

Road to Sustainability

2021 Sustainability Report

Contents

Introduction

- CEO Message
- Company Overview and Major Achievements
- Hyundai's 2025 Strategy
 - Electric Vehicles
 - Autonomous Driving
 - Connected Cars
 - Robots
 - Mobility
 - Hydrogen
 - Open Innovation
 - Smart Factories
- ESG Management
 - ESG Directions
 - ESG Performance

Environmental 018

- Environmental Management
- Carbon Reduction
- Circular Economy
- Management and Reduction of Harmful Substances

Social 033

- Human Rights
- Employees
- Suppliers
- Product Quality
- Customers
- Communities

Governance 066

- Board of Directors
- Ethical and Compliance Management
- Risk Management

ESG Factbook 073

- About This Report
- Global Network
- Business Performance
- Facts & Figures
- GRI Index
- TCFD Index
- SASB Index
- WEF IBC Stakeholder Capitalism Metrics
- Stakeholder Engagement
- Sustainability Management Materiality Analysis
- Independent Assurance Statement
- Assurance Statement

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

CEO Message

In 2020, amid the historic difficulties posed by the COVID-19 pandemic, Hyundai Motor Company continued its quest to facilitate human progress under its perennial philosophy of considering people first. As both a global automaker and member of local communities all around the world, the company surmounted numerous challenges with its steadfast spirit and innovated and challenged itself ceaselessly to forge a sustainable new future.

2020 was a year in which the company first implemented its mid-to-long term growth plan, the “2025 Strategy.” On the back of the tireless efforts of all its employees and partners, Hyundai Motor achieved a multitude of milestones around the globe, and at the same time established a robust fundament for fresh growth into the future. As a result, we managed to increase our domestic sales by 6.2 percent and our global market share to 5.3 percent from 2019, rising above the global automotive industry’s slump from the pandemic last year.

In terms of products, the company’s seventh-generation all-new Elantra compact sedan won the prestigious 2021 North American Car of the Year award by the decision of the North American Car, Utility and Truck of the Year (NACTOY) automotive-media jury. It was the second time Elantra grabbed the North American Car of the Year award since its first honor in 2012. Meanwhile, the Genesis luxury brand ranked first in both the Initial Quality Study (IQS) and Vehicle Dependability Study (VDS) in the luxury vehicle category, further enhancing its reputation as a premium automotive brand.

In addition, the launch of the company’s first EV brand IONIQ helped the company secure the fourth top spot in global ecofriendly vehicle sales and cement its place in the world ecofriendly mobility market. Parallel to these advances, the company is currently leading the establishment of a future hydrogen ecosystem via its early introduction of hydrogen fuel-cell trucks, maiden export of a fuel-cell system and other worldwide collaboration efforts.

With ESG (Environment, Society, Governance) related criteria increasingly taking center stage in business management, Hyundai Motor is harnessing all efforts on bolstering its sustainable ESG management as part and parcel of its business management strategy. In the field of environment, the company aims to contribute to the implementation of the UN Paris Agreement goals through the expanded lineup of ecofriendly vehicles, continuous technology development, improvement of vehicle fuel efficiencies and carbon emissions reduction across its entire value chain, including business sites and supply chains.

In the field of society, we have set respecting human rights as our unnegotiable priority, thereby strengthening the human rights, health and safety as well as supply-chain ESG management for all employees at domestic and overseas business sites. Furthermore, we are contributing to the enhancement of customer value by securing product quality and safety, and serving the global community through diverse CSV (Creating Shared Value) activities with the belief that the competitiveness of our company and of the wider communities in which we operate remains vitally interdependent.

In the field of governance, a female non-executive director has been appointed for the first time, enhancing the diversity and expertise of our board of directors. Likewise we aim to discuss major ESG-related policies, enhance them and review their implementation by expanding and reforming the Corporate Governance and Communications Committee under the Board of Directors to the Sustainability Management Committee.

The economic outlook for 2021, particularly for those advanced economies, once appeared rosy on the back of vaccine development. But a number of uncertainties in the global business environment are expected to persist, ranging from recurring spikes in coronavirus infections to supply bottlenecks in global automotive semiconductor production. By focusing on the following strategic tasks, Hyundai Motor targets not only achieving its business goals, but also transforming itself into a world-leading mobility solutions company in the post-coronavirus era.

We will build a stronger foundation for growth

Hyundai Motor will expand global sales of high-margin models from Genesis as well as various SUV models, while reducing production costs by paring down fixed costs and expanding the application of common modular components. We will also continuously strengthen our digital-based innovation efforts throughout the entire value chain. In order to elevate quality competitiveness - the fundamental capability of any automaker - we are actively carrying out quality improvement activities, including implementing vehicle replacement programs, strengthening reliability-based development quality management, and standardizing quality-control processes for our ecofriendly vehicles. Through these efforts, the company will channel all its capabilities into securing the deep trust of our customers. At the same time, the company will lay the groundwork for its rebound in the China business and commercial-vehicle business via a host of innovations.

We will secure competitiveness in our future growth businesses

To secure future business competitiveness and leadership in the competitive global electrified mobility market, Hyundai Motor will drastically strengthen its electrified vehicle lineup. As part of this transition, the company successfully launched in April 2021 its first dedicated EV, the IONIQ 5, which is equipped with a dedicated EV platform, the E-GMP (Electric Global Modular Platform). We are also striving constantly to provide new value to our customers by offering specialized EV-based service packages. On the hydrogen front, we will put spurs to our hydrogen business by securing related core technologies and expanding our fuel-cell system business, thereby bolstering our initiative for a future global hydrogen society. Continuing to expand our innovative offerings and services, such as community mobility services that serve the everyday needs of customers, is another objective of ours for the future.

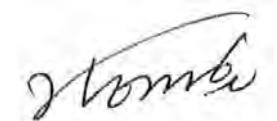
We will change the way we work with our customers

Hyundai Motor Company - in line with its vision of becoming a Smart Mobility Solution Provider - is in the process of establishing new work standards that will help us smoothly transition to our future role. We will maintain our momentum of change on the basis of employee autonomy and responsibility, while eliminating inefficiencies in our modus operandi. The aim is to move in a direction more oriented toward serving and empowering our customers all around the world. In particular, we plan to strengthen our customer-oriented quality management by improving not only “product quality,” but also “work quality” by tapping into employees’ creativities and talents. In addition, in response to the needs of various stakeholders, including shareholders and investors, we will normalize an ESG-oriented method of operation, by which all Hyundai Motor employees would advance long-term sustainable corporate values over financial short-termism.

Humanity now stands on the cusp of defeating the coronavirus pandemic and ushering in a new era. Everything is changing, from the way we approach work to how we think and go about our lives. But one thing will remain constant and abiding: Hyundai Motor Company’s management philosophy that places humanity above all other considerations. Based on this immutable belief, we will take the lead in creating a sustainable future in which all mankind can live safely and healthily while enjoying freedom of movement and the unique offerings of our lives. This is the prime reason Hyundai Motor strives to become a leading solutions provider in the future mobility world. Our progress toward mankind’s better life will continue apace. We kindly ask for your continued interest and support for this meaningful challenge.

