise during the production process. These councils enable us to share our policies on purchasing and quality with our suppliers, and to establish a culture of fair and transparent trade.



Tier 1 suppliers' collaborative council

**Expanding support for tier 2 and tier 3 suppliers**

Fostering product quality technologies

Maintaining and improving the quality and technology of the tier 2 and tier 3 suppliers that supply tier 1 suppliers is another key factor in improving the quality of finished Hyundai cars. Hyundai therefore dispatches our specialists to suppliers, free of charge, to share our expertise on quality, technology and productivity in automobiles, and to help suppliers increase their global competitiveness.

Quality and Technology Volunteer Group	
• Composition	Specialists by work type
• Period	Work 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.

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Supplier Support Group	
• Composition	Consultants with professional experiences in automobile industry as senior executives
• Period	Work 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.

**Creating a culture of joint growth**

Joint growth agreements

Hyundai has signed annual 'joint growth agreements' with its suppliers since 2008, as part of our commitment to joint growth. In 2018, we signed the tenth agreement which includes such areas as price adjustments in relation to the cost of raw materials, financial support programs, executing four action agendas for subcontract, and increasing support for tier 2 and tier 3 suppliers.

Transparent Purchase Practice Center

Providing suppliers guidelines on ethical conduct is important for both Hyundai and our suppliers, so that we can work together to produce finished cars in a fair and transparent way. We have therefore set up the Transparent Purchase Practice Center on our corporate website. The supplier suggestion box for transparent and ethical practices enables Hyundai to listen to their difficulties, and collect opinions on how we can improve as a purchasing company. In addition, there is a voice box for tier 2 and tier 3 suppliers as part of our complete commitment to fair trade and transparency throughout the supply chain.

**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**

- Purpose of operating the suggestion box and report box
- How to make a suggestion and report (internet/ARS)
- Operation method (maintain anonymity and confidentiality)
- Checking the outcome of measures

Awarding to best practice joint growth case

Since 2009, Hyundai has evaluated the efforts made by tier 1 and tier 2 suppliers to generate joint growth, including better payment conditions, and gives awards to suppliers who have shown outstanding win-win efforts. We have awarded prizes to a total of 32 suppliers for their excellence in joint growth initiatives as of 2018.



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# Supply Chain Management

## Establishing a sustainable supply chain

Hyundai instituted policies and procedures to ensure the sustainability of our supply chain, guarantee stable sources of supply, and respond to risks caused by problems with suppliers. We work with many suppliers in our business operations, and operate a transparent and competitive value chain. We strive to minimize risks within the supply chain through a comprehensive analysis of both economic risks and non-economic factors such as quality, delivery, technology, safety, eco-friendliness, and win-win cooperation.

### Supply chain management policy

Hyundai set out the Procurement Division Charter and Code of Ethics and the Suppliers' Code of Ethics in 2009, with the goal of building a transparent and fair trade environment, and supporting sustainability management at our suppliers. The Suppliers' Code of Ethics consists of: 1. Transparent management; 2. Win-win cooperation; 3. Environmental management; 4. Quality management; 5. Information security; and 6. Social responsibility. It also defines the social responsibilities of our suppliers. Full details of the Suppliers' Code of Ethics are available on the Transparent Purchase Practice Center website. In addition, the Value Advanced Automotive Trade Zone (VAATZ) purchasing scheme systematically manages all of our purchasing processes, including supplier registration and evaluation and the management of purchasing contracts.

 [Transparent Purchase Practice Center Website](#)

### Supply chain status

Hyundai comprehensively examines important factors in categorizing suppliers as critical suppliers. These include the potential inability to replace parts from a specific supplier (especially key parts and items related to safety and security), whether the supplier possesses key technologies, and the possibility of advancing in partnership with a supplier into business sites overseas. Critical suppliers are those which supply key parts for a finished car manufacturer, such as module, powertrain, and electronics. As of 2018, about 100 of Hyundai's total 3,500 suppliers were categorized as critical suppliers. We also manage suppliers below tier 1 in cases where there are high barriers to changing suppliers due to the characteristics and technology of specific parts. Such management includes examining the volume of trade, and evaluations, monitoring, and corrective measures to improve supply chain sustainability.

### Supply chain management

Hyundai evaluates and monitors both new and existing suppliers for quality, delivery, technology, safety management, eco-friendly parts, and win-win cooperation. We encourage suppliers to improve by reflecting the results of our annual supply chain evaluations in competitive bidding processes. In 2020, tier 1 suppliers will additionally be evaluated for the level of their win-win cooperation with tier 2 suppliers, as well as existing factors such as payment conditions, fairness of contracts, observance of laws and regulations, and win-win cooperation with Hyundai. In the event of violations of the Suppliers' Code of Ethics, such as problems with quality, violations of ethical regulations, collusion, or any act that hinders joint growth, Hyundai can place restrictions on the supplier concerned through our internal council, including bid restrictions. If suppliers fail in relation to safety standards, we take much stricter measures, including enforcing immediate corrective measures and requiring suppliers to obtain related certifications such as OHSAS 18001.

### Supply chain evaluation

Classification	Evaluation criteria	Evaluation duration
Quality	<ul style="list-style-type: none"> <li>• Quality management system</li> <li>• Incoming defects ratio</li> <li>• Claim cost reimbursement ratio</li> <li>• Quality management</li> </ul>	1 year
Delivery	<ul style="list-style-type: none"> <li>• Operational failures of production lines</li> <li>• Delivery rate for after-sales services</li> <li>• Delivery rate for knockdown parts</li> </ul>	1 year
Technology	<ul style="list-style-type: none"> <li>• Basic capability</li> <li>• Execution capability</li> <li>• Future capability</li> </ul>	1 year
Win-win cooperation	<ul style="list-style-type: none"> <li>• Payment conditions</li> <li>• Fairness of contracts</li> <li>• Efforts to observe laws</li> <li>• Support for win-win collaboration</li> </ul>	1 year
Safety management	<ul style="list-style-type: none"> <li>• Safety management manual</li> <li>• Safety management organization and personnel</li> <li>• Safety management training</li> <li>• Safety accidents</li> </ul>	1 year
Eco-friendly parts	<ul style="list-style-type: none"> <li>• Preventing harmful substances</li> <li>• Providing chemical information (IMDS)</li> <li>• Establishing an internal eco-friendly system</li> <li>• Environmental management</li> </ul>	1 year
Compliance with the Suppliers' Code of Conduct	<ul style="list-style-type: none"> <li>• Transparent management (Anti-solicitation and bribery prohibition)</li> <li>• Observance of trade contracts</li> <li>• Prohibition of discrimination</li> </ul>	1 year

### Measures to improve supply chain sustainability

Classification	Index	Annual evaluation ratio
Prior evaluation	Percentage of tier 1 suppliers from among those subject to sustainability risk evaluation	100%
	Percentage of high-risk tier 1 suppliers as a result of sustainability risk evaluation	19%
Monitoring	Percentage of critical suppliers from among those subject to supply chain monitoring	100%
	Percentage of high-risk suppliers from among those subject to supply chain monitoring	16%
Corrective measures	Percentage of suppliers with an established corrective action plan from among sustainability high-risk suppliers	100%

### Mid-to long-term ESG risk management criteria for critical suppliers

**Goal for 2022**



Health and safety (OHSAS 18001) / Environmental management system (ISO 14001)

100% certified

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Management of IMDS registration

100% managed

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Establishment of a management system for suppliers' ESG risks

Written evaluation, Promote ESG risk management system with all suppliers

## Hyundai's' Win-win Collaboration

Fair trade based on a healthy partnership is a core value for Hyundai as we pursue win-win growth in partnership with our suppliers. We are helping suppliers achieve sustainable growth over the mid-to long-term through three main strategies – cultivating global competitiveness, reinforcing the basis for sustainable growth, and establishing a joint growth system. We are thus creating a virtuous cycle whereby we support growth in our value chain, and then share the value generated with our suppliers.

### Major Performance & Plan

	2018 Performance	2019 Plan	Mid-to Long-term Plan
Supporting Suppliers' Growth	<ul style="list-style-type: none"> <li>Helped suppliers hire talents</li> <li>- 6 job fairs, participated by 281 companies</li> </ul>	<ul style="list-style-type: none"> <li>Help suppliers hire talents</li> <li>- Expand the job fair to be held at the Group level participated not only by finished car subsidiaries and their suppliers but also by other Group subsidiaries and their suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Cultivate global competitiveness</li> <li>- Foster quality competitiveness; Develop R&amp;D capability; Enhance productivity</li> <li>Reinforce the basis for sustainable growth</li> <li>- Strengthen foundation for sustainable management; Build infrastructure for growth; Expand global sales channels</li> <li>Establish a culture of joint growth</li> <li>- Strengthen the collaborative network; Expand supports for tier 2 and 3 suppliers; Create a culture of joint growth</li> </ul>
	<ul style="list-style-type: none"> <li>Provided support for suppliers to build smart plant</li> <li>- Supported a cumulative total of around 450 companies from 2016 through 2018</li> </ul>	<ul style="list-style-type: none"> <li>Provide support for suppliers to build smart plant</li> <li>- Expand to include tier 2 and tier 3 suppliers, and support a cumulative total of around 800 companies from 2019 through 2021</li> </ul>	
	<ul style="list-style-type: none"> <li>Provided export marketing support for suppliers</li> <li>- Helped suppliers participate in automotive parts exhibitions held in Korea and overseas</li> <li>- Offered an overseas buyer matching program</li> </ul>	<ul style="list-style-type: none"> <li>Provide export marketing support for suppliers</li> <li>- Choose around 90 companies every year, and support a cumulative total of around 270 companies by 2021</li> </ul>	

### 2018 Declaration of commitment to fair trade

Twice a year, our CEO reminds all Hyundai staff of the company's total commitment to fair trade. This declaration regarding compliance with fair trade was shared in January and July 2018, and all of our work reflects our strict guidelines related to fair trade.



### Winner of the joint growth index for five consecutive years

In 2018, Hyundai was once again chosen as the Best Honorary Company in the joint growth index run by the Commission on Shared Growth for Large and Small Companies. It was the fifth consecutive year for Hyundai to be awarded with such honor. The Commission evaluates some 180 Korean companies to determine companies that have the most significant ripple effects, measured in terms of sales, pursuant to Article 20 of the Act on the Promotion of Collaborative Cooperation Between Large Enterprises and Small-Medium Enterprises. The best companies are awarded with government incentives.

\* Major areas for evaluation: Fair contracts, efforts to prevent all violations of laws, support for win-win cooperation, co-operative business relationships, etc.



### Hosted the 7th Supplier Job Fair

The Hyundai Motor Company & Kia Motors Supplier Job Fair was launched in 2012 to help suppliers recruit outstanding talent. The seventh fair, which took place in 2018, was exclusively for tier 2 and tier 3 suppliers, so that Hyundai could actively help small- to mid-sized parts companies that are experiencing difficulty in recruitment. Some 281 suppliers participated in the job fair, which took place in six regions across the nation, including Seoul, Ansan, Ulsan, Gwangju, Daegu, and Changwon.







# PEOPLE

## Talents that realize core values

For the last 50 years, Hyundai has been privileged to work with open-minded, responsible and exceptional talent who are constantly at work to create new value and realize new possibilities. Going forward, we will realize our vision of serving as a 'lifetime partner in automobiles and beyond' by working together with people who are committed to sustainable growth through challenge, creativity, passion, collaboration, and a global mindset.

# Valuing talent who moves the world forward

## We cultivate diversity and inclusion in our workplace.

The automotive industry is undergoing many profound changes in today's Industry 4.0 era, in particular the convergence of information and communication technologies and deployment of eco-friendly energy. To respond to today's and future market changes, we recruit outstanding personnel who are able to identify market trends and develop advanced technologies. Moreover, we seek to hire individuals with exceptional professional skills, and support them so that they can succeed in meeting their self-development goals.

Hyundai is also building a cooperative relationship between labor and management to ensure employee rights are fully protected. To this end, we continue to expand the channels of communication between labor and management, and strive to find reasonable, constructive solutions. In addition, we are continually setting health and safety-related goals and making improvements in this area with the goal of building a safe and healthy work environment.



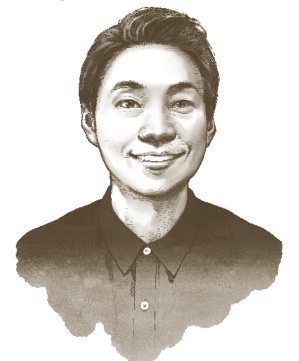
### Stakeholder Interview



As industries converge ever-faster and markets change ever more sharply, Hyundai continues to implement its strategies for becoming a future mobility company. It is vital to recruit talented individuals with outstanding skills, so that we can provide our products and services quickly, and in a customer-focused way. As a result, after recognizing there were limitations with our previous semi-annual recruitment system, we have changed our recruiting structure to a year-round open system.

We also undertake worksite-oriented recruitment planning and screening. Experts at our worksites develop the evaluation questions used in screening and interviews, focusing on issues that are of most concern at the worksites. Interview methodology is also constantly being assessed to ensure that we are recruiting the best people. In addition, worksites are able to undertake their own direct recruitment whenever necessary.

For applicants, this increases employment opportunities and enables them to enjoy life more as college students. From the company's perspective, year-round recruitment allows us to provide detailed information about jobs at Hyundai, so that we get more and better applicants, which in turn leads to higher job satisfaction and lower staff turnover. Ongoing open recruitment also eliminates some of the problems that occurred in our previous system, including postponement of graduation, excessive competition, and the requirement to invest substantial time and costs. We also expect the new system to create a virtuous cycle in recruitment between applicants, colleges, and companies – as college life is enriched by a reduction in resources expended in preparing for employment, and as curriculum reforms prepare students to perform better in jobs in the real economy, companies will be able to hire outstanding personnel who are already prepared to perform their work duties to the highest standards.



**Sung Mo Koo**

Manager of HR Management Team 2,  
Hyundai Motor Company



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# Recruiting and Supporting Global Talents

## Hiring Outstanding Global Talents

With the breakdown of boundaries between the automotive and the electronics industries, Hyundai is becoming a mobility company. We are therefore focusing on hiring people who can contribute towards eco-friendly, autonomous, and connected cars. In the first half of 2018, we began to recruit new employees in software, and there was also year-round recruitment on five occasions in R&D, plant, new business strategy, and others. We will continue to hire a wide range of talent, both new recruits and experienced professionals, to ensure growth in the future strategic areas and to make certain that we have the best people at every level of the company.

### Expanding year-round recruitment

Hyundai is changing its recruitment systems in order to respond effectively in the Industry 4.0 era. We are expanding year-round recruitment of individuals with the specific skills needed at our worksites and to attract more specialists. Also, in line with a year-round recruitment process that is driven by worksites, we plan to adopt an optimized recruitment system according to job requirements. We are also working on the timely recruitment of outstanding personnel by building a detailed HR database and organizing a number of recruitment programs.

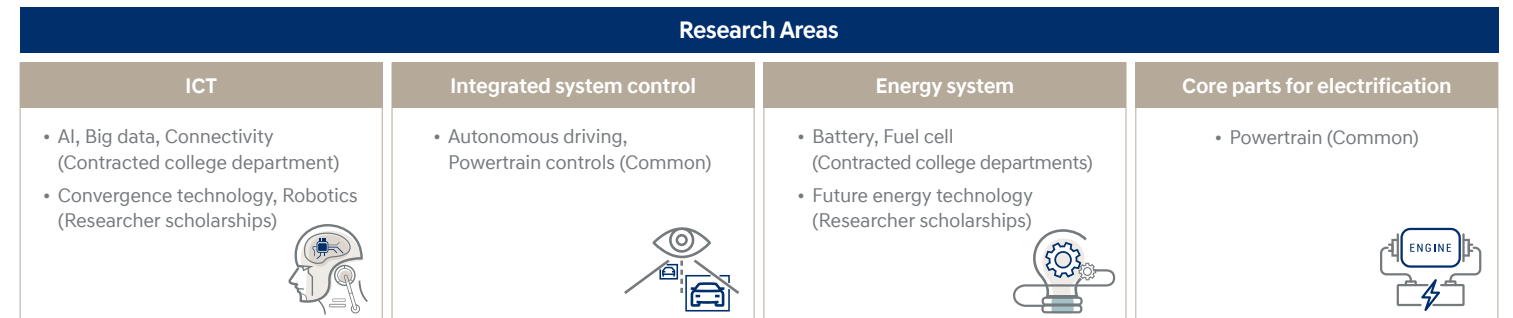
### Areas of year-round recruiting in the second half of 2018

R&D Division	Vehicle design; Vehicle assessment; Development of materials, powertrain, and commercial vehicles and Technology management
Strategy & Technology Division	Development of deep learning and platform software
People & Business Oprn. Support Division, Corporate Human Resource Division	HR support and IT security
Ulsan Plant, Asan Plant, Jeonju Plant	Plant maintenance technology and plant operations
Finance & Accounting Division	Cost accounting

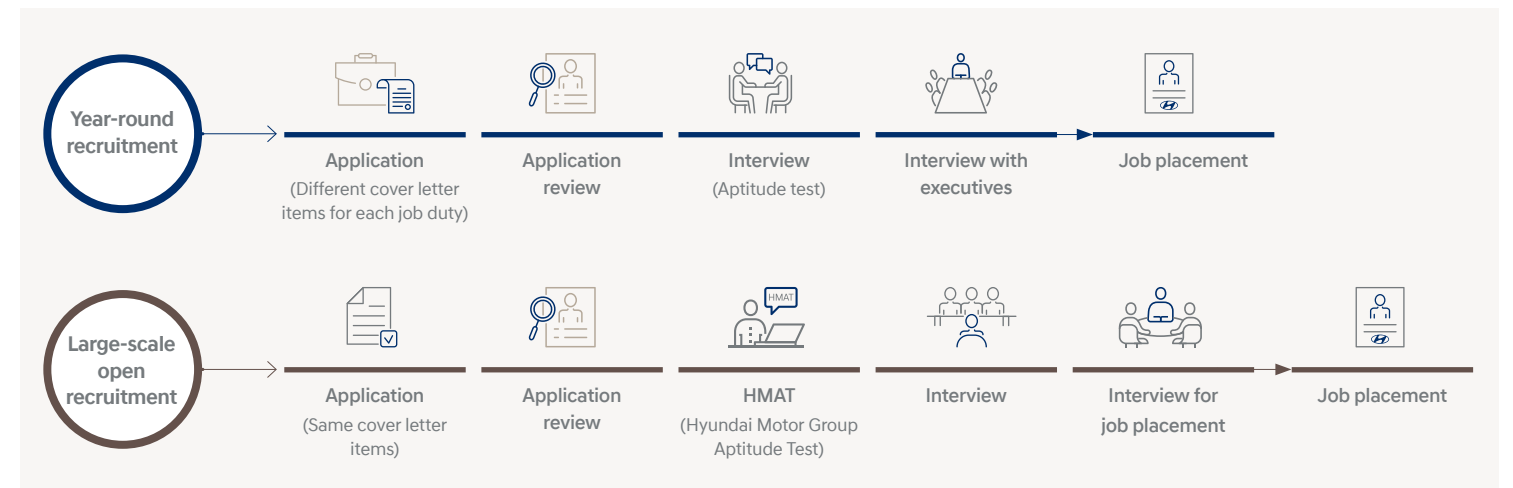


### Researcher scholarships and contracted college departments

Our researcher scholarships and contracted college departments are helping to develop the outstanding personnel who will drive technological development in the automotive sector and support our future competitiveness. Launched in 2003, the annual researcher scholarships are awarded to outstanding students enrolled in undergraduate, master's or doctoral degrees programs in natural sciences, engineering, or design. We also provide additional support and mentoring for their academic activities. Began in 2015, the contracted college department system is fostering outstanding talent in four vital areas of research – ICT, integrated system control, energy systems, and electrification – by forming a convergence education model in partnership with major Korean universities. We provide scholarship students with education programs that are closely connected to the needs of our worksites, so that students can concentrate fully on their research and become high achievers once they join Hyundai. We will continue to offer researcher scholarships and our support to college departments so that we can nurture the personnel needed to perform pivotal roles in next generation of automotive technologies.