Thank you.

Jaehoon Chang, President and CEO



“Progress for Humanity: Continuing our Unstoppable Challenge”



Company Overview and Major Achievements

Hyundai Motor Company has been providing car buyers with the best products and services possible ever since its establishment in 1967.

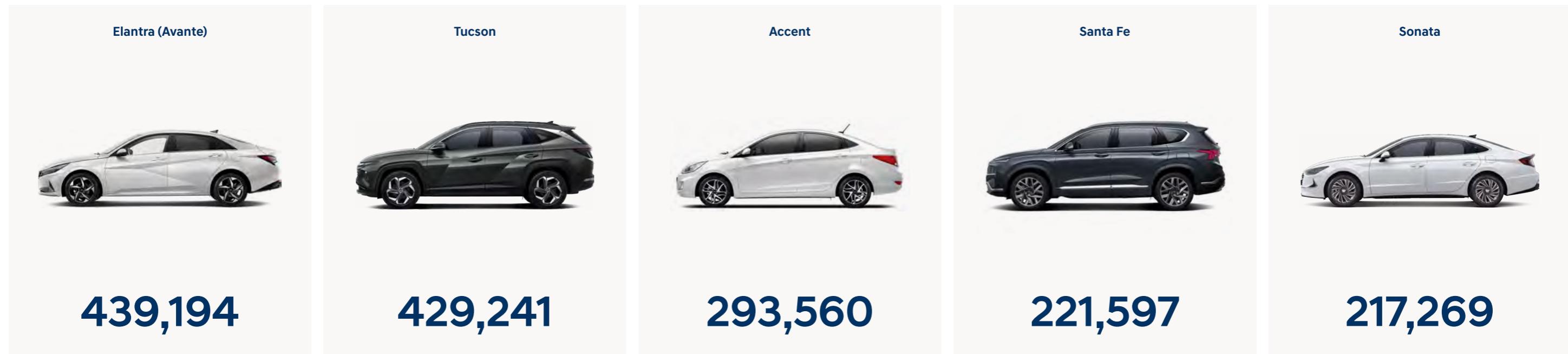
Going forward, it will continue to position itself as a “smart mobility solutions provider” based on its “2025 Strategy” and its industry-leading sustainable management activities.

General Information

Total Assets		Sales Revenue	
KRW 209.344 trillion		KRW 103.997 trillion	
Credit Ratings			
Moody's	S&P	NICE Investors Service	
Baa1	BBB+	AA+	

* As of the end of 2020; Based on K-IFRS consolidated financial statements

2020 Best-selling Models



Global Production and Sales in 2020

(Unit: Vehicles, as of the end of 2020)		
	Production	Sales
Korea	1,618,411	787,854
Overseas	2,115,011	2,956,883
Total	3,733,422	3,744,737

Sustainability Management Performance in 2020

Performance		Institution
Dow Jones Sustainability Indices (DJSI)	Included in DJSI Korea for second consecutive year	MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM
Carbon Disclosure Project (CDP)	Honors in Carbon Management sector Prize for Excellence in Water Resource Management category	CDP DRIVING SUSTAINABLE ECONOMIES
Chinese Academy of Social Sciences' CSR Assessment (CASS-CSR)	Ranked first in automotive company category for fifth consecutive year in China's Corporate Social Responsibility Development Index Evaluation	CSR
iF Design Award	Received “2021 iF Design Award” for 2020 Hyundai Motor Sustainability Report in Communications category	iF DESIGN AWARD 2021

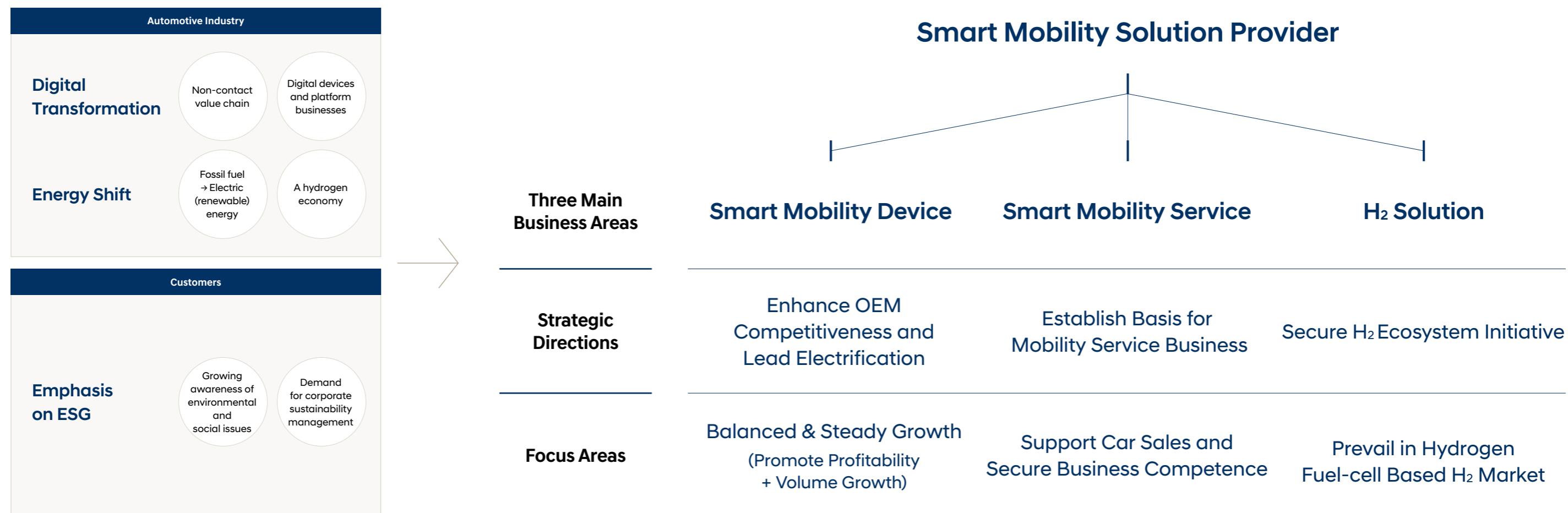
(Unit: Vehicles, as of the end of 2020)

Hyundai's 2025 Strategy

Hyundai Motor Company has updated its 2025 Strategy to reflect a rapidly accelerating digital transformation and energy shift in the automobile industry and customer needs and wants that have made the issue of ESG governance increasingly important. In addition to its already-existing smart mobility devices and services, the company is developing medium- to long-term strategies involving the growth of its new "H₂ Solutions" fuel cell-based hydrogen enterprise.

The company is committed to seeking balanced growth and enhancing its operating abilities by instituting strategies to enhance its competitiveness and add to its leadership in the field of electrification within the finished vehicle business; building a foundation for its mobility services business; and enhancing its leadership in the hydrogen ecosystem. It is also committed to becoming an early leader in the fuel cell-based hydrogen market that will help it achieve its vision of becoming smart mobility solutions provider.

Background



Electric Vehicles

Using Zero Fossil Fuels and Eco-Friendly Materials and Methods

In its recent reincarnation as an EV-only brand, IONIQ is playing a leadership role for a truly sustainable future. Hyundai's first dedicated electric vehicle, the IONIQ 5 was launched in April 2021. It was designed to fit onto the Hyundai Motor Group's new E-GMP EV platform, which is equipped with a multi-charging system that is fully compatible with many charging technologies. It can be rapidly charged at any charging station thanks to the world's first ultra-fast charging port and a charging system that is compatible with all currently-existing charging infrastructures.

A driving range should be the most important factor in deciding which one a customer should buy among EVs and other eco-friendly vehicles. This explains why Hyundai focused so much attention on improving the IONIQ 5's engine to increase its driving range, allowing it to provide even more efficient, comfortable, and eco-friendly long-distance driving. Although it boasts a very refined appearance, it can function as an office, a play area, or even a camping space, all depending on its driver's tastes and needs. People driving it can experience the full future of mobility right now, including the flexibility to change their car's interior space and software.

The interior of the IONIQ 5 features a wide selection of nature-friendly materials and eco-friendly methods. Its leather is dyed and processed by using vegetable oil extracted from linseed to reduce its impact on the environment, while its interior fabrics use materials sourced in an eco-friendly and sustainable manner. Its manufacturing methods include using polyurethane bio-paints and eco-friendly fibers, such as thread made of pulverized sugar cane, polyester yarn, and recycled plastic bottles. The company is committed to using even more eco-friendly materials and methods in its IONIQ models going forward.

Electric-Global Modular Platform: Hyundai Motor Group's first EV-only platform

Hyundai's EV-only E-GMP platform comes loaded with a slew of innovative features. A prime example of Hyundai Motor Group's vast array of electrification technologies and skills, the platform offers more flexibility for product development than the company's existing platforms that are based on revamping its internal combustion engines. It also boasts an architecture and a structure especially optimized for use in electric vehicles, a standard, large-capacity battery system, an extended cruising range, a sleek, futuristic design, and an innovative use of interior space.

Loaded with its large-capacity batteries, the E-GMP can travel longer distances on a single charge, produce more power, and boost its voltage without needing additional parts, all thanks to its super-fast charging system.

The multi charging system is developed and patented exclusively by the Hyundai Motor Group. E-GMP system will eventually lead to the development of various other forms of future mobility, such as autonomous vehicles and connected cars that consume more energy than conventional vehicles and offer their drivers the delights of precise, high-performance handling.

E-pit Charging Brand

Hyundai Motor Group's E-pit charging brand is part of its development of an ultra-fast charging infrastructure for the keenly-anticipated arrival of a full-fledged electric vehicle charging era. The first ultra-fast electric vehicle charging station to be built by Hyundai Motor Group for use at highway rest areas in Korea, it was developed to add to the convenience of long-distance EV drivers and to make EVs more attractive and popular with the country's automobile buyers. Each one features a 350kW-class, high-speed charger boasting the highest output in Korea. Hyundai Motor Group is planning to expand its charging network this year, beginning with the construction of 120 chargers located within twenty ultra-fast infrastructures. They will include twelve at major highway rest areas and another eight near well-known landmarks in urban downtown areas.

Located within and under protective canopied structures, E-pit charging stations protect vehicles while they're being charged and keep their drivers out of the weather too. The concept won the Gold award at the 2021 iF Design Award in Germany hosted by the International Forum Design for being "Human-Centered" and putting people first. The Gold award was given to 75 entries out of more than 10,000 entries. It also won awards from two of the world's top three design events, including a prize at the Red Dot Design Awards.



1. Placement of driver-centered,
fully customized items
2. Trouble-free multi-charging system



IONIQ 5

100km
driving range on
a 5-minute charge

**Full charge takes only
18 minutes**
with super-fast charging



E-GMP Battery Charging System



The E-pit, the Gold winner at the iF Design Award

Autonomous Driving

Autonomous Vehicles: “An Aggregation of Advanced Technologies”

Autonomous vehicles have been called “an aggregation made by converging advanced information and communications technologies and automobiles.” Automobiles, which for decades used to be just a simple means of transportation, are now expected to enhance the quality of their owners’ lives in their roles as a combination personal space and service medium. Hyundai is planning to install its Level 3 Highway Driving Pilot (HDP) in all its mass-produced vehicles beginning in 2022, allowing drivers to try them out hands-free even on highways. The company will also make improvements to Level 2 Highway Driving Assist (HDA) that it is currently using in its mass-produced vehicles. Its other plans for cars in that class for 2021 include such technologies as Parking Collision-Avoidance Assist (PCA) that can recognize pedestrians and obstacles at the front, side, and rear of a car when it’s being parked and exiting, and Remote Smart Parking Assist 2 (RSPA 2), which helps drivers with their parking by using a camera and an already-existing ultrasonic sensor. The company will gradually advance autonomous driving functions by applying the Over-the-air (OTA) function to vehicles to be produced after 2021.

The company is also accelerating its commercialization of fully autonomous Level 4 and 5 driving technologies. It plans to apply the remote autonomous parking function, which parks a car by itself without its driver needing to do anything, to all its vehicles in 2024.

Beginning in 2024, Hyundai Motor Group intends to commercialize a Level 4 autonomous driving system in smart cities, moving up to a fully autonomous driving mode by 2030. Both levels cited are as defined by the Society of Automotive Engineers.

Driverless driving on public roadways

Motional is the name of a joint venture business formed by Hyundai and Aptiv, an American autonomous driving startup. It recently successfully completed a driverless driving test on public roadways in Las Vegas. The operational capacities of the company’s autonomous driving system, technologies, operational capabilities, and other features were recently verified by TÜV SÜD, a global testing and certification operator. In the test drive experiment took place in February 2021, a number of driverless autonomous vehicles had to deal with such common traffic issues as intersections, unprotected turns, and congested roads. Although a safety officer was seated in them for path verification and to make emergency stops, the test drive referred to above occurred without a safety officer on board.

AI-driven Future Robot Taxi

Fully autonomous robotaxis have no driver. They operate by using artificial intelligence (AI) technologies. Fares can hail them using their smartphones, and the taxis come to them after determining their precise locations. Payments are made automatically. Because their fares ride in them only as far as they need to go, they don’t need to buy a car or worry about such issues as parking, insurance, or vehicle upkeep. They can move freely, anywhere and anytime.

Hyundai has set the commercialization of robotaxis as a new business goal. Motional, for its part, announced that the company’s IONIQ 5 vehicle will be the next-generation robotaxi platform, and plans to load it with Level 4 autonomous driving functions. It will introduce a fully autonomous robotaxi service in major U.S. cities and regions beginning in 2023, and will expand the number of vehicles going forward. They will be Hyundai Motor vehicles equipped with the company’s full autonomous driving systems, made available on the Lyft platform.