### Recruitment process for new employees



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**H-Career Fair**

We held the H-Career Fair and shared information on our job application process and the company's recruitment direction. It was also a venue where we shared our future vision related to new businesses and new future technologies. There were around 200 participants on site. We provided online live broadcasting to deliver recruitment information to a total of around 66 thousand individuals. Also, we organized a wide array of programs to provide practical support to applicants, including the 'Recruitment Talk Concert', 'Task Talk Concert', and 'Mentoring by Hyundai Employees'.



**Global Top Talent Forum**

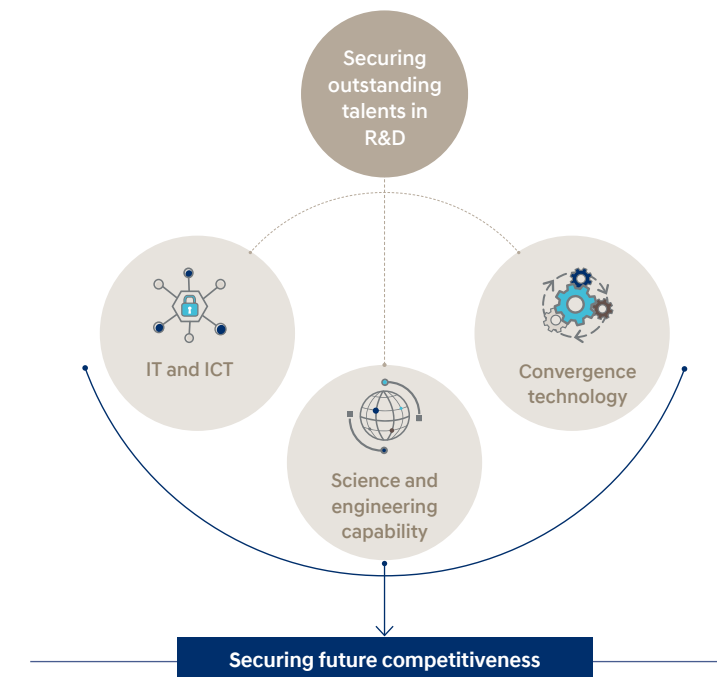
In August 2018, Hyundai hosted the Global Top Talent Forum in San Diego, U.S. as part of our initiative to attract outstanding overseas personnel with masters and/or doctoral degrees in natural sciences or engineering. There were seven sessions at the Forum, covering AI and software platforms, autonomous driving, connected cars, future mobility, eco-friendly vehicles, cutting-edge lightweight materials, and basic vehicle performance. All participants were given a presentation fee, and the best speaker at each session received additional benefits, such as prize money, an offer to join the Hyundai Motor Group, or the opportunity to be a recipient of our researcher scholarship. The main theme of the 2018 forum centered around topics related to software, as convergence across diverse fields is vital to our future competitiveness. We will continue to recruit outstanding people who can identify the issues of the future within our industry, and develop key technologies in response.



2018 Global Top Talent Forum

**Outstanding R&D Talent Career Fair**

We held a career fair for outstanding talents in natural sciences and engineering to bolster our future technological competitiveness. Participants at the event included researchers in diverse areas, including robotics and AI, electrification, eco-friendly cars, and cutting-edge materials. We held consultation sessions on tasks and shared our future vision. A total 848 people participated in the career fair, of which 623 persons took part in the sessions. Also, outstanding participants of the sessions received recognition as passing the document screening process. We thus provided excellent talent with an opportunity to realize their dreams at Hyundai.



Career fair for outstanding talents



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**Nurturing Talents**

Based on the belief that employees' growth leads to the company's growth, Hyundai is enhancing our future competitiveness and sustainable growth by instituting personnel policies that are driven by the requirements of our work sites, and by building a learning culture. We have established long-term strategies for nurturing talents in leadership, job expertise, and learning culture, and we are changing training programs to focus on self-led customized learning that enables individuals to choose their own path in becoming leaders and experts. In addition to strengthening leadership for sustainable growth and building the learning infrastructure, our self-led learning systems will enable staff to learn whenever, wherever, and ways selected by them.

**Strengthening leadership from a sustainability perspective**

Hyundai's leadership program is designed to go beyond growth of individual leaders. The program aims to instill organization impact from the sustainable growth perspective. We are expanding initiatives to nurture leadership that are adept in responding to internal and external environment changes. We pursue qualitative innovation of our leadership program through timely content and delivery innovation.

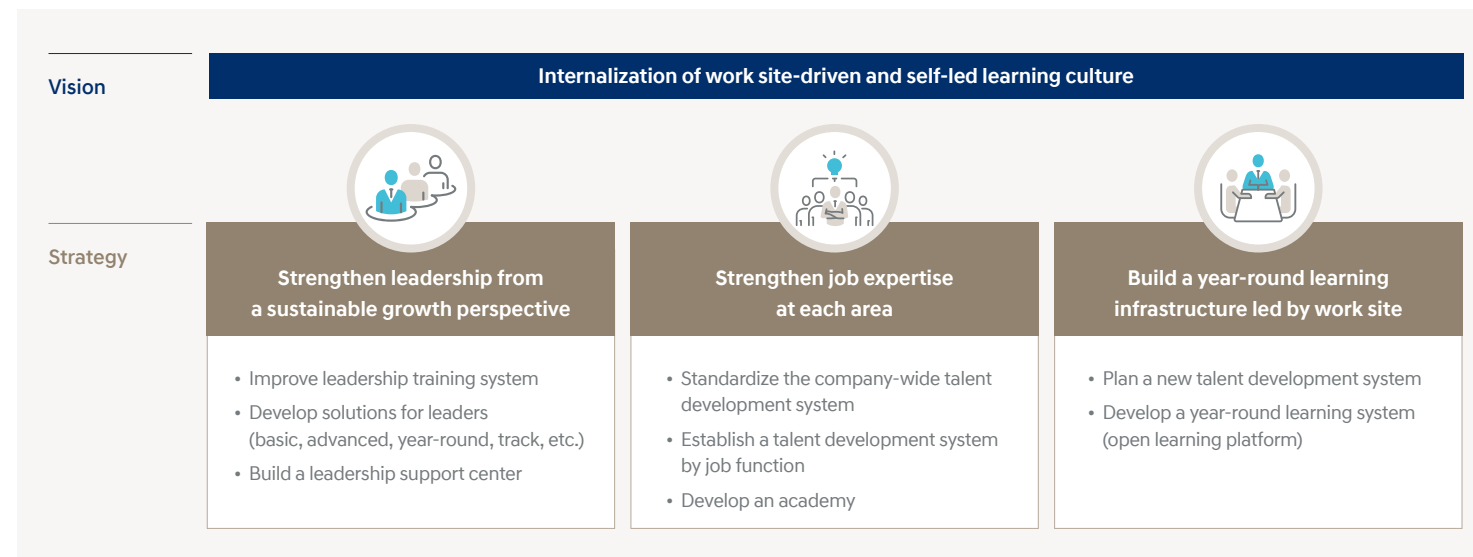
**Improving job expertise at each area**

We are improving job capacity across all areas of the company in order to enhance job expertise of our employees. Employees develop the capacity needed to perform their work and can improve their skill sets in various ways, according to the individual's requirements and preferences through various solutions. To this end, our training department and each work area are working together to develop an academy for each area, and will offer extensive learning content, including internal and external training, e-books, MOOC, and study meetings, thereby enhancing job expertise of our employees.

**Building a worksite-led learning infrastructure**

Hyundai is establishing a talent development system according to the requirements of each job area in order to support the internalization of work site-driven and self-led learning culture. We provide opportunities for staff to develop both general job capacity and specialized job capacity needed in their own work area. Our employees are thus enabled to expand their areas of expertise and develop creative problem-solving skills.

**Mid-to long-term talent development strategy**



**New training system**

We fully support the professional growth of all of our individual employees, and we are preparing to adopt a self-led learning system that will help our employees enhance their employability. In particular, we are focusing on developing the skills needed to perform work duties through education targeted around individual's specific requirements. This open learning platform and learning solutions, based on data generated by our employees, enable our staff to access knowledge and information anywhere and at any time. We believe the new training system will serve as a foundation for developing our employees into experts.

**Leadership program**

**FOSTERING TOP LEADERS** Hyundai has adopted new training programs for our top leaders, including the CEO and directors, in order for them to understand their respective roles and recognize the importance of preparing for the future. We strengthened programs related to strategizing plans for the future to intellectually challenge group leaders, while we offered individually-tailored programs to newly promoted executives, increasing their capacity in building leadership.

**DEVELOPING CHOSEN TALENTS** We actively select individuals with global business insights to form a pool for the top managers of the future. We are continually developing top leaders who are able to respond quickly and effectively to changes in the internal and external business environment.



Training on press



Field training on painting robot (basic)

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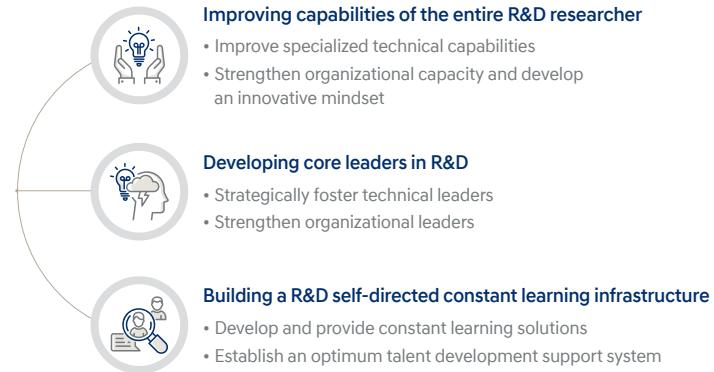
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**Fostering R&D talent**

Strategic development of outstanding R&D talent is a vital for Hyundai in improving its future competitiveness and finding the drivers of sustainable growth. We are therefore developing the technological capabilities of all of our researcher, and providing dedicated training for key leaders. In addition, we are enhancing our R&D capabilities by building constant learning systems focused on the requirements of our work sites. To this end, we are building self-directed constant learning infrastructure, including system, and provide optimized learning solutions.

**Mid-to long-term R&D talent development**



**FOSTERING OVERSEAS R&D TALENT** It is essential to establish customized overseas HR strategies in fast-changing, global markets. We are therefore strengthening the leadership and job capacity at our overseas subsidiaries and research institutes. At the Hyundai Motor Technology & Engineering Center (China) and the Hyundai Motor India Engineering Pvt. Ltd, we are actively hiring local personnel and training them in design and car testing. We have also hired local staff at the Hyundai America Technical Center and the Hyundai Motor Europe Technical Center in order to strengthen our position in areas such as eco-friendly vehicles, car IT, and ADAS.



Hyundai America Technical Center



Hyundai Motor Europe Technical Center



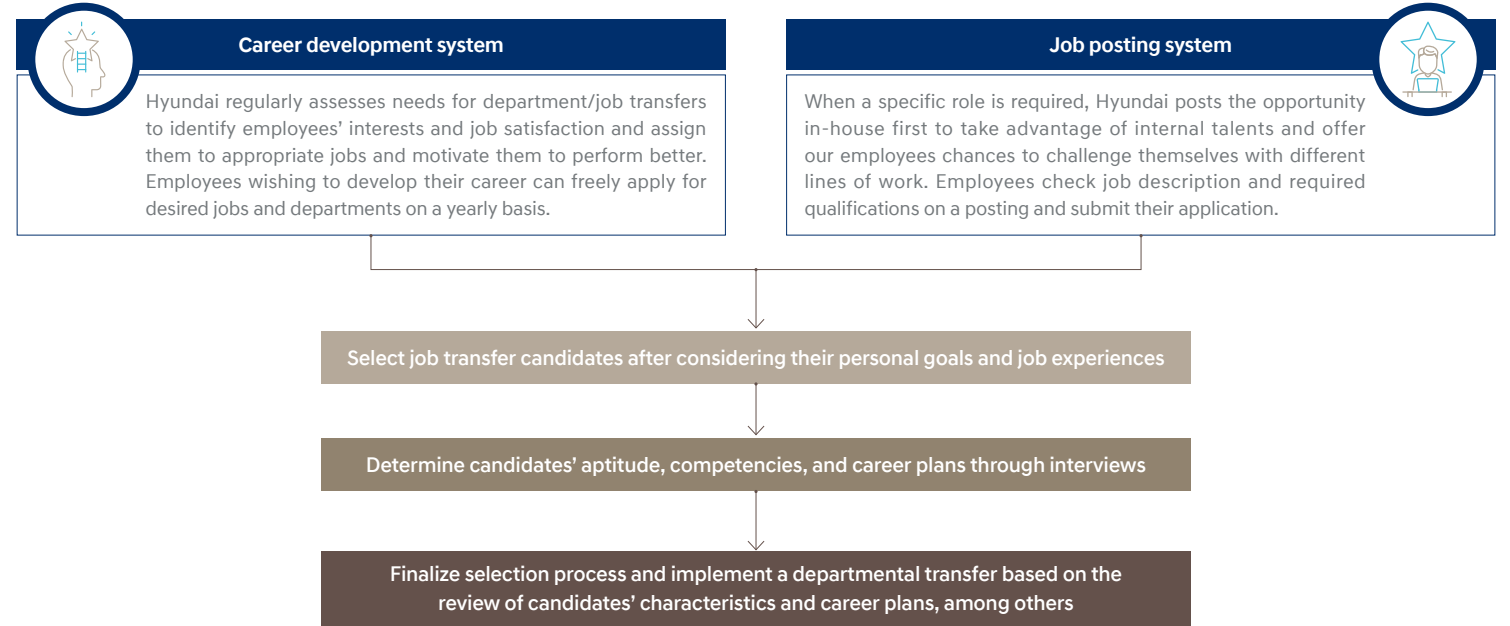
Hyundai Motor Technology & Engineering Center (China)








Hyundai Motor India Engineering Pvt. Ltd

**Career development and job posting systems**

Hyundai enables self-directed achievement of career development goals through diverse experiences. We help employees develop extensive job expertise by providing opportunities to experience jobs they are interested in, in addition to the experiences and knowledge that they accumulated in their respective professional field. In this way, we are expanding employee expertise and also contributing to strengthening understanding and communication among different areas.



**Duty type and position system of Hyundai Motor Company**

General Manager	Senior Engineer	Chief Technician	Director	Chief Mechanic
Deputy General Manager		Senior Technician	General Manager	A/S Senior Mechanic
Manager		Technician	Deputy General Manager	A/S Mechanic
Assistant Manager		Junior Technician	Manager	A/S Junior Mechanic
Associate		Senior Operator	Assistant Manager	A/S Mechanic Support
	Engineer	Operator	Associate	
<b>Managerial</b> 	<b>R&amp;D</b> 	<b>Production</b> 	<b>Sales</b> 	<b>A/S</b> 



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**Organizational Culture**

Hyundai is building a creative and agile organizational culture through its organizational culture innovation platform – Culture Change Program (CCP). In particular, we are focusing on the goals of establishing a horizontal communication culture, building vertical trust in organization, and promoting creativity by building an active and autonomous work atmosphere. In addition, we are operating a wide range of programs to ensure the right work-life balance for our staff.

Organizational culture survey

We conducted an organizational culture survey in September 2018 to identify the level of corporate culture by organizational unit. The assessment consisted of 76 questions, divided into seven categories – business, people, work, leadership, organizational effectiveness, HR system, and infrastructure. About 79.5% of general and research staff participated in the assessment. We will continue to carry out assessments in the future to improve our organizational culture.



Change management program

Following the initial implementation of the organizational culture survey in 2017, Hyundai has in place a change management program that is led by a senior member at each worksite. There are both common and specialized targeted programs, including programs covering collaboration, leadership, creativity, and communications. There was a total of 371 culture change programs (CCPs) and 188 specialized programs for 81 organizations at Hyundai in 2018.



R&D Female Vision Conference

R&D Female Vision Conference

Our female employees work in vital roles across the company, including R&D, engineering, and maintenance. Hyundai strives to build a corporate culture in which our R&D female employees benefit from a culture of mutual respect and active support to find a direction rather than an answer to their roles within the organization. In 2018, we hosted the R&D Female Vision Conference, consisting of workshops, lectures, and a talk show on the theme of “Modern women, asking about a path and finding a path”. We will continue to offer a wide range of programs so that our female staff can plan their careers and strike the right balance between their work and personal lives.

R&D Idea Festival

Hyundai has hosted the R&D Idea Festival every year since 2010, to create a vibrant atmosphere for technological development and to establish an R&D culture of mutual cooperation. Researchers' ideas on future mobility are made into actual objects and then demonstrated to participants.