Autonomous vehicles



Autonomous Driving Technology Levels

Level 0 No Driving Automation	Level 1 Driver Assistance	Level 2 Partial Driving Automation	Level 3 Conditional Driving Automation	Level 4 High Driving Automation	Level 5 Full Driving Automation
<ul style="list-style-type: none"> The driver understands the situation and does the actual driving. 	<ul style="list-style-type: none"> The driver understands the situation and does the actual driving 	<ul style="list-style-type: none"> The driver understands the situation and does the actual driving 	<ul style="list-style-type: none"> The driver drives as requested by the vehicle’s systems 	<ul style="list-style-type: none"> The driver does not interfere with the vehicle’s systems 	<ul style="list-style-type: none"> Can be used for autonomous highway driving
<ul style="list-style-type: none"> Systems are in place to assist the driver in decelerating and steering, using either a simple warning or a temporary intervention. 	<ul style="list-style-type: none"> Systems are in place to assist the driver with accelerating, decelerating, and steering. The vehicle is equipped with Smart Cruise Control, Lane Keeping Assist, etc. 	<ul style="list-style-type: none"> Systems are in place to assist the driver with accelerating, decelerating, and steering. The vehicle is equipped with Smart Cruise Control, Lane Keeping Assist, etc. 	<ul style="list-style-type: none"> Systems are in place to understand road conditions and do the actual driving. 	<ul style="list-style-type: none"> Highway driving assistance is provided 	<ul style="list-style-type: none"> The vehicle’s systems operate on all roadways and in all conditions

Connected Cars

Attracting 10 million subscribers around the world

The number of people who want to enjoy the convenience of a “smart car life” has been increasing now that automobiles are being seen as more than a simple means of transportation.

The term “connected car services” refer to vehicles equipped with technologies that enable vehicle control, vehicle management, and other forms of driver assistance using in-vehicle infotainment systems and smartphone applications. They do this by converging information and communications technologies (ITs) within the automobiles. Hyundai Motor Group introduced a connected car service in 2003 with the launch of Mozen, Korea’s first telematics service. It currently provides Genesis Connected Service (GCS), Hyundai Motor Bluelink, and Kia UVO services and a wide variety of connected car services to its customers. The services include Remote Control, Safety Security, Vehicle Management, Directions, and Carpay.

The Remote Control function allows the vehicle to be controlled through smart phone- and natural language-based voice recognition. It includes remote air conditioning, door opening and locking, window opening and shutting, home-to-car and car-to-home, parking location confirmation, and destination verification and completion.

The Safety Security function helps drivers and their vehicles avoid many accidents and emergencies. It includes automatic notification when an airbag has been deployed, SOS emergency dispatching, theft tracking, alarm notifications, and valet parking.

The Vehicle Management function helps people manage their vehicles more safely. It provides wireless updates to the car’s navigation software, battery discharge notifications, vehicle diagnoses, and information about engine and other servicing that needs to be done.

The Directions function provides drivers with accurate, real-time traffic information, final destination guidance using augmented reality navigation, my car location sharing, and easy and quick destination settings and sharing.

Vehicles equipped with these services are now being upgraded with Hyundai’s easy-to-use Carpay in-vehicle payment service. Drivers accessing it can pay for gas and parking at member stores through their car’s infotainment system without using a credit card.

Hyundai Motor Group will continue strengthening its position as a leading player in the connected car service sector by deploying more user convenience services, such as information about road conditions. All of them will be designed to meet the many different needs of its customers. The total number of drivers in Korea subscribing to the Hyundai Motor Group’s connected car services was 1.3 million in 2019, 2.2 million in 2020, and 2.5 million as of April 2021. Hyundai Motor Group also provides connected car services in the U.S., China, Canada, India, and Europe, and plans to continue expanding it to all regions of the world going forward.

Working with NVIDIA to provide the very latest in connected car services

Connected cars are designed to provide optimized driving experiences for vehicle drivers and their passengers by connecting large amounts of data that are generated while vehicles are being driven with externally-generated information about real-time traffic conditions, road construction, and news, music, weather, and sports. It is important to apply high-performance semiconductors to these vehicles to gather and process such large amounts of information efficiently.

After coming to the realization that the success or failure of its connected cars would rest on the ongoing performance of such powerful semiconductors, Hyundai Motor Group signed a technology development agreement with a company called NVIDIA in 2015. NVIDIA boasts unrivaled technological prowess in the fields of artificial intelligence, machine learning, graphics recognition and processing, and its NVIDIA DRIVE information processing semiconductor is renowned for its ability to process large amounts of data at super-high speeds. When Hyundai’s GENESIS GV80 and G80 were launched in 2020, they came loaded with a connected car operating system, or ccOS, to which NVIDIA DRIVE was applied for the first time to compete the development of a high-end infotainment system.

The Group is planning to apply the ccOS system to all its vehicles launching in 2022 and thereafter. It will also provide drivers with a seamless vehicle experience throughout its entire lineup. They can always access the latest ccOS just by updating their vehicle’s software.

Received Prime Minister’s Award for Connected Car Computing System Technology

Hyundai Motor Group’s Connected Car Computing System Technology won the Prime Minister’s Award at the 2020 Korea Technology Awards. Prizes at it are given to excellent technologies that have a large ripple effect on a domestic industry.

Hyundai Motor Group’s Connected Car Computing System comes with its very own Connected Car Operating System, a core software platform for connected cars, as well as the world’s first gigabit, Ethernet-based, high-speed in-vehicle network architecture for automobiles. Hyundai was praised at the awards for leading the world’s connected car market with its own, dedicated technologies instead of relying on overseas systems. It was also commended for its contributions to strengthening the competitiveness of the Korean software industry by lowering entry barriers for the development of connected car software by small- and medium-sized enterprises and startups.

This independent technology development led the Hyundai Motor Group to anticipate the creation of social value worth about KRW 4.46 trillion over the next six years, mainly by reducing the need for software systems made overseas. It will also strengthen the nation’s competitiveness in the field of software by encouraging win-win growth with the country’s SMEs, as well as leading to increased job creation, new business startups, and increased employment of software workers.



Robots

A Progress towards “People-centered” Humanity

Robotics technology is a convergence technology. Hyundai Motor Group is developing it with a three-part focus: wearable or articulated robots; service robot technology, which is an integration of human-robot interaction (HRI) solutions; and mobile robot technology that will increase people's mobility under the Group's vision of "Progress for Humanity." In its role as a source of future mobility solutions, robotics technology will create constantly higher application levels by offering new services aided by a faster, more flexible, and more comprehensive intelligence.

Wearable Robots

Wearable robots add to people's muscle strength by sensing the intentions of their wearers. Leading examples include the MEX medical wearable robot, which aids in the rehabilitation of mobility-impaired people such as paraplegics by helping them to walk on their own; and CEX and VEX non-motorized industrial wearable robots, which reduce the incidence of musculoskeletal disorders in workers performing repetitive-motion tasks and help them reduce muscle fatigue.

Wearable robots will play an integral role going forward in the creation of smart factories that will coexist with people without alienating workers from the sites that are being replaced by automation.

Service Robots

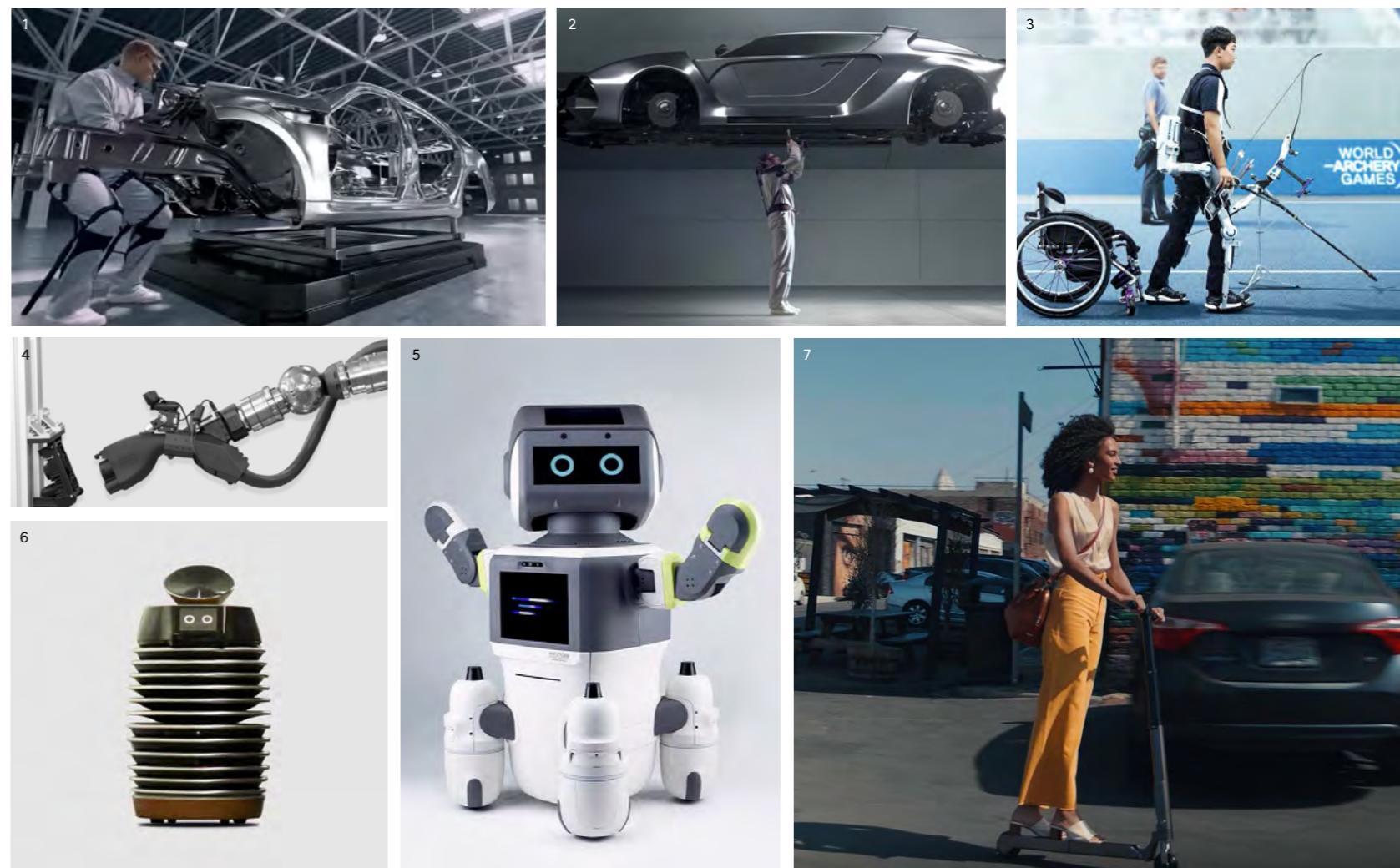
People's demands for virtual and non-contact services have exploded due to COVID-19. In response to this phenomenon, the Hyundai Motor Robotics Lab has begun developing service robots that can provide many different services. They come equipped with a host of technologies, such as artificial intelligence, natural language processing, and autonomous mobility.

One example is the "DAL-e" customer service robot. Launched at Hyundai's Songpa-daero showroom in Seoul in January 2021, it was developed to meet the needs of customers who prefer non-contact services, to work without time restrictions, and to serve as bridges between employees and customers. The company is also developing an electric vehicle charging robot that automatically connects a weighty EV charger to a car using an artificial intelligence interface. It is also working on a hotel service robot that delivers room supplies and food in hotels to increase their 24/7 convenience services, as well as the software needed to serve as a fleet manager.

Mobile Robots

Mobility services have become more diverse and detailed in their applications, including serving as very short-distance transportation modes. A prime example is the Last Mile service and mobile robots are a short-distance transportation means for this.

The term "mobile robots" refers to transportation modes that travel short distances—typically one to three kilometers - to fill a service gap until the last mile, meaning a geographical segment in which a user arrives at his or her final destination after using a bus or subway. Hyundai Motor Group is busily conducting R&D into "E-Board" last mile mobility robots, their possible expansion to meet next-generation mobility needs, and the development of concept models.



Mobility

Creating a Big Data-Based Mobility Ecosystem

Hyundai Motor Group recently signed an MOU with the Korea Transportation Safety Authority (TS), Hyundai Commercial, and KB Insurance to promote the use of big data-linked traffic services.

Using big data about Korean traffic patterns, the Group developed a next-generation Digital Tacho Graph (DTG) terminal and a vehicle data platform. They are intended to make life easier for drivers of commercial vehicles while also lowering social costs by encouraging the development of a safe driving culture.

Hyundai Motor Group will use the system to collect vehicle operating data and other information and provide it to the TS. Based on it, Hyundai Commercial and KB Insurance will develop usage-based Insurance, or UBI, that will provide premium discounts geared to a person's driving behavior, as well as products that adjust his or her loan limits and the interest rates they pay.

A DTG is a device that stores information related to a vehicle's operation in real time, such as its driving speed, its rate of deceleration and acceleration, and any sudden braking. It is required for use on commercial buses, trucks over one ton, and school buses. The TS can check drivers' compliance with their minimum rest times, whether they have been speeding, and other data, all based on their DTG operating records. Operating records that have been collected by the next-generation DTG communications module that is currently developed by the Hyundai Motor Group and the TS are automatically uploaded to the TS's server, eliminating the need to manually extract them using an SD card or a USB. Expanding the new system is expected to increase the collection rate of operating records exponentially.

Growing Korea's smart mobility solutions sector and building models for collaboration

Hyundai entered into Korea's mobility services sector by establishing MOCEAN, a company specializing in mobility service operations.