NAMU – the grand award winner in the 2018 R&D Idea Festival – implementing freedom in mobility by developing stair climbing wheels



Participants of the 2018 R&D Idea Festival

**Supporting work-life balance**

Hyundai offers various welfare programs to improve the quality of life for our staff. We provide financial support for travel expenses and operate daycare centers to help employees who are managing the cost burden of child rearing. Other welfare programs also help our employees enjoy their daily lives and vacation time.



Flexible work system

- Employees can choose when they come to and leave work, other than regular working hours (10 am to 4 pm) based on the condition that the weekly average of 40 hours is met



On-site childcare center

- Operating on-site childcare centers since 2013 for married female employees and single-parent households
- Located at 5 locations – headquarters, Ulsan Plant, Asan Plant, Jeonju Plant, and Namyang Technology Research Center



Employee travel support programs

- Overseas traveling for long-term employees: Cover traveling expenses for long-term employees and their families
- Child Happiness Travel: Provide hotel lodging to employees for a certain period before and after pregnancy



Gymnasium

- Offer customized exercise prescription for employees, swimming lesson program, etc.
- Located at headquarters and major business sites for greater convenience for employees and their families

Retirement pension

Hyundai has put into place a retirement pension system to help our employees fund and plan for their lives after retirement. Hyundai uses third-party administration services as a way to protect retirement pensions, and the company also provides education for pension subscribers about retirement planning, including all necessary information on personal pension products, thereby helping our employees build a foundation to enjoy life after retirement.

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# Guaranteeing Workers' Rights and Communication

## Employee Safety and Health

Hyundai abides 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 regularly communicate with our employees at home and abroad, and spare no effort to identify their grievances and demands and take actions on them preemptively.

To protect the safety and health of our employees, we announced our fatal accident zero safety and health management policy, and strive to make improvements every year. In 2018, we achieved "ZERO" fatal accidents for two consecutive years, and our efforts to prevent safety accidents came to fruition.

### Improving safety leadership

Hyundai is working towards achieving "ZERO" fatal accidents by strengthening safety leadership at our business sites driven by top management. Major safety leadership activities, such as safety meetings and inspections, enhance the implementation of safety policies, and quickly remove risk factors at business sites, thereby maximizing accident prevention effects. In addition, our company-wide safety meetings and overseas video conferences enable us to operate same safety policies in Korea and overseas. We also widely promote outstanding examples of business site safety, to ensure that safety management continues to improve throughout the company.

### Preventing fatal accidents

Hyundai analyzed all serious accidents occurred at its Korean and overseas business sites, and has derived key safety rules to prevent accidents, based on which we established the Nine Safety Golden Rules. As a result, we have achieved zero fatal accidents for two consecutive years. In addition, the Turkey Plant and the Brazil Plant had zero occupational accidents throughout 2018. This was the second year in a row for zero accidents at the Turkey Plant. The Turkey Plant is the first Hyundai plant to achieve this. We will continue to improve our safety management, giving top priority to the lives of our workers, and we will make all our business sites safer through institutional improvements in meeting our key performance indicators.



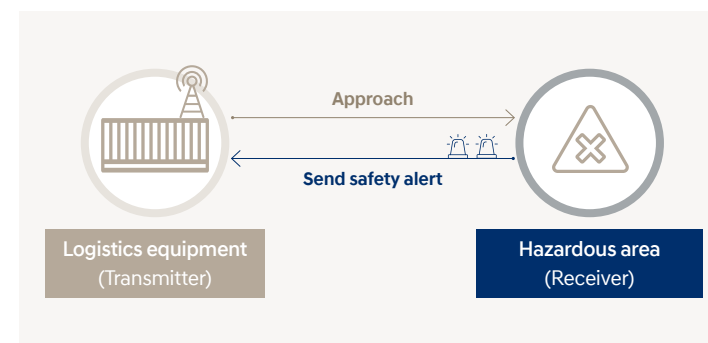
Safety check by using an NFC tag

### Using IoT technology for safety inspections

Hyundai has built a mobile safety inspection system using NFC tags in order to achieve zero fatal accidents. We also use the big data based on the result of the safety inspection, which will be used for improving workplace safety. And it can further reduce the risk of fatal accidents. This system was first introduced in 2018, and will be fully established at work sites company-wide, thereby enhancing credibility of safety inspections.

### Safety alert systems for logistics equipment

Hyundai has installed safety alert devices in hazardous areas where logistics equipment is operated in order to prevent accidents from collisions and jamming. Smart alert devices send out visual and audible alerts in major danger zones, enabling workers to undertake logistics work more safely.



## Safety Report Center

The Safety Report Center has been integrated into our safety systems in order to ensure company-wide recognition of the importance of safety, to share issues around safety, and to encourage accident prevention, with rewards given to employees submitting excellent safety reports. The Safety Report Center enables us to implement swift actions on safety improvements to prevent major accident.

### Operation process of the Safety Report Center



## Operating H-SAT

The Hyundai-Safety Assessment Tool (H-SAT) was developed in order to measure the safety, health and environmental (SHE) performance at each plant in a quantitative way, and to improve weak part of SHE management. The comprehensive H-SAT evaluation gives points according to the quality of safety, health, firefighting, and environmental protection. Pilot operations have been completed, and we will use the H-SAT as a framework for developing SHE policies and strategies, and for improving SHE levels.



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**Safety management activities at overseas business sites in 2018**

**HMMA**

- Carried out a pilot operation of a wearable vest (upper body type) to prevent musculoskeletal disorder and reduce physical load on production staff (April)
- Carried out a pilot operation of wearable chair (lower body type) to prevent musculoskeletal disorder and reduce physical load on production staff (July)



**HMMC**

- Expanded the safety leader system to implement safety management in close connection with worksites
- Installed and used drowsiness prevention devices for vehicle drivers to prevent traffic accidents



**HMMR**

- Prevented accidents through focused management of hazardous areas – A\_B\_C Zone
- Conducted a fire drill tailored to working conditions



**BHMC**

- Operated a safety level index management system for major A-grade risk processes
- Carried out activities in the Month of Safe Production (June-July), such as safety promotion, emergency training, safety inspection, and contest



**HMB**

- Strengthened accident prevention activities through the Intensive EHS Program
- Conducted focused inspections and a fire drill to prevent fire accidents during the dry season (July-September)



**HAOS**

- Strengthened accident prevention activities through concentrated safety inspections at scrap treatment sites
- Organized the Safety Week campaign to enhance the safety mindset



**HMI**

- Made improvements to safety protection devices (laser scanner) to prevent jamming accidents at car body plants
- Improved road and facility, and conducted campaign to prevent traffic accidents



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**Communicating with Employees**

Hyundai guarantees the labor union's rights to free union, collective action, and collective bargaining. The company also shares information and promotes effective communications between labor and management by holding briefing sessions to fully inform employees about the status of the company and changes in our business activities.

Communications with the labor union

Hyundai fully observes the Korean Constitution and all laws on employee rights, including the right to organize labor unions and the rights to collective action and collective bargaining. We also run the Collective Bargaining Council and the Labor-Management Council, pursuant to relevant laws. In addition, the Work Change Promotion Committee discusses changes in working hours, the Wage System Improvement Committee discusses regular wages and the minimum wage, and the Job Stability Committee is preparing for the era of the Fourth Industrial Revolution.

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. We organized various social contribution activities in 2018, including the preparations for the establishment of Ulsan Kids Auto Park in addition to our regular social contribution activities. Our employees participate in community service activities through the Technician Volunteer Group, and volunteer groups of each business division and clubs. 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.

Labor union (employee) communication at overseas business sites

BHMC and CHMC in China have Chinese Trade Unions; 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 workers' grievances at the work site as they spend most of their time together with on-site workers.

H-Mate communications application

The H-Mate application promotes communication between our employees, and helps to build good labor-management relationships. As of February 2019, some 23,400 employees have subscribed, and an average of 4,400 people per day access the application to use it for a wide range of activities. Services include: company news; work notices; the 'I am Curious' Q&A functions for questions related to Hyundai; the 'Let's Come Together' function to recruit club members; and the 'Let's Apply' survey function. These services are helping to bring our employees together by increasing communications between them.



Wage, collective bargaining agreements



Joint leadership workshop, HMCSA HQ





## Hyundai's Respect for People

Our people are the basis of Hyundai's sustainable growth. That is why we have established an impartial year-round recruitment system and various HR training programs with the goal of attracting talents and enabling them to fulfill their potential. We are also committed to building an excellent workplace and ensuring the right work-life balance. We therefore go well beyond simply guaranteeing rights, and operate a number of support systems and communication channels. We will continue to build a work environment that our employees can enjoy the highest levels of health and job satisfaction from a mid-to long-term perspective.

### Major Performance & Plan

	2018 Performance	2019 Plan	Mid-to Long-term Plan
Recruiting and Supporting Global Talents	<ul style="list-style-type: none"> <li>Chose 15 H-Recruiters at work sites, targeting tasks related to the future vision, and conducted a pilot program for six months</li> <li>Conducted a pilot year-round recruitment to hire new employees at five major divisions in the second half of the year</li> <li>Re-established directions for human resources development (HRD), and defined strategic tasks</li> <li>Overhauled the HRD system and standard guide</li> </ul>	<ul style="list-style-type: none"> <li>Establish a pipeline for recruiting by expanding the H-Recruiter to be 50 persons at the corporate level</li> <li>Expand the work site-driven year-round recruitment system to the corporate level</li> <li>Identify the status of work site-driven constant learning systems, and derive improvement measures</li> <li>Build an infrastructure for constant learning at the corporate level, and develop a driver for change</li> </ul>	<ul style="list-style-type: none"> <li>Actively secure future technology, and organization and human resources related to new businesses</li> <li>Establish a work site-driven agile HR operation system, and improve personnel management system to encourage employee engagement</li> <li>Launch a new HRD system after 2020</li> <li>Operate an open learning platform, and continue change management</li> </ul>
Guaranteeing Workers' Rights and Communication	<ul style="list-style-type: none"> <li>Achieved zero fatal accidents by inspecting disaster prevention activities</li> </ul>	<ul style="list-style-type: none"> <li>Achieve zero fatal accidents, serious fire, and traffic fatalities</li> </ul>	<ul style="list-style-type: none"> <li>Guarantee employee safety and health by building safe, accident-free business sites</li> </ul>

### Integrated organizational culture survey

Hyundai carries out an annual worldwide assessment of our organizational culture in order to determine the level of our organizational culture from an integrated perspective and to identify measures for improvement. We assess areas of our corporate culture such as business, people, and work, as well as organizational effectiveness, leadership, HR system, and the IT infrastructure. The 2018 assessment showed year-on-year improvements, demonstrating the results of our commitment to improving our organizational culture.



### Employee Town Hall Meeting

Hyundai is striving to expand the scope of our thinking through an agile corporate culture. We therefore set up a Town Hall Meeting in 2019 as a communication channel between employees and the company. Any employee can take part in the Town Hall Meeting, either by visiting the first floor of the headquarters building, or through online chatting. They can voice their opinions freely, and ask any questions about major company policies and other issues. We will continue to host these Town Hall Meetings to promote horizontal communications with our people and to collect new ideas and opinions on policy issues.



### Jeonju Plant – a winner of the 2018 Nationwide Circle Contest

Hyundai's Jeonju Plant presented ideas under the theme of risk reduction by improving risk factors in axle process at the 2018 Nationwide Circle Contest organized by the Ministry of Trade, Industry and Energy, and received the bronze award in the environment and safety category.



### HMB wins the '2018 Brazil Health and Safety Award'

Hyundai Motor Brazil (HMB) received the 2018 Brazil Health and Safety Award, organized by Revista Proteção – a prestigious magazine in the area of industrial health and safety.





# COMMUNITY

## Adding value to our community

Hyundai's efforts to resolve social issues together with stakeholders are not limited to local communities where we conduct business. We help resolve major common social issues facing communities across the world by promoting cooperation with various stakeholders and leveraging our expertise.



# As a lifetime partner for a better tomorrow

## We are adding to the value of Hyundai by growing in harmony with local communities.

As a global leading company, Hyundai seeks to move forward together with members of communities where we have offices worldwide. We are striving to enhance the quality of the lives of local community members by going beyond production and service provision, and engaging in a wide array of social contribution activities addressing local community needs.

Rather than one-off contributions, we conduct social contribution activities in accordance with five areas – eco-friendly, mobility innovation, traffic safety, future generation, and community. Through these activities, we aim to deliver Hyundai values to local communities while also contributing to achieve the United Nations Sustainable Development Goals (SDG). These and other efforts of ours will have a positive influence on those who are marginalized in local communities and future generations.



### Stakeholder Interview



Hyundai is playing an active role in bringing actual and tangible benefits to local communities and visitors while preserving Petra in good condition for future generations. By providing free Wi-Fi, visitors are having smooth access to the internet so that they can get additional information and share their experiences with their friends, family via social networks. A communication network ensures better safety at the site, enabling crowd management in emergency situations. During floods last year, the authorities were able to inform and urged everyone within the archaeological park to leave the site immediately. Interpretive signage provides visitors detailed information, enhancing enjoyment and their understanding. Further support includes materials such as brochures and a 3D model of the World Heritage Site.

Prior to Hyundai's support, we allowed access to and around the site only by walking or using animal transport. By providing clean and ecofriendly shuttle busses, more tourists are able to enjoy the full experience of Petra, while minimizing the environmental impact. All the works were planned in careful consultation with the Petra Authority, which in turn has received all approvals from UNESCO and other authorities dedicated to preserving World Heritage sites.

Our projects at Petra directly affect city services, tourists, and local communities. Since we started, the number of visitors to the city of Petra has almost doubled – and expected to grow. Hyundai is helping to bring greater economic benefits to the local community. We are helping to ensure that a growing number of visitors to the ancient city of Petra are managed in a responsible and sustainable way, creating a better environment for visitors and for locals.



**Mohammad Badwan**  
Hyundai Motor M.East & Africa Customer Experience

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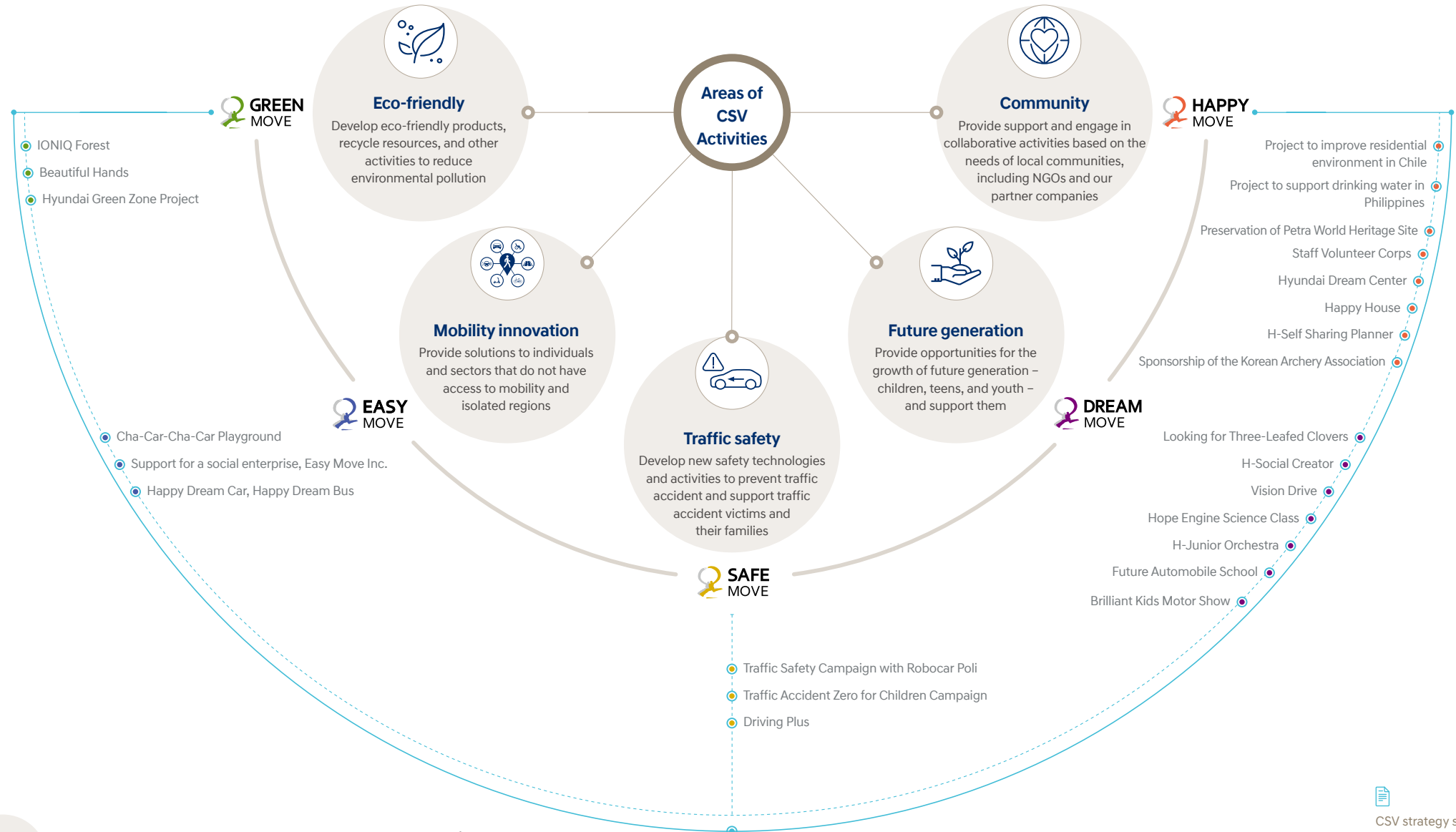
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# Areas of CSV Activities

Hyundai conducts social contribution activities for creating shared value (CSV) in accordance with the five major areas – eco-friendly, mobility innovation, traffic safety, future generation, and community – in which we have established our CSV strategy system. We manage our mid-to long-term CSV portfolio according to the objectives of each area, and continue our efforts in bringing a positive impact on society in a more efficient way. In addition, our CSV activities for each area are related to the Hyundai Motor Group’s major social contribution areas, called ‘6 Moves’ – Safe Move, Easy Move, Green Move, Happy Move, Dream Move, and Next Move. By doing so, we are creating and expanding social values with a wide range of stakeholders.