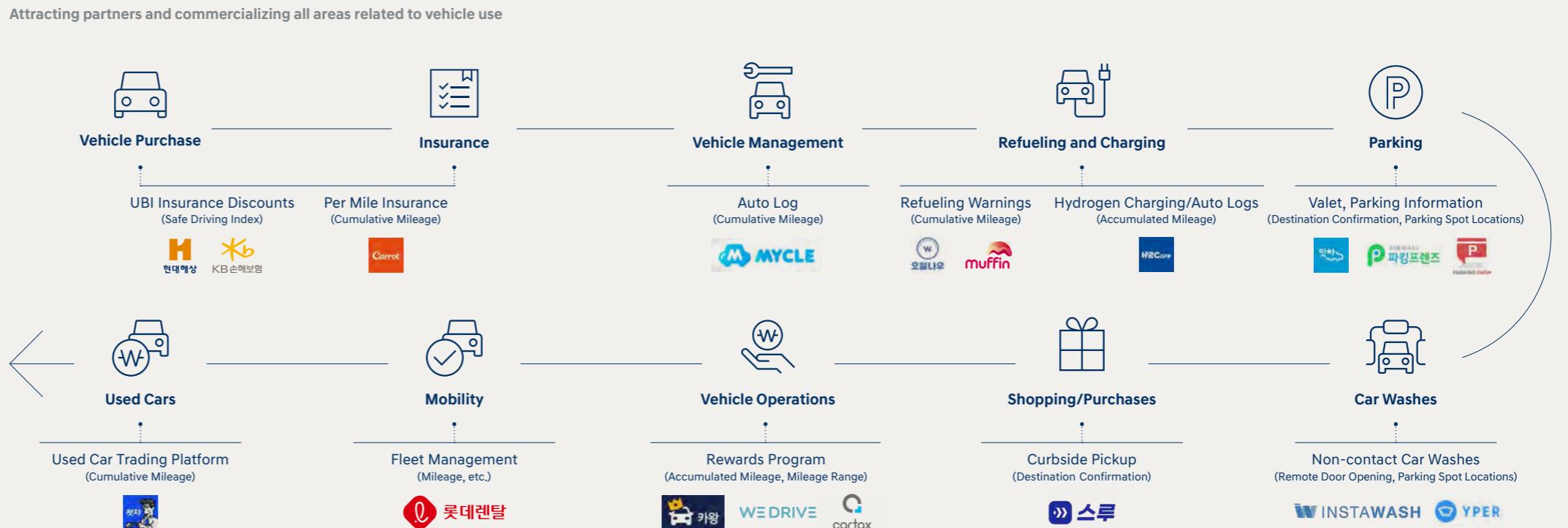
It did this in order to cement its future as a smart mobility solutions provider.

The company has been providing a "MOCEAN Smart Solution" vehicle control and management service to small- and medium-sized rental companies since May 2020. It also offers a vehicle data and service operation data collaboration model for use by large car rental and car sharing companies. Plans are also in the works to establish a Proof of Concept mobility solution business for use by drivers of taxis and commercial vehicles. It is to be set up in the second half of 2021. The company is seeking to activate an ecosystem by building a wide range of collaboration models with domestic mobility operators.

Launched "Developers" Open Data Platforms

Open data refers to data that is provided in a form that can be used by outside interests after refining and processing texts, images, audios, videos, and other communication materials acquired or collected by governments, NGOs, and private enterprises. Users access open data platforms to create new values, such as building people's interest in something or developing new businesses. Hyundai Motor Group has launched a series of open data platforms, including Hyundai Developers in 2019, Kia Developers in April 2020, and GENESIS Developers in May 2020. Its goal in doing this was to build an ecosystem that could create new services for use in its customer's cars by utilizing its car data technology in partnership with startups, SMEs, and large companies. These open data platforms assist in processing such operational data as total mileage driven, remaining fuel levels, and driving habits that have been collected from the customers' vehicles in an externally usable Application Programming Interface (API). The data is then provided to the Hyundai Motor Group's partner companies. It is only shared to increase customer values, and then only if a customer agrees to it. Partners using open data platforms access data harvested from vehicles that have been collected by Hyundai Motor Group's collection, analysis, and processing technologies to assist them in developing new mobility services for customers.

The services they develop fall into four basic categories: vehicle management, vehicle convenience, vehicle information, and vehicle financing. Eighteen services have been commercialized through "Developers," with their total number of customers being about 240,000.



“ZET” Last Mile Mobility Platform

Hyundai recently completed the development of its ZET last-mile mobility platform and started providing electric scooters to locally-owned small- and medium-sized service providers. The ZET service is an open structure, in which Hyundai builds a B2B service platform that service operators can use to offer their services to their customers (B2C). The platform is part of the company's mission of contributing to the development of enhanced mobility services and the building of a win-win growth system that provides optimized solutions to small- and medium-sized businesses having difficulty entering the last-mile mobility services market.

Developing More Smart Mobility Services

Carrying out “Smart City Challenge Project” of the Ministry of Land, Infrastructure and Transport with the City of Incheon

Hyundai is participating in the Ministry of Land, Infrastructure and Transport's “Smart City Challenge Project” with the City of Incheon.

The goal of the exercise is to couple the creative ideas of ordinary people with the administrative and financial abilities of their local governments to help resolve urban problems in such areas as transportation, the environment, and safety. Hyundai will carry out the project from September 2020 to December 2022 after an agreement in 2020. “Incheon Eum,” which is the theme of the project, will be a key solution for solving transportation problems in Incheon by operating three hundred I-Zet electric scooters and twenty Incheon-Mobility on Demand (I-MOD) buses. The I-MOD will be used to create AI-based optimal bus routes in real time when people wanting to access them input their destinations. Other mutually beneficial solutions will be used to address road traffic problems in the Incheon area by providing a fully-integrated multimodal service in connection with Incheon-Mobility Offer Accompny (I-MOA), an intelligent, short-distance, shared taxi service that has been granted a special role in the demonstration project by the Ministry of Land, Infrastructure and Transport.

Campus Mobility Service

Hyundai Motor Company, Hyundai Autoever, and MOCEAN recently launched a Campus Mobility Service to provide high-level mobility services to the employees of the company's Namyang Technology Research Center. In its role as the nation's first community-based mobility service model, it offers three types of service: a “Campus Car Sharing Service,” a “Campus Commuting Carpool,” a key solution for addressing difficulty in commuting, and a “Late-Night Shuttle Bus On-Demand Service” for people moving within the center late at night.

The three services will be expanded in stages to include upgrading already-operating bus shuttles and adding more commuter buses. Commercial B2B mobility services will be provided to such other sites as university campuses and industrial complexes from 2022 onwards, with different mobility modes and more service areas being added in more remote areas. The company plans to add more service models and expand their servicing areas internationally.

International Mobility Services

The MOCEAN Car-Sharing Service in U.S.

Hyundai created a “MOCEAN Lab” mobility service in Los Angeles in June 2020, and soon followed up by launching “MOCEAN Carshare,” the city's very first free-floating eco-friendly car-sharing service.

Conventional car sharing services require drivers to rent and return their vehicles at the same place. In contrast, MOCEAN Lab's Free-Floating Service allows them to rent and return their vehicles anywhere in partnership with the City of Los Angeles. The “MOCEAN Carshare” service utilizes street parking spaces in the areas of downtown Los Angeles, Eagle Rock, and West Los Angeles. It uses IONIQ cars (both PHEVs and HEVs), but will expand the operation going forward to include even pure electric vehicles.

* Free-Floating: A new car-sharing service without restrictions on rentals and returns that utilizes parking spaces on city streets

MOCEAN Mobility Subscription Service in Spain

MOCEAN Subscription is the name of a mobility subscription service that the company launched in Barcelona, Spain this year.