**NEXT MOVE** The Next Move among the Hyundai Motor Group’s 6 Moves refers to the area where we leverage our business expertise to create social value, and includes Hyundai Motor Company’s CSV initiatives

 CSV strategy system (P. 30)

 6 Moves of Hyundai Motor Group



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**Eco-friendly**

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



**Goal 15.** Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

🔗 Goal 15.2



**Goal 14.** Conserve and sustainably use the oceans, seas and marine resources for sustainable development

🔗 Goal 14.1



**Goal 13.** Take urgent action to combat climate change and its impacts

🔗 Goal 13.1

**IONIQ Forest**

Since 2016, Hyundai has been carrying out the IONIQ Forest project together with Tree Planet and SUDOKWON Landfill Site Management Corp. The project involves planting trees to reduce fine dust at the Incheon metropolitan landfill site. The IONIQ Forest project aims to create 'fine dust-preventing forests' by planting over 30,000 trees by 2020 together with forest-building experts, IONIQ customers, and participants of the IONIQ Longest Run.

In 2018, 1,000 trees were planted in April by tree-planting volunteers. In addition, volunteers and 200 customers who participated in the IONIQ Longest Run together planted 2,000 zelkova and pine trees in November. Including an additional 5,000 trees planted by forest experts, a total of 8,000 trees were planted during the year. As of April 2019, a total of 15,250 trees have been planted through the IONIQ Forest project.

Furthermore, IONIQ Forest project has established its own website and also produced documentary videos of the project's progress as a way to communicate via various channels, how eco-friendly initiatives are transforming the landfill site into a forest of life.



▶ IONIQ Forest documentary video – Forest



**Beautiful Hands**

Hyundai contributes to reviving old, dilapidated urban areas in Seoul by creating mural paintings and improving public parks. This project has been carried out twice a year since 2014. In 2018, we created mural paintings on a pier in the south part of the Mapo Bridge in Han River Park, Yeouido-dong, Yeongdeungpo-gu, to raise the awareness of citizens about endangered birds and environmental protection. Around 120 employees of the Hyundai Customer Service Sub-Division and undergraduate PR Ambassadors from all across the nation made the old space new. They painted endangered birds that live in estuaries in Korea to communicate the message of environmental protection. In particular, emerging artists took part in creating the mural design, which made the mural painting go beyond urban environment improvement and merit significance as a public artwork.

▶ 9th Activities of 'Beautiful Hands'

**Hyundai Green Zone Project**

The Hyundai Green Zone Project is a global ecological restoration project that Hyundai Motor Group has been carrying out since 2008. The 1st Hyundai Green Zone Project was carried out from 2008 through 2013, and covered 50 million square meters in Chakanor, Apakachi, Inner Mongolia, which is a leading source of fine dust in China. We successfully improved an alkaline salt desert into grasslands with abundant grass. Since 2014, we have been engaging in activities to restore 40,000 square meters of the Baoshaodainao Nur, Zhenglan Qi and Haginor regions into an ecology that is suitable for the climate environment of Inner Mongolia. Also, the Hyundai Motor Group's Happy Move Global Youth Volunteers, colleges students in Beijing, employees and their family members of Hyundai and BHMC, a joint venture, and other participants are continuing volunteer activities to prevent desertification.

Hyundai Motor Group has conducting a wide array of social contribution activities, in addition to the Hyundai Green Zone Project which we have been carrying out for over 10 years. In recognition of such efforts, Hyundai ranked first in the automotive industry in the 'China Corporate Social Responsibility Index' evaluation conducted by the China Academy of Social Sciences in November 2018.

**Ecological Value of IONIQ Forests**



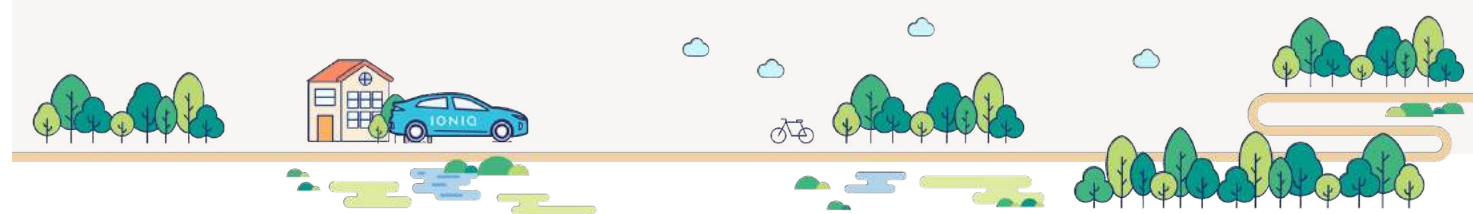
Annual amount of CO<sub>2</sub> absorbed

**138,775** kg/year



Annual amount of fine dust absorbed

**544,425** g/year



\* As of December 2018; based on 15,250 trees – a total number of trees which have been planted through the IONIQ Forest project

\*\* Basis of calculation: On average, a 30-year old tree absorbs 9.1kg of CO<sub>2</sub> per year; On average, a 40-year old tree absorbs 35.7g of fine dust per year; Anticipated effects after 30 years

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**Mobility innovation**

Provide solutions to individuals and sectors that do not have access to mobility and isolated regions



**Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable**

Goal 11.2



**Goal 10. Reduce inequality within and among countries**

Goal 10.2



**Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**

Goal 9.1

**Happy Dream Car**

To provide mobility to such mobility-challenged people as the elderly and the disabled, Hyundai carries out the Happy Dream Car project by providing cars to welfare organizations and NGOs in areas where our business is based, including Ulsan, Asan, Jeonju, and Namyang.

In particular, our Ulsan Plant has been steadily providing Happy Dream Cars over the past 14 years, bringing the total number to 170 cars as of the end of 2018. The Asan Plant and Jeonju Plant are also regularly donating car purchase funds. The Namyang Technology Research Center has developed an application for welfare organization users to apply for and use Happy Dream Cars. The project does more than providing transportation: it delivers lunch boxes, provides an emergency relief service, takes part in cultural and welfare activities in nearby areas, thereby helping the underprivileged feel less marginalized.

**Support by business site**

(Unit: Vehicle; Accumulated figures)

Business site	Since	Happy Dream Car	Happy Dream Bus
Ulsan Plant	2005	170	247
Asan Plant	2009	13	-
Jeonju Plant	2015	3	190
Namyang Technology Research Center	2011	14	40
<b>Total</b>		<b>200</b>	<b>477</b>

**Happy Dream Bus**

Since 2015, Hyundai has been operating the Happy Dream Bus project to help the mobility-impaired individuals go more places, providing them with opportunities to enjoy more diverse experiences in a bigger world. In particular, our Jeonju Plant has been donating funds for bus rental and traveling on 190 occasions to 131 organizations for four years since 2015. We will continue to impartially select and support various organizations to include all of the underprivileged. By doing so, we will go beyond guaranteeing mobility rights of the less fortunate and contribute to their happy lives and make more efforts to become a reliable means of transportation at all times to our communities.



**Easy Move Inc.**

Hyundai supports Easy Move Inc. which established in 2010 as a social enterprise. This corporation was funded by Hyundai in order to provide vehicle, mobility and assistance equipment for the disabled and the elderly. Easy Move is using exclusive technology to produce mobility assistance equipment, backed by the support from Hyundai. And it develops such products as electric wheelchairs that provide increased convenience than previous products. Hyundai makes an effort to provide better mobility to our communities who are experiencing transport inconvenience through products of Easy Move.

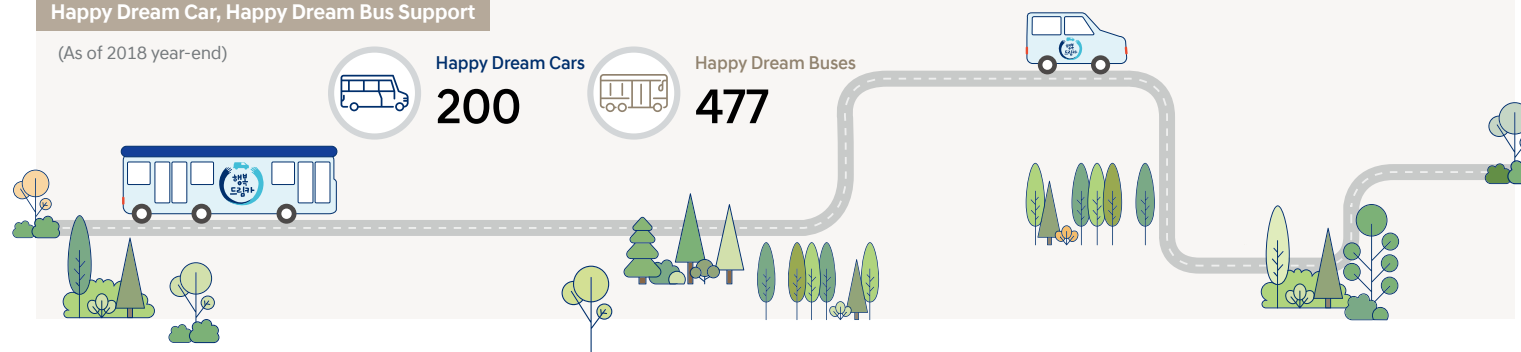
**Cha-Car-Cha-Car Playground**

Hyundai opened the Cha-Car-Cha-Car Playground in 2015 and operated it through 2018. The Playground is a car-themed amusement park in Seoul Grand Park that was established to celebrate the 30th anniversary of the launch of our Sonata brand in 2015. The Mini Sonata at the Playground was created using our independent technologies, and is designed in a way that enables even children with visual impairment to enjoy driving. There is also the Giant Sonata, a structure that children enjoy to play on, and such rest areas as the Animal Story Trail.

The Cha-Car-Cha-Car Playground was the outcome of Hyundai's efforts to have both the disabled and non-disabled enjoy the Playground and to establish a space that provides an opportunity to experience various technologies that offer greater transport convenience.

**Happy Dream Car, Happy Dream Bus Support**

(As of 2018 year-end)





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**Traffic safety**

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



**Goal 3. Ensure healthy lives and promote well-being for all at all ages**

Goal 3.6



**Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable**

Goal 11.2



**Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**

Goal 4.7

**Driving Plus**

In February 2019, Hyundai launched a virtual driving-related social contribution program aimed at helping inexperienced drivers overcome their fear of driving and develop a sense of confidence in their driving. 'Driving Plus', developed for drivers who have a fear of driving or find driving difficult, uses a one-ton truck equipped with a mobile simulator to train drivers on how to drive defensively in various traffic situations, and at the same time, introduce them to Hyundai's safety technologies. Driving Plus brings the truck to drivers or groups who have applied for the program. We plan to provide continuous training to drivers who have been involved in traffic accidents to help them overcome their trauma. Through the Driving Plus program, we seek to help novice drivers improve their driving skills and thus prevent traffic accidents as well as help accident-shocked drivers regain their confidence in driving. By doing so, we are spreading a happy driving culture throughout society.



Visiting 'Driving Plus' Program 1



Visiting 'Driving Plus' Program 2



Sample screen of educational material - occurrence of traffic accident

**Traffic Safety Campaign with Robocar Poli**

We are running a child traffic accident prevention campaign featuring the popular cartoon character Robocar Poli. The traffic safety animation series is aired in 82 countries across the globe. We also run various education programs in which parents and their children together can participate. Traffic Safety Class was participated by about 10,000 people in three cities in Korea in 2018. Our domestic and overseas sales branches have in place Hyundai Poli Traffic Safety Playground (30,000 visitors a year in Korea) and 'Poli Kids Zone' (six locations in China and Taiwan). We will continue to improve content and operation methods so that the future leaders of our societies can dream of a safer future with a better awareness of traffic safety.



Hyundai Poli Traffic Safety Playground

**Traffic Accident Zero for Children Campaign**

Hyundai is running the Traffic Accident Zero for Children Campaign aimed at preventing traffic accidents while children are en route to and from school by providing safer school vehicles. This campaign began in 2016, when Hyundai, the Citizens Coalition for Safety, and a technology cooperation partner together donated to childcare centers with commuter vehicles installed with an array of safety technologies. We are continuing the campaign to reduce traffic accidents involving children on the way to and from school. In 2018, we donated 14 commuter vehicles installed with new safety technologies, including the Sleeping Child Check System, and helped 50 organizations install safety features, achieving the annual goal of making an annual 1 million km of school roads safer (a total of 2 million km from 2016 to 2018).

Through this campaign, we are engaging in other diverse efforts, such as distributing a campaign video (cumulative views: 200,000) to improve citizens' understanding of traffic laws concerning children on the way to and from school, and generating ideas to improve the safety and convenience of commuter vehicles for children.



Traffic Accident Zero for Children Campaign

**H-Restore**

Hyundai is carrying out the H-Restore project by converging our maintenance capability with social contribution activities. For customers who own old Hyundai vehicles and who are experiencing financial difficulty, we restore the vehicle exterior and provide maintenance services, thus providing a helping hand to customers in the local community who are experiencing difficulty with vehicle maintenance. In 2018, 13 professional mechanics of Hyundai participated as members of the H-Restore Dream Team. After receiving applications containing customers' stories, we chose a 2007 Elantra (Avante) HD and 2003 Santa Fe SM and carried out metal plate painting and maintenance. Through these activities, we encourage our employees to use their talent for social contributions, while increasing the value of our customers' vehicle.



H-Restore - the Porter



H-Restore - the Azera (Grandeur)





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

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**Goal 4.** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

[Goal 4.a](#)

**Looking for Three-Leafed Clovers**

The Looking for Three-Leaf Clovers is a program in which college students provide one-on-one career mentoring to children from families that have been affected by traffic accidents. In 2018, the program was offered to 80 teenagers from families afflicted by traffic accidents. Launched in 2005, this program was initially a donation project and later developed into career mentoring by undergraduates. Support has been provided to a cumulative number of around 1,620 teenagers. Through this program, children afflicted by a traffic accident have been given an opportunity to explore their career options and received emotional support, while college students performed roles as mentors and sponsors to the teenagers, thus experiencing the joy of sharing their talents. We will continue to make efforts to provide growth opportunities to teenagers traumatized by traffic accidents, and faithfully carry out social responsibilities related to traffic safety.

[Looking for Three-Leafed Clovers Website](#)

**H-Social Creator**

Since 2015, Hyundai has been organizing the H-Social Creator, an innovation program developed to help college students resolve social issues related to the environment, traffic safety, and culture and art. The program caters to undergraduate students (annually, 30 persons; cumulatively, 110 persons) interested in CSR and social issues, and supports development of CSV ideas that lead to social innovation, through a basic workshop, design camp, and employee mentoring. It duration of the program is six months, starting in June each year, and since 2017, the program has been organized with 'H-Ombudsman'. The focus for 2018 was on strengthening the feasibility of ideas and on solving various social issues by applying the Hackathon method during the design camp. We also created a promotional video in the form of a short drama titled, 'Youth, and the Beginning', and distributed it through diverse social media channels. We have discovered six CSV ideas every year (cumulative 24) by encouraging participation among young social innovators with original ideas. We will continue to support their growth and share our thoughts about creating a positive social impact.

[▶ H-Social Creator Short Drama titled 'Youth, and the Beginning'](#)

[▶ H-Social Creator – Social Innovation Program by College Students](#)



**Goal 8.** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

[Goal 8.3](#)

**Vision Drive**

Hyundai's Namyang Technology Research Center is carrying out the Vision Drive project, which uses the professional knowledge of outstanding R&D personnel to provide education opportunities to teenagers in local communities. In September 2018, R&D employees visited nearby schools as a volunteer teacher to share their knowledge and experience in various research areas related to automobile, engineering, and design. In addition, around 1,300 students were invited from a nearby middle school to take a tour of Motorstudio Goyang and attend a lecture. Through Vision Drive activities, we educate students on professional areas, such as automotive research and manufacturing processes, to increase their understanding of the automotive industry and provide information on future career paths.

**Hope Engine Science Class**

To encourage local children to take a bigger interest in engineering, Hyundai carried out the Hope Engine Science Class program. From March through December 2018, employees at Hyundai's Asan Plant and a local volunteer group of undergraduates visited six elementary schools in the Asan area and six local children's centers in the Cheonan area once a month to donate their talents using an advanced science kit. Through Hope Engine Science Class, we aim to help children better understand scientific principles, and discover and foster gifted children in science through a creative approach. We will continue to offer diverse learning opportunities to empower children to discover, develop and grow their talent to tackle future challenges, and promote technology and science among future generation.

**Future Automobile School**

Hyundai operates the Future Automobile School for teenagers. Launched in 2016, the Future Automobile School is a special career education program under the free semester system for middle school students in Korea. It offers theory, experience, and practical training to increase understanding about the automobile industry, which in turn enables students to explore automobile-related jobs. In 2018, we strengthened content on hydrogen energy and future cities to enhance understanding of the future automotive industry. To remove inequality



**Goal 10.** Reduce inequality within and among countries

[Goal 10.2](#)

in career education opportunities, this program is offered with priority to students from rural areas (mountain village and fishing village schools) and those from special schools for the disabled. Starting in 2019, we are expanding the scope to include eight Asian countries that are the subject of multicultural families, including Vietnam and Thailand, in addition to Korea, in connection with the Ministry of Education. By doing so, we will contribute to global teenagers' exploration of changes in the future automotive industry and career paths.

**H-Junior Orchestra**

Hyundai's Namyang Technology Research Center runs an orchestra program for marginalized children lacking in education opportunity. The H-Junior Orchestra program recruits around 70 children, provides them with musical instruments, including violin, cello, flute, and clarinet, provides a weekly performance education, and holds an annual concert. Annual concerts were held in January in 2018, and in June in 2019. By providing cultural and art activities in which underprivileged children cannot easily engage, we actively seek to support their creative and artistic development.

**Brilliant Kids Motor Show**

Hyundai hosted the 3rd Brilliant Kids Motor Show at the Gwacheon National Science Museum and Busan National Science Museum. The Kids Motor Show is an exhibition that selects children's drawings of cars, which are based on their dreams, and turns them into real models, which are then displayed for the audience to directly experience. This year, seven drawings were chosen after carefully handling the approximately 20,000 entries that were submitted. By installing kiosks that enabled customers to interact with the works, we established an arena where we were able to take a step closer to the audience. We also exhibited how our eco-friendly vehicle, the NEXO, works at the Gwacheon National Science Museum to promote interest in and understanding of eco-friendly mobility among children as well as their parents.

[Brilliant Kids Motor Show Website](#)



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**Community**

Provide support and engage in collaborative activities based on the needs of local communities, including NGOs and our partner companies



**Goal 1. End poverty in all its forms everywhere**

Goal 1.5



**Goal 12. Ensure sustainable consumption and production patterns**

Goal 12.b



**Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development**

Goal 17.17

**Support for preserving the Petra World Heritage Site**

Petra is an ancient historical site that has been a UNESCO World Heritage Site since 1985. One of 'New Seven Wonders of the World', Petra is attracting a keen interest from many people around the world. Together with the local government agency in charge of the site, Hyundai has devised a three-year action plan running through 2020 from 2018, and is implementing it to preserve the Petra region, which attracts around 1 million tourists a year, and to promote the local economy.

In 2018, the first year of the plan, we made such improvements to render the site more tourist-friendly by setting up free Wi-Fi service, better sign posts, outdoor ad installations, an information app and map, and a scale model of the site created by 3D printing. In the second year, we plan to develop a tour route using eco-friendly electric buses, and in the third year, promote the economy by developing infrastructure and improve amenities of the local community. We recognize the importance of cultural heritages we hand down to our future generations and will cooperate with all stakeholders to preserve their value.



**Staff Volunteer Corps**

Hyundai supports 131 staff volunteer corps, one for each of its business sites, as a way to promote volunteer activity among employees. Among these corps, of note is the weekday volunteer corps of 970 technical staff at the Ulsan Plant carrying out talent donations for the marginalized. The Asan Plant also organizes a volunteer group comprised of employee wives conducting social contribution activities for senior citizens in the local community. Hyundai employees are giving a helping hand to underprivileged neighbors by planning and executing volunteer activities that reflect the characteristics of their business site. In 2018, around 17,900 employees participated in the volunteer activities and recorded a combined 59,500 hours. We will continue to engage in activities that leverage employee talents for people who need a helping hand.

**Hyundai Dream Center**

Hyundai operates the Hyundai Dream Center, a vocational program to help young people in developing nations develop technical skills. Hyundai Dream Center is a project that we carry out in cooperation with Plan International Korea, and a venue through which we provide our advanced automobile maintenance skills to developing countries. The first Hyundai Dream Center was opened in Ghana in 2013, followed by those in Indonesia, Cambodia, and Vietnam. The Hyundai Dream Center in the Philippines, opened in 2018, provides technical education to around 90 youths annually. Recently, 78 outstanding students found a job at local Hyundai dealers. We opened our 6th Hyundai Dream Center in Peru in April 2019, accepting 63 local young people (43 male, 20 female) from low-income families having difficulties in finding a quality job, and plan to provide a quality education on various subjects for six semesters totaling three years. Through Hyundai Dream Center, we will support youths in developing nations in honing their talent and skills.

**Happy House**

Our Happy House project provides daily necessities to the low-income class who are in the blind spot of the welfare system and helps improve their residential environment. Together with the Hwaseong City Social Welfare Council, Hyundai's Namyang Technology Research Center recruited beneficiaries residing in Hwaseong City, and identified the needs of beneficiaries and, accordingly, repaired heating boilers and water leaks. We will continue to take interest in the lives of the underprivileged and provide full support for a better life.

**H-Local Partner**

H-Local Partner is a program through which Hyundai employees and citizens form a volunteer council and provide support for marginalized individuals who are in the blind spot of welfare systems. Together with local residents of eight neighborhoods that have sisterhood ties with our business site volunteer corps, we regularly carry out volunteer activities for the low-income class beyond the reach of government assistance. In 2018, around 900 members carried out a wide variety of activities closely connected to local communities, such as delivering food on more than 20 occasions, providing taxi support for seniors, providing breakfasts to children, offering support for local schools' graduation ceremonies, providing support for events for seniors, and improving the residential environment. We will continue to help employees and local communities plan diverse activities for the underprivileged and contribute to facilitating exchange among local residents.

**H-Self Sharing Planner**

H-Self Sharing Planner program is designed to encourage staff to voluntarily plan and execute their volunteer activities. Volunteer targets and periods were set for previous volunteer activities, making it difficult for employee ideas to be reflected. In contrast, the H-Self Sharing Planner enables self-directed volunteer activities since volunteer activities are based on voluntary planning by staff. In 2018, the creative planning of staff led to volunteer activities on 800 occasions in a total of 10 areas. These included carrying out various leisure activities with local children, such as confectionery, bakery, and art, and volunteer activities that supported elementary school students' 'car maker' hobby activities.

**Sponsorship of the Korean Archery Association**

Hyundai has been sponsoring the Korean Archery Association since 1985. Our research institute's technological knowhow was used to develop a shooting machine that filters defective arrows. Precision analytical technique was applied to identify irregularities in parts. By doing so, we are supporting archers honing their skills and helping them improve their performance. In addition, we are promoting the sport by sponsoring leading archery tournaments, including the Archery World Cup and the World Archery Championships.

# Global CSV Activities

Areas of CSV Activities



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### Responsible global corporate citizen

Hyundai's global operations were reorganized by region in 2018 and we are making fundamental improvements in line with this change. We are also changing our CSV focus from country to region-centered. Our plan for 2019 is to establish a mid- to long-term CSV strategy direction and support system for each region, and thus establish the foundation for a systematic global CSV activity system to faithfully perform our roles and responsibilities as a global corporate citizen.



#### Key Activities in North America

##### Hope on Wheels

Hyundai Motor America (HMA) has been organizing the Hope on Wheels campaign with Hyundai dealers since 1998. This campaign supports pediatric cancer research and aims for a future where no children will be suffering from cancer. It has expanded across the U.S., with HMA and all of our local dealers participating in the campaign. In 2019, we plan to donate USD 160,000 under the theme, "Minutes are Precious".



#### Key Activities in Europe

##### ECO Parking

Hyundai Motor Espana, S.L. (HMES) took an innovative approach in response to a growing call for reduction of plastics in the ocean by introducing the ECO Parking machines. HMES installed a machine in coastal parking lots to take plastic waste as a payment for parking. The scheme induces road travelers to empty plastic cans in their vehicle or to pick up plastic trash nearby, encouraging people to participate in activities to protect the environment. Through the ECO Parking, we plan to increase the possibilities of recycling plastics and promote the importance of protecting marine ecosystems.



#### Major Activities by Subsidiary

**HMMA**  
Hyundai Motor Manufacturing Alabama

- Organize a fund-raising campaign by employees: United Ways of Alabama
- Support local art fairs and exhibitions: Alabama Shakespeare Festival, Montgomery Museum of Arts, etc.
- Protect biodiversity: Montgomery Area Zoological Society

**HMA**  
Hyundai Motor America

- Support pediatric cancer research, and help treatment of pediatric cancer: Hyundai Hope on Wheels Grants Program
- Sponsor human rights organizations and related events: NAACP, CBCF, CHCI, TELACU, Women's Empowerment Expo, etc.
- Host a multinational festival: Hyundai Cultural Heritage Celebration

**HAC**  
Hyundai Auto Canada

- 'Granting Wishes' campaign for pediatric patients with an incurable illness, participated by dealers: Children's Wish
- Donations participated by HAC and its dealers: Boys and Girls Clubs of Canada, HACC Gives Back

#### Major Activities by Subsidiary

**HAOS**  
Hyundai Assan Otomotiv Sanayi

- Support educational activities for underprivileged students and provide scholarship
- Sponsor the Police Forces Support Foundation in Turkey (family members of police officers who were injured or died in the line of duty)

**HMCI**  
Hyundai Motor Company Italy

- IONIQ customer-participated eco-friendly donation activities

**HMCZ**  
Hyundai Motor Czech

- Provide financial support for underprivileged children, and support volunteer organization with vehicles: SOS Children Villages

**HMF**  
Hyundai Motor France

- Sponsor an organization for social integration through sports education: Sport dans la Ville

**HMMC**  
Hyundai Motor Manufacturing Czech

- Run local community development and eco-friendly programs: Hyundai Endowment Fund, HMMC Grants
- Sponsor the hydrogen-powered RC national championship for middle school students (Horizon Grand Prix)

**HMSK**  
Hyundai Motor Slovakia

- Sponsor the parents association to fight cancer: Cancer Organisation

**HMUK**  
Hyundai Motor United Kingdom, Ltd.

- Sponsor a fund-raising campaign in partnership with Cancer Research UK: Stand Up To Cancer

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**Key Activities in India**

**Dream Village Project**

Hyundai Motor India (HMI)'s Dream Village project is aimed at improving the village environment in India and helping local residents increase their participations in the economy. In 2018, improvements were made to the environment and infrastructure of the Kattrambakkam Village in India, and support was provided in the area of employment, stock raising, health, and education for a better life of local residents.



**Major Activities by Subsidiary**

- HMI**  
Hyundai Motor India
  - Operate a traffic safety campaign in partnership with local police (traffic cameras, traffic safety for pedestrians, distribution of educational books, etc.)
  - Help Kattrambakkam Village increase its self-reliance through local business, health, educational, and environmental infrastructure
  - Support natural disaster relief efforts for restoration from damage caused during the Indian monsoon season



**Key Activities in Russia**

**Safe Road Traffic Safety Program**

Hyundai Motor Commonwealth Independent States (HMCIS) is providing a traffic safety education to customers and members of local communities. The education is held in various cities, including Moscow, Saint Petersburg, and Leningrad. Separately, a contest is organized to develop creative traffic safety education methods. Also, through the 'Safe Road' program, information is shared with preschool children and parents on safe conducts on the road.



**Major Activities by Subsidiary**

- HMCIS**  
Hyundai Motor Commonwealth Independent States
  - Invite Hyundai customers and employees' families for a traffic safety program: Hyundai Safe Road Traffic Safety
  - Organize a cultural experience program participated by young generation: Great Music for Young Generation
- HMMR**  
Hyundai Motor Manufacturing Russia
  - Support professional job trainings (equipment, employee volunteering, scholarship)
  - Employee volunteering and donations in cities outside the area where HMMR is located: Hyundai Dream Way
- HMCIS**  
Russia Regional Headquarters  
Hyundai Motor Commonwealth Independent States
  - Organize a campaign to raise awareness of traffic safety in Kazakhstan, Serbia, and Ukraine: H-Road Traffic Safety Campaign



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-  Eco-friendly
-  Mobility innovation
-  Traffic safety
-  Future generation
-  Community



**Key Activities in Latin America**




Dental Trailer

Hyundai Motor Brazil (HMB) has developed a portable trailer called “Sorriso Cidadang (citizen smile)” and is providing free dental service to the marginalized in the local community, including seniors and children. HMB launched this project in June 2014. In cooperation with the Piracicaba Metalworkers Union, HMB is visiting public schools and social organizations in the Piracicaba region. HMB plans to contribute to improving the health of residents in the local community by continually providing free dental service.





**Major Activities by Subsidiary**

**HMB**  
Hyundai Motor Brazil

-  Sponsor the biggest multinational festival in Piracicaba, every year since 2010
-  Sponsor the Olga Kos Institute Race to improve social understanding on the World Down Syndrome Day (March 21)
-  Sponsor a complementary training (technical training) for low-income students aged 16 to 24 in partnership with Social Opportunity Institute

CV Central & South America  
Regional Headquarters

-  Ecuador: Hygiene, health and medical support programs
-  Chile: Project to improve living environment and support children's education in Valparaíso



**Key Activities in Africa & Middle East**









Road Safety Campaign in Saudi Arabia

Hyundai Motor Africa & Middle East Headquarters is carrying out a road safety campaign together with local Saudi dealers at universities and local communities. The Hyundai Safety Campaign has been held since 2017, educating local drivers on defensive driving and safety laws. It also distributes printouts on observing traffic regulations and conducts an ad campaign to help the community establish a safe driving culture. In particular, we provided experience-based traffic safety education to female drivers in 2018. The number of female drivers in Saudi Arabian is expected to increase as the ban on female drivers was lifted. Hyundai is helping them have a better understanding on safe driving.



**Major Activities by Subsidiary**

Hyundai Motor Africa & Middle East Headquarters

-  Saudi Arabia: Traffic safety experiential education for female drivers
-  Egypt: Traffic safety campaign
-  South Africa: Support for the establishment of local libraries and education
-  Nigeria: Support and education program for children in poverty
-  Morocco: Program to raise awareness of traffic safety and environment
-  Kuwait: Program to support the socially disadvantaged
-  Palestine: Install photovoltaic facilities to families of children in poverty
-  Jordan: Preservation of the Petra World Heritage Site

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- Eco-friendly
- Mobility innovation
- Traffic safety
- Future generation
- Community



**Key Activities in Asia-Pacific**

Ronald McDonald House Charities Australia

Hyundai Motor Company Australia (HMCA) sponsors the Ronald McDonald House Charities Australia (RMHC) program to help Australian children with serious illnesses and their families. In 2018, a special book project was carried out to realize an imaginary car designed by a child. Harry Hyundai, the main character of the book created for “Hyundai Help for Kids”, will visit Ronald McDonald Houses and roadshows all across Australia in 2019 to delight children and their families.



**Major Activities by Subsidiary**

**HMCA**  
Hyundai Motor Company Australia

- Support Royal Institute for Deaf and Blind Children (RIDBC) that supports Australians who have hearing or vision impairment, and people who support them (Education for family members, treatment, hearing and cochlear implant services)
- Sponsor NGOs to fight against children's disease (Life Education Australia, KRI, Steven Walters Children's Cancer Foundation, etc.)
- Sponsor the Make-A-Wish Grants (Granting wishes campaign for pediatric patients with incurable illnesses)
- Sponsor the Bear Cottage – the world's only hospice center for children in New South Wales

Hyundai Motor Asia Pacific Headquarters

- Vietnam: Help children from low income families discover their dreams (Dreams come true)
- Philippines: Project to support drinking water by using rainwater (Establish a facility which purifies rainwater, and provide hygiene education to local communities)
- Nepal: Mobility support project for the disabled and the elderly (Offer mobility assistance for travelers with special needs)



**Key Activities in China**

Hyundai Green Zone (Anti-desertification project in Inner Mongolia)

Beijing Hyundai Motor Company (BHMC) and Hyundai Motor Group China (HMGC) have been implementing the Green Zone project since 2008 to prevent the desertification of Chakanor, the main source of fine dust in China. In 2018, they carried out the second Hyundai Green Zone China project creating grasslands in dry lake beds in Baoshaodainao Nur, Zhenglan Qi.



**Major Activities by Subsidiary**

**BHMC**  
Beijing Hyundai Motor Company

- Volunteer activities for environmental protection
- Nurture technical talent at local stores in collaboration with an automotive college

**HMGC**  
Hyundai Motor Group China

- Visiting Traffic Safety Campaign for children (Experience-based education, raising awareness on traffic safety, improving response to crisis situations)
- Dream Class (Provide books, educational equipment, sports goods, etc. to elementary schools in deprived areas; offer dream lectures in connection with employee volunteers)
- Tong Xin Yi (Address major social issues of protecting children left behind when their parents move to cities to work, juvenile delinquency preventions, and support for extracurricular facilities and activities)

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# Supporting Arts and Culture

## Global Partnership for Arts and Culture

Hyundai connects automobiles and art, promoting change in perspective. By implementing domestic and overseas culture and art support programs, Hyundai seeks to create opportunities for everyone to enjoy art and create a new culture, just like its vision of going beyond automobiles and becoming a partner to its customers. By supporting artists pursuing new possibilities, we seek to deliver new values and experience to the general public.

### National Museum of Modern and Contemporary Art

Hyundai carries out the MMCA Hyundai Motor Series project. This project aims to expand the horizons of Korean art together with the National Museum of Modern and Contemporary Art (MMCA) of Korea. We support contemporary Korean artists hold large-scale solo exhibitions and relevant seminars and publications, thereby establishing the foundation for Korean art to further extend its global reach. In 2018, the fifth exhibition was held with artist, Choi Jeong Hwa, under the title, 'MMCA Hyundai Motor Series 2018: CHOIJEONGHWA – Blooming Matrix', at MMCA Seoul. One of his new works titled 'Dandelion', an 8.4m public artwork, captured visitors' interest and admiration.



MMCA Hyundai Motor Series 2018: CHOIJEONGHWA – Blooming Matrix

### Tate Modern

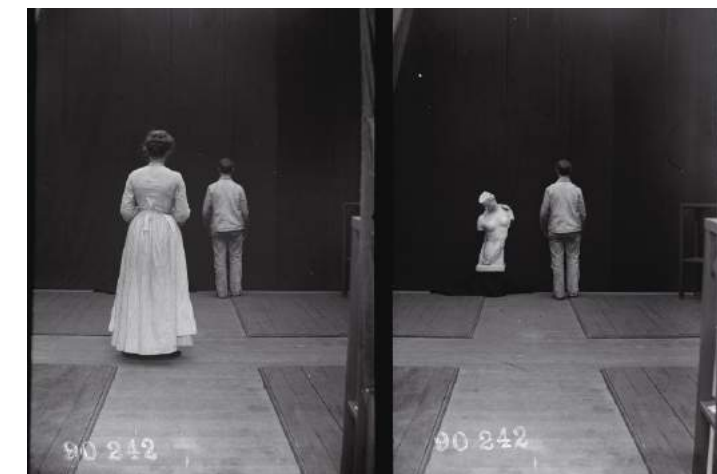
Tate Modern in London attracts more than 5 million visitors from all across the world every year. As part of Hyundai's 10-year partnership announced in 2015 with Tate Modern, the Hyundai Commission invites international artists every year to the museum's Turbine Hall with a large-scale space for new site-specific work. In 2018, the Hyundai Commission presented artworks created by Tania Bruguera, a world-leading artist from Cuba. The heat-sensitive material applied to the Turbine Hall revealed images made by visitors when they touched, lay or rolled on the floor. By featuring artworks created by the participation of visitors, the exhibition employed a unique perspective in interpreting issues facing modern societies today such as immigration and population movements.



Hyundai Commission: Tania Bruguera © Ben Fisher

### Los Angeles County Museum of Art

Hyundai started 10-year partnership with the Los Angeles County Museum of Art (LACMA) in 2015, and has since been spearheading The Hyundai Project at LACMA, inspiring people in various ways through convergence of technology and art. By sponsoring Art + Technology exhibitions and the Art + Technology Lab, LACMA holds innovative exhibitions of works of globally renowned artists integrating art with science technology. Another initiative is Korean Art Scholarship through research. In 2018, through our fourth exhibition of The Hyundai Project titled '3D: Double Vision', which showed 3D works of the past 175 years, ranging from three-dimensional image works of the Victorian era to 21st Century VR works.