It is featured by providing customers with vehicles and ancillary services, but without them having to actually own a Hyundai vehicle. It is a vehicle subscription service, in which a customer can use a vehicle for a certain amount of money for a period of up to twenty-four months. The vehicle can be replaced every six months. Customers pay a fixed fee that gives them access to a vehicle and insurance, maintenance, and servicing. Drivers who subscribe to the service can pick up their vehicle at any Hyundai dealership at their desired date and time. Hyundai plans to expand the service throughout Europe, including the UK, going forward. It will also increase its product mix to include EVs and other eco-friendly vehicles to offer an eco-friendly mobility service.

I-MOD buses on demand



MOCEAN Carshare



Key ZET Operational Indicators

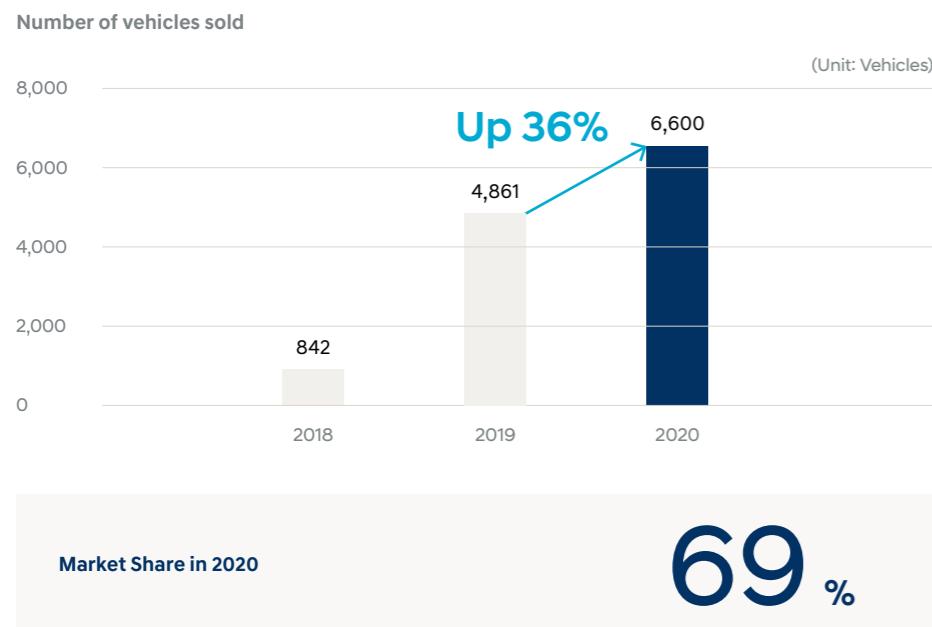
Total number of subscribers	Total number of operations	Total mileage
<p>11,752 + 34,232 → 45,984</p>  	<p>39,751 + 206,188 → 245,939</p>  	<p>1.3 circumnavigations of the earth 52,058km + 7.0 → 8.3 circumnavigations of the earth 333,392km 281,334km</p>  

※ As of May 11, 2021. The earth's circumference is 40,075km

Hydrogen

Leading the hydrogen-powered EV market

Competition for leadership in the hydrogen electric vehicle market is intensifying rapidly. Sales of Hyundai's NEXO hydrogen-powered EV amounted to 6,600 units in 2020, up 36% over the year, giving the company a 69.0% market share.



Unveiled the “HTWO”, Hydrogen Fuel Cell System brand

Hyundai unveiled HTWO, which is hydrogen fuel cell system brand at its CEO Investor's Day in December 2020. The name HTWO refers to a molecular formula (H_2), but it also combines the two major axes of the company's hydrogen fuel cell business: "hydrogen" and "humanity." Its goal is to provide sustainable value through a totally renewable energy source, thus meeting the major requirement of the company's vision of "Progress for Humanity." Hydrogen fuel cells are eco-friendly power generators that produce electricity from hydrogen. They can power automobiles, ships, trains, drones, and construction machinery that use electricity to drive their motors. The company has developed the highest possible level of technology in developing them, in terms of both efficiency and durability. The launch of the "HTWO" brand is part of Hyundai's strategy to expand its hydrogen business in earnest, centering on the four major bases of Korea, Europe, U.S., and China. It will continue to expand the business and the development of next-generation hydrogen fuel cell systems that can be applied to all modes of eco-friendly future mobility, including vehicles, ships, trains, and UAMs.

First export of the hydrogen fuel cell system

Hyundai exported four hydrogen fuel cell systems to GRZ, a hydrogen storage technology company in Switzerland, and an energy solutions startup in Europe in September 2020. The sale happened after the company obtained an approval for the export of national-level core technologies from the Ministry of Trade, Industry and Energy. It was the company's first export of fuel cell systems to businesses in the non-vehicle sector. It presented an especially outstanding opportunity for promoting Korean advanced technologies in the eco-friendly sector of the European market, since it was the first such overseas sale to be made after the European Commission announced its hydrogen economy strategy in July 2020. Non-automobile sector exports like this are expected to provide the company with a very welcome stepping stone for broadening its hydrogen business beyond finished vehicles. It will continue to expand the scope of its hydrogen business by increasing sales of its hydrogen fuel cell systems throughout the globe, including the U.S. and China.

Construction of the Hydrogen Fuel Cell Power Generation System

Hyundai completed the construction of a 1MW hydrogen fuel cell power generation system based on its NEXO FCEV technology in January 2020, and held a ceremony to mark the occasion in company with Korea East-West Power, Deokyang, and Ulsan Metropolitan City. The company soon began the system's pilot operations in earnest. The system is different from other fuel cell power generation systems in terms of its quick output control. Unlike other fuel cell power generation systems, Hyundai uses its vehicle fuel cell technology to quickly control the amount of electricity produced in real time. Doing this makes it possible to lessen the problem of variability in the supply and demand of renewable energy experienced by such modes as solar and wind power.

Parts replacement and maintenance costs for these systems used to be very high, because most of the fuel cells used for power generation in Korea were based on overseas technologies. However, costs for operating this system are expected to decline in terms of both the FCEV price and the fuel cell price if the market continues to expand in the future, and because the system was developed using domestically-developed technologies. Hyundai and Korea East-West Power plan to expand their collaboration to dozens of MW-level hydrogen fuel cell power generation projects if the two-year pilot operation ends successfully.

Collaboration in technology innovation and global base expansion for hydrogen and hydrogen fuel cells between Hyundai and the U.S. Department of Energy



Hydrogen Fuel Cell Power Generation System operated by Hyundai, Korea East-West Power, Deokyang, and Ulsan City



Strengthening Cooperation with the U.S. Department of Energy for Technological Innovations in Hydrogen and Hydrogen Fuel Cell Technologies

Hyundai recently signed an MOU with the U.S. Department of Energy, for hydrogen and hydrogen fuel cell technology innovations and cooperation. The MOU's core content is an agreement to innovate hydrogen and hydrogen fuel cell technologies and enhance their global utilization. This will be done by sharing demonstration and analysis data obtained from currently-operating hydrogen electric vehicles and hydrogen charging stations among members of academia, government agencies, and private enterprises, and by increasing awareness of the advantages of hydrogen energy with various industries and the general public. The significance of this strengthened cooperation with the Department of Energy is that it has laid the foundations for expanded sales of hydrogen electric vehicles, which had previously been limited to the state of California, throughout all the U.S. It is expected to result in job creation and investment expansion effects throughout the entire value chain, including hydrogen production, storage, and utilization, leading to accelerating the realization of a hydrogen economy and a dramatic energy paradigm shift.