Joseph Jastrow, Experiments in Visual Perception, c. 1905, Stereographs from Glass Negatives, Keystone-Mast Collection, California Museum of Photography, University of California, Riverside, Photo courtesy California Museum of Photography, University of California, Riverside



## Hyundai's Local Community

We are promoting social values in local communities together with stakeholders, with a particular focus on five major CSV areas – eco-friendly, mobility innovation, traffic safety, future generation, and community. Also, we are expanding the scope of our local community service to include overseas communities where we do our business, seeking to grow together and establish win-win relations with them. As the role of vehicles are fast evolving from a means of transportation to a partner in various moments of everyday life, we are further advancing our CSV activities by leveraging our competencies.

### Major Performance & Plan

	2018 Performance	2019 Plan	Mid-to Long-term Plan
	<ul style="list-style-type: none"> <li>Operated the Robocar Poli Playground, and the cumulative number of visitors exceeded 60,000</li> </ul>	<ul style="list-style-type: none"> <li>Operate the Robocar Poli Playground, and the cumulative number of visitors is expected to exceed 90,000</li> </ul>	<ul style="list-style-type: none"> <li>Achieve 150,000 in cumulative number of visitors by 2022</li> <li>Contribute to mid- to long-term sales increases by operating social contribution facilities within Hyundai branches</li> </ul>
	<ul style="list-style-type: none"> <li>Prepared for the launch of Driving Plus by creating a mobile simulator, and developing educational program by type and experiential content for safety technology</li> </ul>	<ul style="list-style-type: none"> <li>Improve mobility in Korea by developing car separation-type simulation, and review overseas expansion of the solutions</li> </ul>	<ul style="list-style-type: none"> <li>Fully establish the new traffic safety program by improving simulation effectiveness and increasing the number of participants</li> </ul>
Areas of CSV Activities	<ul style="list-style-type: none"> <li>Opened the 1st Korea-Vietnam Joint Care Center (Can Tho City, Vietnam, January 2018)</li> <li>More than 2,000 persons, including soon-to-be-marriage immigrants, women who have returned to Vietnam, and Korean-Vietnamese children, received education and counseling</li> </ul>	<ul style="list-style-type: none"> <li>Continue support and cooperation for operation of the 1st Center</li> <li>Look into a site for the 2nd Korea-Vietnam Joint Care Center, and provide support for the opening of a temporary office by the end of year</li> </ul>	<ul style="list-style-type: none"> <li>Open the 2nd Center in early 2020</li> <li>Provide support to 4,000 persons (number of beneficiaries of two Centers)</li> <li>Develop into a base for resolving relevant social issues</li> </ul>
	<ul style="list-style-type: none"> <li>Opened the 5th Hyundai Dream Center (April 2018, Philippines) – 72 persons found employment at Hyundai dealer shops from among 89 graduates of the first and second group</li> </ul>	<ul style="list-style-type: none"> <li>Opened the 6th Hyundai Dream Center (April 2019, Peru) – Choose 63 youths from low-income families for vocational education support for 3 years – Offer job at agents to outstanding talents – Contribute to enhancing women's rights and interests</li> </ul>	<ul style="list-style-type: none"> <li>Diversify technical training to include commercial vehicles and electric vehicles</li> <li>Expand our talent pool to include sales and production staff, in addition to maintenance staff</li> </ul>

### A winner of Child Safety Award – Traffic Accident Zero for Children Campaign

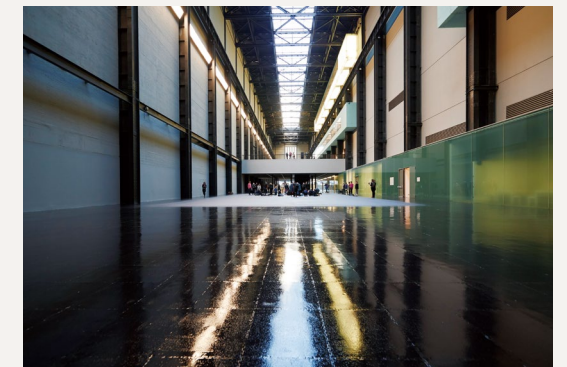
In November 2018, Hyundai received the Minister Award in the special award category at the 8th Child Safety Awards organized jointly by the Ministry of the Interior and Safety and the Naeil Newspaper. Hyundai is the first company to win the special category award created in 2018 for private organization and individuals. We will continue to promote social interests in child safety through the Traffic Accident Zero for Children Campaign and provide technical support to school bus operators to prevent accidents.



### 2018 Exhibitions based on partnership with museums

Based on our global partnerships with international museums, Hyundai unveiled new exhibitions in 2018 – MMCA Hyundai Motor Series 2018: CHOIJEONGHWA – Blooming Matrix at the MMCA; Hyundai Commission: Tania Bruguera at Tate Modern; and 3D: Double Vision, covering all 3D visual works of the 175 years, at LACMA. Hyundai created opportunities of delivering inspiration and perception-changing experiences to our global audience.

Hyundai Commission: Tania Bruguera © Ben Fisher



### Discovering and sponsoring rising media artists and curators

Hyundai's VH Award and Hyundai Blue Prize are platforms upon which artists and curators are able to realize their talents to their full capability. VH Award is designed to promote emerging new media artist of Korea while Hyundai Blue Prize sponsors rising curators in China to curate their own shows with the general public.



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# Business Performance

## Performance Overview

In 2018, the business environment remained challenging throughout the year due to a continued economic stagnation world-wide. A growing anti-globalization sentiment as well as protectionism in many parts of the world posed as barriers to the mid- to long-term growth strategy of automotive makers that have business operations across the world.

Amid such macroeconomic trends, Hyundai missed its overall sales target for 2018 mainly due to sluggish sales in North America, Europe, Africa and the Middle East. Nevertheless, we achieved a number of qualitative results that will boost sales and profit for years to come, thanks to concerted effort by all our global members to become fundamentally competitive and thus thrive under any circumstances. In particular, sales of our IONIQ and other eco-friendly vehicles were exceptional in 2018, surpassing the previous year's sales volume by 21% to a combined total of 282,000 units, demonstrating Hyundai's growing global recognition as a leader of future mobility. As for the Genesis, our luxury brand, surpassed the 200,000 mark in global sales volume in October 2018, less than three years from its launch in November 2015, thereby receiving positive reviews and solidifying its position in the luxury brand segment. We intend to strengthen the competitiveness of our Genesis line-up, which is expected to contribute significantly to improving our profitability and brand value.

In Korea, our market share rebounded thanks to the line-up we built up to better reflect customers' diverse needs, combined with a wide range of services and communication efforts we put forward for customer satisfaction. We also revitalized our performance in Russia and Brazil, increasing our production capacity and actively conducting other market expansion efforts.

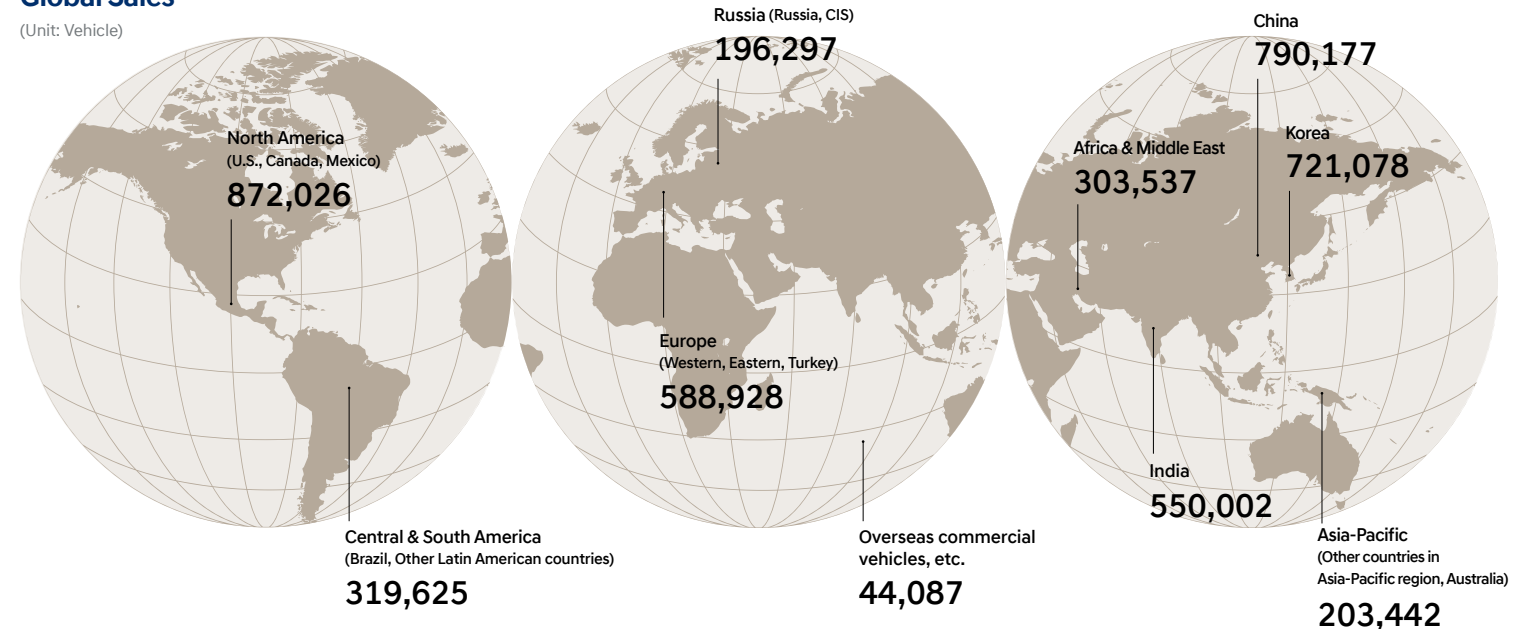
### Global Sales in 2018

(Unit: Vehicle)

<b>Total</b>	<b>4,589,199</b>
<b>Korea</b>	<b>721,078</b>
Passenger vehicles	691,827
Commercial vehicles	29,251
<b>Overseas</b>	<b>3,868,121</b>
North America (U.S., Canada, Mexico)	872,026
India	550,002
Europe (Western, Eastern, Turkey)	588,928
Russia (Russia, CIS)	196,297
Central & South America (Brazil, Other Latin American countries)	319,625
Africa & Middle East	303,537
Asia-Pacific (Other countries in Asia-Pacific region, Australia)	203,442
China	790,177
Overseas commercial vehicles, etc.	44,087

## Global Sales

(Unit: Vehicle)



## Market Condition and Business Review in Korea

### Market Condition

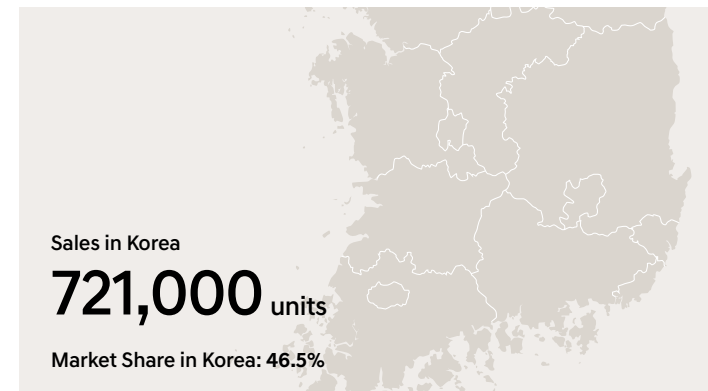
In 2018, domestic sales volume of small SUVs, medium SUVs and premium mid-sized cars increased 10.0%, 51.6% and 123.7%, respectively, while that of medium and semi-large cars fell 10.1% and 8.4%, respectively. The Korean auto market as a whole grew 8.8% over the previous year as the number of vehicles excluding imports sold during the year reached 1,552,000 vehicles.

### Business Review

In 2018, Hyundai's sales volumes in Korea grew 13.5% year-on-year to record 721,000 units on the strength of strong sales of the new Kona and Santa Fe. As of end of 2018, our market share, excluding imports, stood at 46.5%.

Facing intensifying competition, Hyundai remained focused on customer satisfaction through product and service improvement and competitive pricing. Keenly aware of consumers' increasingly diverse lifestyles, we followed up the success of our top-selling models with the introduction of the i40 Saloon and Tucson gasoline models, as well as the Veloster N that delivers a maximum driving pleasure. In 2018, we launched the Nexo fuel cell electric vehicle (FCEV) to strengthen our line-up of eco-friendly cars. We also cut the prices of popular mid- and large-sized as well as four high-performance models in a bid to increase consumers' access to our products. In addition, we reorganized and expanded our service brand, Bluemembers, as part of our effort to innovate our customer service.

Meanwhile, to make our operations more sustainable, we sought to promote environmental and social values by developing eco-friendly cars, reducing our carbon footprints, and growing together with suppliers. We also continued to contribute to society, including by supporting 37 social welfare programs, selected among those suggested by the general public, in diverse ways.





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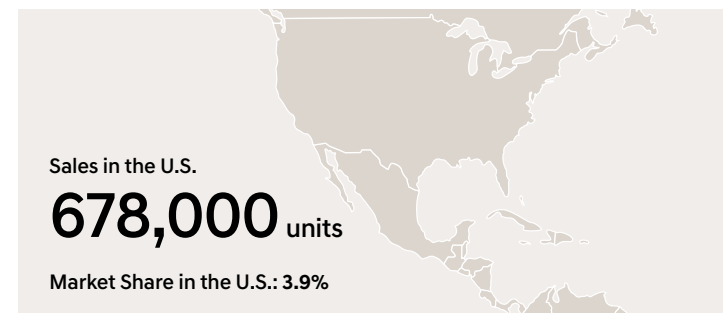
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**Market Condition and Business Review by Region**

**US Market**

Market Condition

In the US market, sales volume of recreational vehicles grew 7.4% year-on-year due to the popularity of small SUVs and pickup trucks, while passenger cars fell 13.4% due to a sluggish demand in all classes. The market as a whole increased 0.2% to 17,264,000 units.



Business Review

In 2018, Hyundai sold 678,000 units, 1.1% fewer than in 2017, ending the year at a 3.9% market share. The number of the Tucson sold increased 24.0%, while that of the Accent and the Sonata declined 50.7% and 20.2%, respectively.

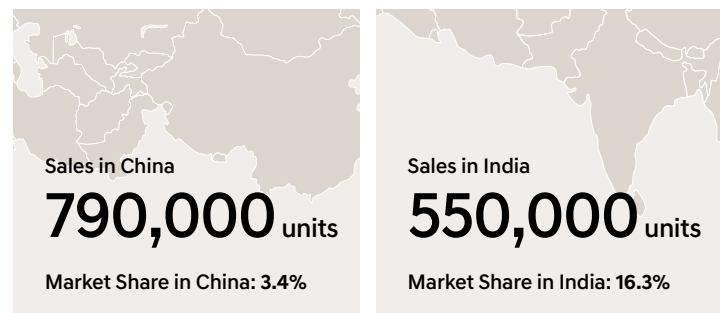
However, as a result of our continued efforts for quality improvement and customer satisfaction, Hyundai was ranked third, for the second consecutive year, in the general brand category of the 2018 US Vehicle Dependability Study (VDS) conducted by J.D. Power, a US-based marketing information services company. The consistent performance can be attributed to the growth of the brand value based on the superior quality and marketability of Hyundai products. We were also recognized by the global brand consultancy Interbrand as one of the fastest growing automobile brands, ranking 35th in 2016 and 2017, and 36th in 2018 in Interbrand's Best Global Brands reports.

Our Genesis brand, which entered the US market in August 2016, ranked No.1 in both the overall brand and the premium brand categories of J.D. Power's 2018 US Initial Quality Study (IQS). The Genesis was also named the best luxury brand in the 2018 Vehicle Satisfaction Awards (VSA) announced by Auto Pacific, a US product-consulting firm, an endorsement of excellence that merit attention in the world's largest auto market.

**Asian Markets**

Market Condition

In China, sales volume of SUVs, the largest segment, fell 4.2% in 2018, while the other segments declined about 5.0%, and as a result, the market as a whole sold 4.7% fewer units than in 2017 to a sales volume of 23,016,000 units. In India, annual sales volume increased by 5.1% ear-on-year to 3,371,000 units. The market leader Maruti Suzuki sold 1,731,000 units, 8.0% more; and the local automakers Mahindra and Tata sold 226,000 and 214,000 units, respectively, 1.5% and 26.3% more, than in 2017.



Business Review

In 2018, our sales volume in China rose 0.7% year-on-year to 790,000 units, accounting for 3.4% of the market. As a result of our efforts to boost customer satisfaction in the Chinese market, Beijing Hyundai Motor Company (BHMC) ranked first in the 2018 China Initial Quality Study (IQS), second in the 2018 China Sales Satisfaction Index (SSI), and third in the 2018 China Customer Service Index (CSI), all conducted by J.D. Power.

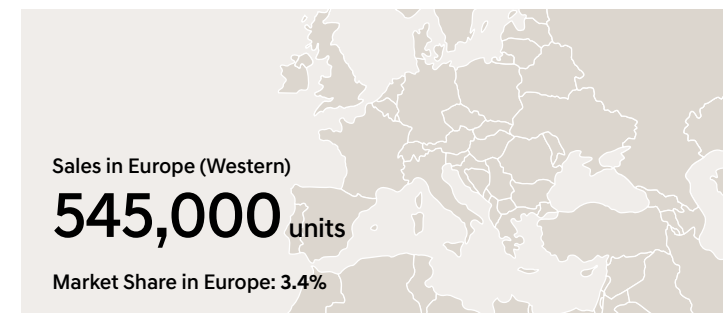
BHMC also ranked first for two years in a row, 2017 and 2018, in the China Corporate Social Responsibility Index, thanks to our social contribution activities including sponsoring of the Chinese national football team and the Beijing International Marathon. We also established a fund dedicated to providing financial support for children's traffic safety education programs and children of traffic accident victims. These activities also help Hyundai increase our brand awareness to Chinese customers.

In India, our sales volume increased 4.3% year-on-year to 550,000 units in 2018, accounting for 16.3% of the entire market. Most notably, our new Verna won the prestigious 'Indian Car of the Year (ICOTY)' award, following in the tracks of the Grand i10 (2014), the Elite i20 (2015), and the Creta (2016-2018).

**European (Western) Market**

Market Condition

The European market entered a stagnation in 2018, ending the year with 16,020,000 units sold, a figure similar to sales in 2017. The sluggish growth reflects the tightening of CO<sub>2</sub> remissions standards, including the adoption of the Worldwide Harmonised Light Vehicles Test (WLTP), which created a backlog of some auto makers waiting for certification, and a demand still trying to recover from the global financial crisis.



Business Review

Our 2018 sales volume in European markets rose 3.6% year-on-year to 545,000 units, accounting for 3.4% in market share, due mainly to robust sales of the Ionic Electric and the new Kona. However, in order to secure profitability going forward, we plan to focus on qualitative growth, building our inner strengths rather than offering excessive dealer incentives and boosting external growth.

Even in the conservative European market, we are solidifying our position based on superior technology and design. We also made significant progress in our efforts to expand FCEVs in Europe. In August 2018, we signed an MOU with H2Energy for supplying 1,000 large FCEV trucks to the Swiss-based hydrogen solution provider, followed by another with a French company in October 2018 on jointly expanding the supply of FCEVs and hydrogen filling stations. In 2018, our Nexo and Kona both won Red Dot awards, earning a coveted recognition for excellence in design from the world's leading design powerhouse. Receiving the recognition was a continuation of the proud tradition first set by the new Genesis and the i10 in 2014, then, the i20 and Sonata in 2015, and the IONIQ in 2016. In addition, the superior quality of the i30N, launched in early 2018, contributed to the new model reaching its annual sales target in the first six months of 2018. We will continue to introduce high-performance N models developed to maximize the customers' joy of driving.

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# Facts & Figures

## CORPORATE PROFILE (Production and Sales)

	Classification	Unit	2016	2017	2018	Note
General Information	Assets	KRW billion	178,835.9	178,199.5	<b>180,655.8</b>	Consolidated figures basis
	Sales	KRW billion	93,649.0	96,376.1	<b>96,812.6</b>	Consolidated figures basis
	Production	Vehicle	4,865,500	4,506,996	<b>4,635,356</b>	
Global Best-selling Models	Elantra (Avante)	Vehicle	875,275	669,663	<b>702,497</b>	As of the end of 2018
	Tucson	Vehicle	735,242	644,598	<b>577,662</b>	As of the end of 2018
	Accent	Vehicle	514,748	438,793	<b>362,315</b>	As of the end of 2018
	Sonata	Vehicle	354,838	430,752	<b>315,507</b>	As of the end of 2018
	Santa Fe	Vehicle	354,838	373,032	<b>282,682</b>	As of the end of 2018
Global Production	Korea	Vehicle	1,679,905	1,651,718	<b>1,747,837</b>	
	U.S.	Vehicle	379,020	328,400	<b>322,500</b>	
	China	Vehicle	1,142,000	800,000	<b>794,000</b>	
	India	Vehicle	665,017	678,017	<b>713,108</b>	
	Czech Republic	Vehicle	358,400	356,700	<b>340,300</b>	
	Turkey	Vehicle	230,010	227,000	<b>203,000</b>	
	Russia	Vehicle	207,000	233,500	<b>246,500</b>	
	Brazil	Vehicle	161,756	182,773	<b>192,855</b>	
	China (Commercial)	Vehicle	37,881	27,941	<b>12,195</b>	
	Vietnam	Vehicle	-	16,617	<b>56,028</b>	Transformed from consignment (commercial) to venture investment in 2017
	Consignment (Commercial)	Vehicle	4,511	4,330	<b>5,200</b>	
	Vietnam (Commercial)	Vehicle	-	-	<b>1,653</b>	Transformed from consignment (commercial) to venture investment in 2018
	Russia (Commercial)	Vehicle	-	-	<b>180</b>	Transformed from consignment (commercial) to venture investment in 2018
	<b>Total</b>	Vehicle	4,865,500	4,506,996	<b>4,635,356</b>	
Global Sales	Korea	Vehicle	658,642	688,939	<b>721,078</b>	
	Overseas	Vehicle	4,201,407	3,817,336	<b>3,868,121</b>	
	<b>Total</b>	Vehicle	4,860,049	4,506,275	<b>4,589,199</b>	

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**CORPORATE PROFILE  
(Employees and Supply Chain)**

	Classification	Unit	2016	2017	2018	Note
Number of Employees	Korea	Person	66,890	68,876	<b>69,755</b>	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	50,499	53,341	<b>54,166</b>	The number of permanent and temporary workers as of year-end
	Ratio of employees working overseas	%	43.0	43.6	<b>43.7</b>	
	Total	Person	117,389	122,217	<b>123,921</b>	
Number of Employees by Region	Korea	Person	66,890	68,876	<b>69,755</b>	
	North America	Person	9,886	10,942	<b>11,332</b>	
	Europe	Person	6,625	9,955	<b>9,745</b>	
	China	Person	19,447	19,100	<b>18,132</b>	
	India	Person	9,284	9,318	<b>9,323</b>	
	Others	Person	5,257	4,026	<b>5,634</b>	
	Total	Person	117,389	122,217	<b>123,921</b>	
Number of Employees by Duty in Korea	Management	Person	369	466	<b>442</b>	
	Research fellow	Person	19	22	<b>22</b>	
	Research	Person	10,037	10,565	<b>10,889</b>	
	Office work	Person	11,756	12,659	<b>12,512</b>	
	Technical/Production/Maintenance	Person	35,439	35,669	<b>35,983</b>	
	Sales	Person	6,185	6,190	<b>6,095</b>	
	Others	Person	3,085	3,305	<b>3,812</b>	Advisor, specially appointed staff for special duties, temporary staff, etc.
	Total	Person	66,890	68,876	<b>69,755</b>	
Number of Employees by Gender	Korea	Person	66,890	68,876	<b>69,755</b>	
	- Male	Person	63,454	65,471	<b>66,178</b>	
	- Female	Person	3,436	3,405	<b>3,577</b>	
	Overseas	Person	51,430	53,341	<b>54,166</b>	
	- Male	Person	45,989	47,737	<b>48,271</b>	
	- Female	Person	5,441	5,604	<b>5,895</b>	



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**ANNUAL PERFORMANCE**

Classification		Unit	2016	2017	2018	Note
Statements of financial position (Consolidated)	Total assets	KRW billion	178,836	178,199	<b>180,656</b>	
	Total liabilities	KRW billion	106,491	103,442	<b>106,760</b>	
	Total equity	KRW billion	72,345	74,757	<b>73,896</b>	
Statements of financial position (Separate)	Total assets	KRW billion	69,851	70,131	<b>69,743</b>	
	Total liabilities	KRW billion	17,271	15,906	<b>17,167</b>	
	Total equity	KRW billion	52,580	54,224	<b>52,576</b>	
Statements of income (Consolidated)	Sales	KRW billion	93,649	96,376	<b>96,813</b>	
	Operating profit	KRW billion	5,194	4,575	<b>2,422</b>	
	Net profit	KRW billion	5,720	4,546	<b>1,645</b>	Includes minority interest of consolidated net income
	EBITDA	KRW billion	8,552	8,104	<b>6,184</b>	Based on Bloomberg (sum of operating profit, depreciation of tangible assets, depreciation of real estate held for investment, and depreciation of intangible assets)
Statements of income (Separate)	Total assets	KRW billion	41,714	41,605	<b>43,160</b>	
	Total liabilities	KRW billion	2,699	2,163	<b>-59</b>	
	Total equity	KRW billion	4,102	2,551	<b>415</b>	
	EBITDA	KRW billion	4,913	4,467	<b>2,447</b>	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	%	5.5	4.7	<b>2.5</b>	
	Net profit margin	%	6.1	4.7	<b>1.7</b>	
Profitability ratio (Separate)	Operating profit margin	%	6.5	5.2	<b>-0.1</b>	
	Net profit margin	%	9.8	6.1	<b>1.0</b>	

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OUR SYSTEM

	Classification	Unit	2016	2017	2018	Note
Compliance Management Education	Number of training sessions in Korea	Person	83	34	26	Sum of online trainings (3) and collective trainings (23)
	Number of participants in Korea	Person	27,470	25,089	24,959	Sum of participants of online trainings (23,236) and collective trainings (1,723)
	Number of training sessions overseas	Case	1	1	4	Sum of online training for expatriates (1) and collective training for overseas compliance (3)
	Number of participants overseas	Person	610	800	988	Sum of participants of online training for expatriates (728) and collective training for overseas compliance (260)
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	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
	Protection of product information	Case	1	0	0	Overseas manufacturing plants have been added to the reporting scope since 2016
Distribution of Economic Value (Consolidated figures basis)	Penalty and fine for non-compliance with environmental regulations	KRW million	5.9	73.4	17.0	
	Dividends (Shareholders and investors)	KRW billion	1,080	1,080	1,066	
	Interest expenses (Shareholders and investors)	KRW billion	272	333	307	Refer to 'financial income and financial expense' in the notes to the consolidated financial statement
	Salaries (Employees)	KRW billion	8,878	8,921	8,894	Refer to 'classification of expenses by nature' in the notes to the consolidated financial statement
	Raw materials costs (Suppliers)	KRW billion	52,102	53,039	56,845	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	1,587	-108	885	Refer to 'income tax' in the notes to the consolidated financial statement
	Donation (Local communities)	KRW billion	76	69	85	Refer to 'other income/expense' in the notes to the consolidated financial statement
Total	KRW billion	63,995	63,334	68,083		
Distribution of Economic Value (Separate figures basis)	Dividends (Shareholders and investors)	KRW billion	1,080	1,080	1,066	
	Interest expenses (Shareholders and investors)	KRW billion	129	191	156	Refer to 'financial income and financial expense' in the notes to the financial statement
	Salaries (Employees)	KRW billion	6,265	6,266	6,127	Refer to 'classification of expenses by nature' in the notes to the financial statement
	Raw materials costs (Suppliers)	KRW billion	25,001	25,828	29,025	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	841	526	295	Refer to 'income tax' in the notes to the financial statement
	Donation (Local communities)	KRW billion	50	48	64	Refer to 'other income/expense' in the notes to the financial statement
	Total	KRW billion	33,366	33,938	36,733	

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**OUR VALUE**

Classification		Unit	2016	2017	2018	Note		
Customer	Quality index (Based on the survey conducted by J.D. Power and Associates)	U.S. Vehicle Dependability Study (Hyundai)	Ranking (Score)	9th (158)	3rd (133)	<b>3rd (124)</b>	5th place in 2019 (124 points): Based on non-premium brand	
		U.S. Initial Quality Study (Hyundai)	Ranking (Score)	2nd (92)	4th (88)	<b>2nd (74)</b>	Based on non-premium brand	
		U.S. Initial Quality Study (Genesis)	Ranking (Score)	-	1st (77)	<b>1st (68)</b>	Based on premium brand (first survey of Genesis as premium brand in 2017)	
		External evaluation – National Customer Satisfaction Index (NCSI)	Ranking	1st place at all segments	1st place at all segments	<b>1st place at all segments</b>	Compact, semi-medium, medium, semi-large, large, RV	
		Customer satisfaction survey	External evaluation – Korean Standard-Quality Excellence Index (KS-QEI)	Ranking	1st place at all segments	1st place at all segments	<b>1st place at all segments</b>	Semi-medium, medium, RV, after-sales service
			External evaluation – Korean Customer Satisfaction Index (KCSI)	Ranking	1st place at all segments	1st place at all segments	<b>1st place at all segments</b>	Passenger vehicle, RV



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	Classification	Unit	2016	2017	2018	Note	
Energy consumption	LNG	MWh	3,821,131	3,839,712	<b>3,975,889</b>	Based on Hyundai's domestic business sites and overseas manufacturing plants (using energy conversion coefficient provided by the comprehensive national GHG management system)	
	Electricity	MWh	3,596,858	3,610,742	<b>3,721,273</b>		
	Diesel, Kerosene, Gasoline	MWh	178,493	180,747	<b>153,458</b>		
	Liquefied fuel	MWh	1,585	1,673	<b>1,751</b>		
	Gaseous fuel	MWh	1,480	894	<b>1,929</b>		
	Total	MWh	7,599,547	7,633,769	<b>7,854,301</b>		
Energy intensity	Energy consumption in producing one vehicle	MWh/Vehicle	1.562	1.694	<b>1.694</b>	Total of 'Energy consumption' ÷ Total of 'Global production'	
Environment	Greenhouse gas emissions	Scope 1	tCO <sub>2</sub> e	822,273	846,371	<b>831,180</b>	- Based on emissions of CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O; starting in 2016, Scope 3 emissions are measured for the last 3 years
		Scope 2	tCO <sub>2</sub> e	2,032,654	1,872,132	<b>1,920,126</b>	- Detailed information on Scope 3 has been disclosed through CDP
		Scope 3	tCO <sub>2</sub> e	7,209,437	7,166,053	<b>5,659,892</b>	- Among CDP items, upstream transportation & logistics, upstream lease assets and franchise are excluded
		Total	tCO <sub>2</sub> e	10,064,364	9,884,556	<b>8,411,198</b>	- Of the Scope 3 items, the emissions related to "investment" are calculated only for companies with a stake of 25% or more in Hyundai
Greenhouse gas emission intensity	Greenhouse gas emissions in producing one vehicle	tCO <sub>2</sub> e/Vehicle	2.069	2.193	<b>1.815</b>	Total of 'Greenhouse gas emissions' ÷ Total of 'Global production'	
Year-on-year change of greenhouse gas emissions	Scope 1	tCO <sub>2</sub> e	24,882	24,098	<b>-15,191</b>		
	Scope 2	tCO <sub>2</sub> e	132,711	-160,522	<b>47,994</b>		
	Scope 3	tCO <sub>2</sub> e	-471,336	-43,384	<b>-1,506,161</b>		
	Total change	tCO <sub>2</sub> e	-313,743	-179,808	<b>-1,473,358</b>		
Raw materials	Steel (amounts used)	Ton	1,249,939	1,148,388	<b>1,173,455</b>		
	Steel (scrap)	Ton	458,982	477,680	<b>453,788</b>		
	Aluminum (amounts used)	Ton	109,122	117,252	<b>108,399</b>		
	Aluminum (scrap)	Ton	30,593	30,132	<b>27,841</b>		

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Classification		Unit	2016	2017	2018	Note
Water consumption	Withdrawal	Ton	21,630,902	21,835,714	<b>22,184,515</b>	
	Consumption	Ton	16,927,711	17,761,786	<b>17,865,478</b>	
	Discharge	Ton	9,736,760	9,254,825	<b>9,836,345</b>	
Consumption of refrigerant (HFC, R135a, etc.)	Total	Ton	621	1,062	<b>1,296</b>	
	- Korea	Ton	4	3	<b>9</b>	
	- Overseas	Ton	617	1,059	<b>1,287</b>	
VOC emissions	Total	Ton	10,367	8,398	<b>7,719</b>	
	- Korea	Ton	7,241	6,292	<b>6,707</b>	
	- Overseas	Ton	3,126	2,106	<b>1,012</b>	
Air emissions	Total	Ton	1,172	1,256	<b>1,065</b>	
	- CO (by type)	Ton	275	384	<b>276</b>	
	- SOx (by type)	Ton	37	28	<b>17</b>	
	- NOx (by type)	Ton	460	399	<b>327</b>	
	- PM (by type)	Ton	400	445	<b>444</b>	
	- Korea (by region)	Ton	342	392	<b>419</b>	
	- Overseas (by region)	Ton	830	864	<b>646</b>	

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Classification		Unit	2016	2017	2018	Note
Water pollutants	Total	kg	683,350	649,860	<b>652,757</b>	
	- COD (by type)	kg	173,092	174,193	<b>198,383</b>	
	- BOD (by type)	kg	20,418	24,124	<b>22,743</b>	
	- SS (by type)	kg	26,420	29,393	<b>42,399</b>	
	- n-H (by type)	kg	166	515	<b>364</b>	
	- Others (by type)	kg	463,254	421,635	<b>388,867</b>	
	- Korea (by region)	kg	33,355	34,726	<b>33,300</b>	
	- Overseas (by region)	kg	649,995	615,134	<b>619,456</b>	
Environment	Total	Ton	665,768	857,146	<b>573,123</b>	
	- General waste (by type)	Ton	619,751	810,992	<b>528,116</b>	
	- Designated waste (by type)	Ton	46,017	46,154	<b>45,007</b>	
	- Korea (by region)	Ton	332,225	542,106	<b>307,729</b>	
	- Overseas (by region)	Ton	333,543	315,040	<b>265,395</b>	
Weight of waste by disposal method	Total	Ton	559,091	784,219	<b>573,021</b>	
	- Landfill	Ton	27,275	34,404	<b>29,266</b>	
	- Incineration	Ton	33,765	34,633	<b>40,011</b>	
	- Recycling	Ton	493,102	709,841	<b>496,992</b>	
	- Others	Ton	4,948	5,341	<b>6,752</b>	
Weight of hazardous chemical substances	Total	Ton	4,583	3,930	<b>4,723</b>	
	- Korea	Ton	900	458	<b>456</b>	
	- Overseas	Ton	3,683	3,473	<b>4,268</b>	
Environmental costs	Costs and investments for environmental protection	KRW billion	156.0	136.6	<b>118.4</b>	



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Classification		Unit	2016	2017	2018	Note	
Collaboration	Support for Foundation of Korea Automotive Parts Industry Promotion	Quality and Technology Volunteer Group Supplier Support Group	Company	101	107	<b>108</b>	Integrated figure of Hyundai and Kia; 6 tier 1 suppliers and 102 tier 2 and 3 suppliers
	Cumulative number of suppliers in joint expansion partnership	Number of suppliers	Company	700+	700+	<b>800+</b>	Integrated figure of Hyundai and Kia; around 300 tier 1 suppliers and around 500 tier 2 suppliers
	Suppliers in joint growth and fair trade agreements	Number of suppliers in the agreements	Company	298	285	<b>273</b>	Integrated figure of Hyundai and Kia; 125 small-sized suppliers and 148 medium-sized suppliers
	Recruitment of suppliers	Number of people hired	Person	13,000	11,300	<b>11,500</b>	
People	Security practices (Korea)	Total number of security staff (Internal)	Person	359	379	<b>343</b>	
		Total number of security staff (Outsourced)	Person	614	604	<b>603</b>	
		No. of security personnel trained in the organization's human rights policies	Person	933	962	<b>925</b>	
	Labor union membership (Korea)	Number of people with labor union membership	Person	48,150	48,261	<b>47,807</b>	
		Labor union membership percentage	%	72.0	70.1	<b>68.5</b>	
	New recruitment (Korea)	Number of people hired	Person	5,301	4,370	<b>4,154</b>	
	Employee turnover (Korea)	Number of employee turnover	%	1.23	1.75	<b>3.62</b>	From among the year's resigned employees, those whose reason for resigning is changing to a different company
		Employee turnover rate	%	0.23	0.34	<b>0.70</b>	
	Organizational culture survey	Organizational culture survey score	Point	(N/A)	58.7	<b>61.7</b>	- For the previous year's report, we disclosed the employee satisfaction survey score in the 2017 organization culture survey - In this year's report, we changed our data as we continued to conduct an organizational culture survey
		Employee satisfaction survey score	Point	3.55	(N/A)	<b>(N/A)</b>	Our standard has been changed from employee satisfaction survey scores to organizational culture survey score in 2017
Number of female employees by region	Number of female employees (Korea)	Person	3,436	3,405	<b>3,577</b>		
	Number of female executives (Korea)	Person	4	3	<b>2</b>		
	Number of female employees (North America)	Person	1,390	1,431	<b>1,504</b>		
	Number of female executives (North America)	Person	6	6	<b>5</b>		

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Classification		Unit	2016	2017	2018	Note	
Number of female employees by region	Number of female employees (Europe)	Person	1,212	1,363	<b>1,419</b>		
	Number of female executives (Europe)	Person	2	2	<b>1</b>		
	Number of female employees (China)	Person	2,152	2,134	<b>2,131</b>		
	Number of female executives (China)	Person	10	10	<b>8</b>		
	Number of female employees (India)	Person	160	155	<b>177</b>		
	Number of female executives (India)	Person	0	0	<b>0</b>		
	Number of female employees (Others)	Person	527	521	<b>664</b>		
	Number of female executives (Others)	Person	-	-	<b>-</b>		
	Total number of female employees	Person	8,877	9,009	<b>9,472</b>		
	Total number of female executives	Person	22	21	<b>16</b>		
Total female employment rate	%	7.5	7.4	<b>7.6</b>	Total number of female employees ÷ Total number of employees		
People	Number of female managers	Number of managers in Korea	Person	14,509	14,883	<b>14,115</b>	- The scope of managers is more than managerial level, including general, research, special, and executive except for the Executive Vice Chairman and advisors - Data on overseas managers and overseas female managers has been collected and reported since 2018
		Number of female managers in Korea	Person	331	399	<b>461</b>	
		Number of managers overseas	Person	-	-	<b>3,042</b>	
		Number of managers overseas	Person	-	-	<b>493</b>	
		Total number of managers	Person	-	-	<b>17,157</b>	
		Total number of female managers	Person	-	-	<b>954</b>	
		Ratio of female managers	%	-	-	<b>5.6</b>	
Employees with disabilities (Korea)	Number of employees with disabilities	Person	1,867	2,501	<b>2,055</b>	Total number of employees with disabilities ÷ Total number of employees in Korea	
	Percentage of employees with disabilities	%	2.75	2.97	<b>2.95</b>		
Number of employees by age	Under 30 years old	Person	6,373	6,404	<b>7,602</b>		
	30-50 years old	Person	35,937	34,633	<b>32,199</b>		
	Over 50 years old	Person	25,511	27,839	<b>29,954</b>		
	Total	Person	67,821	68,876	<b>69,755</b>		
Employee training (Korea)	Training expenses per employee	KRW 10,000	55	43	<b>40</b>		
	Training hours per employee	Hours	56	45	<b>38</b>		
	Total training expenses	KRW billion	36.9	29.3	<b>26.0</b>		

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People	Parental leave (Korea)	Number of employees on parental leave (Male)	Person	50	22	<b>93</b>	As of the end of 2018
		Number of employees on parental leave (Female)	Person	212	123	<b>122</b>	
		Return rate after parental leave (Male)	%	89.1	88.9	<b>92.5</b>	Percentage of total reinstated employees against number of employees in parental leave
		Return rate after parental leave (Female)	%	89.1	87.0	<b>97.5</b>	
		Retention rate after parental leave (Male)	%	96	94.2	<b>100.0</b>	Percentage of employees retained for at least 12 months against number of employees in parental leave
		Retention rate after parental leave (Female)	%	85.6	96.4	<b>98.3</b>	
	Occupational accidents	No. of employees involved in occupational accidents (Korea)	Person	217	210	<b>286</b>	Based on figures of Ulsan, Asan and Jeonju plants in Korea
		Accident rate (Korea)	%	0.55	0.53	<b>0.71</b>	
		No. of employees involved in occupational accidents (Overseas)	Person	38	41	<b>32</b>	Based on figures of overseas manufacturing plants
		Accident rate (Overseas)	%	0.10	0.11	<b>0.09</b>	
No. of employees involved in occupational accidents (Total)		Person	255	251	<b>318</b>	Based on figures of Ulsan, Asan and Jeonju plants in Korea, and overseas manufacturing plants	
Accident rate (Total)		%	0.34	0.33	<b>0.42</b>		
LTIFR	Business Sites (Korea)	%	1.87	1.96	<b>2.39</b>	- LTIFR (Lost-Time Injuries Frequency Rate) = (Number of lost-time injuries × 1,000,000) ÷ (Total hours worked in accounting period) - Based on figures of Ulsan, Asan and Jeonju plants in Korea, and overseas manufacturing plants - In case of overseas supplier LTIFR and supplier LTIFR total, Hyundai Motor Brazil (HMB) is excluded	
	Business Sites (Overseas)	%	0.41	0.47	<b>0.33</b>		
	Business Sites (Total)	%	1.16	1.28	<b>1.46</b>		
	Suppliers (Korea)	%	1.76	1.62	<b>2.46</b>		
	Suppliers (Overseas)	%	0.12	0.04	<b>0.10</b>		
	Suppliers (Total)	%	0.54	0.46	<b>0.67</b>		
OIFR	Business Sites (Korea)	%	0.70	0.49	<b>0.86</b>	- OIFR (Occupational Injuries Frequency Rate) = (Number of occupational illness cases × 1,00,000) ÷ (Total hours worked in accounting period) - Based on figures of Ulsan, Asan and Jeonju plants in Korea, and overseas manufacturing plants	
	Business Sites (Overseas)	%	0.06	0.10	<b>0.11</b>		
	Business Sites (Total)	%	0.39	0.31	<b>0.52</b>		



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Social contributions by theme (Korea)	Social welfare	KRW million	22,252	23,147	<b>48,817</b>	
	Medical and healthcare	KRW million	380	414	<b>85</b>	
	Education	KRW million	10,369	18,969	<b>11,691</b>	
	Culture & Sports	KRW million	27,004	11,210	<b>11,166</b>	
	Environmental protection	KRW million	1,310	7,001	<b>2,482</b>	
	Emergency relief	KRW million	5,508	1,203	<b>335</b>	
	International exchange	KRW million	1,941	1,380	<b>1,273</b>	
	Others	KRW million	6,738	1,635	<b>1,425</b>	
	<b>Total</b>	<b>KRW million</b>	<b>75,502</b>	<b>64,959</b>	<b>77,275</b>	
Social contributions expenditure by type (Korea)	Cash contribution	KRW million	50,242	42,554	<b>62,663</b>	
	In-kind giving	KRW million	11,511	8,297	<b>2,705</b>	
	Management overhead	KRW million	13,749	14,109	<b>11,907</b>	
Community Voluntary performance of employees (Korea)	Number of volunteer activities	Case	2,348	2,129	<b>1,873</b>	
	Number of participants	Person	28,462	17,105	<b>17,879</b>	
	Number of hours participated	Hour	144,697	125,093	<b>59,508</b>	
Social contributions by Region	Americas	USD	20,178,196	20,281,277	<b>19,708,964</b>	Regions of North America and Central & South America
	Asia-Pacific, Middle East, and Africa	USD	2,360,678	3,343,664	<b>3,902,344</b>	Regions of Asia-Pacific, Africa & Middle East, and India
	Europe	USD	1,587,648	1,703,200	<b>1,338,128</b>	Regions of Europe and Russia
	China	USD	285,065	372,181	<b>756,000</b>	
	<b>Total</b>	<b>USD</b>	<b>24,411,587</b>	<b>25,700,322</b>	<b>25,705,436</b>	
Membership Fees	Total	KRW million	6,759	6,677	<b>7,489</b>	Non-political support for industry-related associations (Korea)
Major organization donations	Foundation of Korea Automotive Parts Industry Promotion	KRW million	2,750	3,124	<b>3,300</b>	
	Korea Automobile Manufacturers Association	KRW million	2,577	2,171	<b>2,037</b>	
	Korea Intelligent Automotive Parts Promotion Institute	KRW million	-	-	<b>460</b>	
	Korea Automotive Technology Institute	KRW million	309	302	<b>305</b>	
	H <sub>2</sub> KOREA	KRW million	-	-	<b>200</b>	

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307-01	Non-compliance with environmental laws and regulations	113	In the case of significant fines and penalties of more than USD \$ 10,000, one case occurred at Jeonju plant in 2017. Penalty on violating Clean Air Conservation Act Article 31 by influx of outside air into the discharge facility
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403-03	Workers with high incidence or high risk of diseases related to their occupation	116	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
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406-01	Incidents of discrimination and corrective actions taken	-	No incidents of discrimination occurred
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408-01	Operations and suppliers at significant risk for incidents of child labor	-	No business sites and suppliers at significant risk identified
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# Independent Assurance Statement

## Introduction

Hyundai Motor Company (“HMC”) commissioned DNV GL Business Assurance Korea Ltd. (“DNV GL”), part of DNV GL Group, to undertake independent assurance of the Sustainability Report 2019 (the “Report”). The directors of HMC have sole responsibility for the preparation of the Report. The responsibility of DNV GL in performing the assurance work is to the management of HMC in accordance with the terms of reference. DNV GL’s assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith.

## Scope and Basis of assurance

Based on non-financial data and sustainability activities and performance data of 2018 generated from HMC, we have evaluated the adherence to AA1000 Accountability Principles 2018<sup>1</sup> and assessed the quality of sustainability performance information. We have reviewed that the Topic-specific disclosures of GRI Standards which are identified in the process for defining report content;

No.	Material Topic	GRI Disclosure
1	Producing Eco-friendly Vehicles	305-1, 2, 3, 4, 5
2	Customer and Product Safety	416-2
3	Social Value Creation	203-1, 2

We performed our work using AA1000AS 2008<sup>2</sup> and DNV GL’s assurance methodology VeriSustainTM<sup>3</sup> (Version 5.0) which is based on our professional experience, international assurance best practices. DNV GL provides Type 1 and the moderate level of assurance. The assurance was carried out from April and till June 2019. The site visits were made to HMC’s Headquarters in Seoul, Korea. We undertook the following activities as part of the assurance process:

- challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
- interviewed representatives from the various departments;
- conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system as they relate to selected content and performance data;
- reviewed the materiality assessment report.

<sup>1</sup> AA1000 Accountability Principles 2018: Internationally accepted, four principles-based framework and guidance that organisations can use to identify, prioritise and respond to sustainability performance and responsibility.

<sup>2</sup> AA1000 Assurance Standard 2008: Internationally accepted, freely available standard that provides the requirements for conducting sustainability assurance.

<sup>3</sup> The VeriSustain protocol is available upon request at DNV GL Website (www.dnvgl.com)

## Limitations

The engagement excludes the sustainability management, performance and reporting practices of HMC’ subsidiaries, associated companies, suppliers, contractors and any third-parties mentioned in the Report. We did not interview external stakeholders as part of this Assurance Engagement. Economic performance based on the financial data is cross-checked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service (<http://dart.fss.or.kr>) as well as HMC’s website ([www.hyundai.com](http://www.hyundai.com)). These documents, financial statements and the announcements are not included in this Assurance Engagement. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. The baseline data for environmental and social performance are not verified, while the aggregated data at the corporate level are used for the verification. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

## Conclusion

On the basis of the work undertaken, nothing comes to our attention to suggest that the reported data and information disclosed in the Report do not give a fair representation of HMC’s related sustainability performance. Further opinions with regards to the adherence to the Principles are made below;

### The Principle of Inclusivity

HMC has identified internal and external stakeholder groups such as Customers-Dealers, Employees, Government, Shareholders-Investors, Suppliers and Local Communities. HMC engages with the stakeholders at the company and business unit levels through various channels. The examples of approaches to engage with selected stakeholders and relevant organizations are described in the Report. HMC has established CSV (Creating Shared Value) strategy based on five areas: Eco-friendly, Mobile innovation, Traffic safety, Future generation and community. HMC is promoting new sustainability management activities related to not only develop business but also solve local community problems.

### The Principle of Materiality

HMC has conducted the materiality assessment to prepare the Report. Various issues have been derived by analysing the topics covered in various global initiatives and standards, reviewing industry peers’ reports and media reports. The issue pools were used on internal and external stakeholder survey to rate the material topics and subsequently 3 material topics are prioritized. We have reviewed the materiality assessment process and noted relevant material topics prioritized from the process are addressed in the Report.

### The Principle of Responsiveness

The Report presents HMC’s CSV strategy system which includes vision and 3 core strategies. In addition, the Report discloses the business results, decisions, key performance and future plans on material topics in terms of sustainability during the reporting period. HMC identifies material sustainability topic (Eco-friendly Vehicles, Customer & Product Safety and Social Value Creation) as stakeholder interest issues and presented management approaches and major achievements for each stakeholder issue in the Report. As the proportion of sales in overseas markets and supply chain management issues increase, HMC could consider including the opinions of overseas investors and international standards for supply chain management when reviewing stakeholders’ opinions. HMC also could report measurable targets for medium and long-term sustainability aspects in the future reporting and the progress.



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The Principle of Impact

The Report presents the direct and indirect impacts of material topics identified materiality assessment. We have reviewed that HMC identifies, monitors and assess the impacts of material topics to stakeholders. HMC is paying attention to the environment and safety impacts of its products, demonstrating the impact of expanding the development and distribution of eco-friendly vehicles, and application of advanced safety technologies. In the future, the impacts could be measured and disclosed in the future reporting.

Reliability of Specific sustainability performance information

We have reviewed the reliability of the disclosure data - water consumption, waste generation, LTIFR (Lost Time Injury Frequency Rate), OIFR (Occupational Illness Frequency Rate) and GHG(including scope 1, 2, 3). We have interviewed the in charge person, reviewed the process of gathering and processing data and test information on a sampling basis. In charge person can explain the source and process of the data identified above, which is considered traceable. The intentional error or misstatement is not noted from the data and information disclosed in the Report. Data owners were able to demonstrate the origin and interpretation of the data in a reliable manner. The data was identifiable and traceable.

**Competence and Independence**

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV GL Code of Conduct<sup>4</sup> during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV GL was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV GL have no other contract with HMC and did not provide any services to HMC in 2019 that could compromise the independence or impartiality of our work.

June 2019  
Seoul, Korea

Jang Sup Lee  
Country Representative  
DNV GL Business Assurance Korea Ltd.



<sup>4</sup> DNV GL Code of Conduct is available from DNV GL website (www.dnvgl.com)

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**Assurance Statement**

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 2018 (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 2018

**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: 28th March 2019

**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 2018
Direct GHG Emissions	521,020
Energy Indirect GHG Emissions	1,060,382
<b>Total GHG Emissions</b>	<b>1,581,399</b>

Data is presented in tonnes of CO<sub>2</sub> equivalent.

This document is subject to the provision below:  
This Assurance Statement is only valid when published with the Report to which it refers.

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

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

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

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# About This Report

## 2019 Sustainability Report of Hyundai Motor Company

Hyundai Motor Company has been publishing a sustainability report every year since 2003 in order to disclose its efforts to promote sustainable management and its achievements in a transparent manner and to communicate with stakeholders. The 2019 Sustainability Report of Hyundai Motor Company describes our efforts to create economic, environmental, and social performance. Through this, we will actively communicate with stakeholders to realize social value as a global leading company.

### Reporting Principles and Standards

This Report applies the 'Core Option' of the Global Reporting Initiative (GRI) Standards with appropriate modifications. In addition, this report satisfies the four principles (Inclusiveness, Materiality, Responsiveness, and Impact) of the AA1000AP (AccountAbility Principles), including the obligation to explain sustainability management.

### Scope and Boundary of Report

This report covers the activities of the headquarters as well as manufacturing plants, technical centers, design centers, and sales corporations operated by Hyundai Motor Company in Korea and overseas. Financial information is prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS). Non-financial data regarding environmental and social performance is based on Hyundai Motor Company and manufacturing plants in Korea and overseas, those of which constitute 85% of consolidated revenue is included. Partial performance of Hyundai Motor Group is included and in case the reporting scope differs, the reporting scope of the information is indicated separately in the annotation.

### Reporting Period

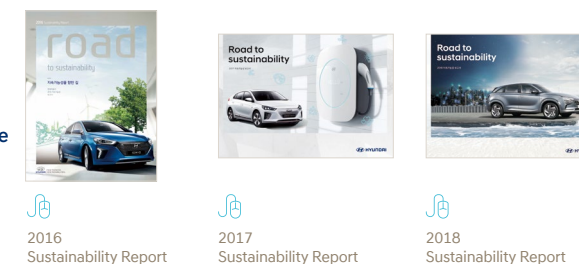
This report covers activities undertaken from January 1st, 2018 to December 31st, 2018, including some key activities conducted until the first half of 2019. As for quantitative performance, if the results need to be tracked continuously, we have used data for the past three years. The reporting cycle for this report is 1 year. The previous report was published in July 2018.

### Third Party Assurance

This report has been audited by an independent assurance corporation (DNV GL) to ensure the accuracy, objectivity and credibility of the report preparation process and all the information created, and the verification was completed in accordance with international verification standards. The results of the third party assurance are detailed on P. 122-123. The financial information provided in this report has been audited by an independent auditor, and assurance on greenhouse gas emissions and energy usage was carried out in accordance with the verification principles of the guidelines such as 'Administrative Guidelines for Operation of Emission Trade System'.

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<b>Production (Contact Information)</b>	CSV Strategy Team, Hyundai Motor Company Tel: +82-2-3464-8618 E-mail: hmcsr@hyundai.com
<b>Reporting Principle</b>	GRI Standards (Core Option)
<b>Reporting Boundary</b>	Hyundai Motor Company; also includes some data and information for Hyundai Motor Group
<b>Reporting Scope</b>	Economic (based on Korean International Financial Reporting Standards), social and environmental performance
<b>Reporting Period</b>	January 1st, 2018 - December 31st, 2018; also includes some data and information from the first half of 2019
<b>Reporting Cycle</b>	Annual (last report was published in July 2018)
<b>Assurance</b>	DNV GL
<b>Design</b>	Talantone Creative Group

### Reports of Recent Three Years





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## Thanks to

(In alphabetical order)

Ahn Kang Kim  
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Bok Ju Cho  
Bum Soo Kim  
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Yun Sun Lim