Construction of the First Overseas Hydrogen Fuel Cell System Plant

Hyundai Motor Group began the construction of HTWO Guangzhou, its first overseas hydrogen fuel cell system facility, after signing an MOU with Guangzhou City to engage in the hydrogen business in full scale and expand China's hydrogen industry ecosystem. Completion is scheduled for 2022. The establishment of HTWO Guangzhou is the first step in Hyundai Motor Group's plan to add more locations for its hydrogen fuel cell systems for use as a power source for various mobility and industrial areas.

HTWO Guangzhou



"Hydrogen to you (H2U)" Campaign Promoting Hydrogen

After coming to the realization that a hydrogen-based society is rapidly coming closer to reality thanks to the growing popularity of hydrogen-powered EVs and the construction of the infrastructures needed to support them, Hyundai Motor Group started a "Hydrogen to You," or H2U, campaign with social influencers in Europe. The campaign's goals were to inform people about the value of clean hydrogen energy and to increase sales of hydrogen-powered EVs. The campaign started in September 2020, and will run until July 2021. Experts in the fields of automobiles, eco-friendly mobility, and IT will collaborate with lifestyle influencers in such areas as music, fashion, and photography to deliver a variety of content after driving and becoming familiar with the Hyundai Motor Group's NEXO FCEVs. Their topics will include Hyundai's global leadership in the development of hydrogen fuel cell technology, the role of sustainable future mobility, the establishment of a hydrogen ecosystem, and ways of increasing the world's utilization of hydrogen, which is fast emerging a very attractive future energy source. One of the Hyundai Motor Group's main goals in the campaign is to attract the support of Millennials, who especially value protecting the environment and making their society cleaner and more just, by offering them a wide variety of content. It also wants to enhance its communications with its customers through the social media postings of well-known lifestyle influencers, as well as Hyundai's global channels.

The company is planning to take its H2U campaign to large cities in Asia, North America, and other regions in 2022, letting more people have an opportunity to see and drive its NEXO, which excels in showcasing how well hydrogen energy can be used.

"H₂ Economy" Campaign Targeting Global Opinion Leaders

Hyundai is building a very positive image among global opinion leaders for its role in the hydrogen economy through its "H₂ Economy" campaign, which takes place in partnership with Bloomberg Media. Promoting the company's hydrogen technology and products through the medium of educational video content allows it to raise the awareness of widely-recognized opinion leaders about hydrogen. It does this by outlining the pivotal role that can be played by hydrogen energy in ensuring that the world will have a truly sustainable future.

Bloomberg encourages the growth of the hydrogen industry in the global marketplace by announcing its "H₂ Economy Ranking" of fifteen countries around the world in terms of their support for the use of hydrogen and their policies and investment levels in the hydrogen industry.

Hyundai x BTS Global Hydrogen Leadership Campaign

Hyundai has been carrying out a Global Hydrogen Campaign in collaboration with BTS, a seven-member Korean boy band, with the slogan "Because of You." The campaign was launched in 2020 with a mission of telling people about the eco-friendliness and sustainability of hydrogen and its potential as a very promising clean energy source for the future.

This year the campaign is marking Earth Day and Environment Day with the message "For tomorrow, we won't wait" being delivered through the band's "Manifesto" video and documentary-style content. The point underlying the message is that practicing sustainability is a fundamental responsibility if we are to give future generations a happier and healthier future. The company wishes to spread a good influence to the band's many fans around the world by communicating its preemptive hydrogen-related efforts and practices, while encouraging everyone to participate in them.

H₂ Economy Campaign



H2U Campaign



Global Hydrogen Leadership Campaign

Open Innovation

In-house Startup Program

Hyundai Motor Group has been operating an in-house business startup support program since 2000. Its goals are to assist employees who have especially creative ideas and to encourage the establishment of innovative, future-oriented businesses. Teams of employees that have been selected through a series of interviews, workshops, and presentations are provided with assistance to develop their products and services for one year, along with development costs of up to KRW 300 million. Fifty-eight contest winners had been selected as of April 2021, resulting in the establishment of twenty-two businesses. Nine companies are due to be spun off in 2021. The company plans to foster and spin off about ten in-house startups a year.

Although the main goal of the program was initially the development of vehicle parts in relation to its main business, it was extended to include the entire Hyundai Motor Group in 2018. As a result, a variety of new technologies such as block chain, the Internet of Things, and artificial intelligence (AI) and M.E.C.A. (Mobility, Electrification, Connectivity, Autonomous) have been included as new business areas. The operation of its in-house business startup support program allows Hyundai to continue its novel open innovation activities and encourage the commercialization of creative concepts and ideas.

Five new in-house startups moved in and ten companies were spun off and founded in 2020

5 and 10

Number of companies being spun off and started up in 2021

9

Open innovation collaboration program with the Tabra Group of Israel

Hyundai Motor Group established an open innovation collaboration system with Quantum Hub, an organization dedicated to open innovation that the Tabra Group of Israel established in March 2020. The partnership carried out two venture startup programs. Out of the 150 or so Israeli startups that participated in the program, two were selected and are involved in a technology verification project with Hyundai's field job team. The program will be strengthened in 2021 by expanding its scope to include all the affiliates of the Hyundai Motor Group.

Cradle Beijing in China

Locally-oriented open innovation activities were promoted following the establishment of Cradle Beijing in China.

The company discovered an energy aggregator startup called New Linx and applied its technology to mass-produced vehicles in China. This resulted from its activities to uncover promising startups in cooperation with the Hyundai Motor Technology & Engineering Center (China), a division of Hyundai Motor Group China (HMGC).

The company also became active in finding outstanding Chinese mobility startups. It did this by launching a Joint Acc Program in partnership with Tencent, the largest ICT company in the country, and a government incubator in the Shanghai Zhangjiang Hi-Tech Park, the country's largest innovation development zone. In order to actively respond to the Chinese market, which boasts faster growth within the mobility industry than other parts of the world, the company will plan and promote various innovation activities that will help its future Chinese operations both internally and externally.

Quantum Hub Startup Discovery Program



EV Battery Startup Discovery Program



Organized ZER01NE Fund No. 2

Hyundai Motor Group established a "ZER01NE Fund No. 2" in collaboration with the Korea Development Bank. Its goal is to foster the development of small- and medium-sized startup venture companies in the field of future mobility, including eco-friendly and autonomous vehicles. It is particularly interested in investing in startups with innovative technologies and creative ideas.

The ZER01NE Fund No. 2 will assist Hyundai in internalizing future innovative technologies and uncovering new business opportunities by investing in promising startups. It will also actively invest in promising startups in future-oriented new business areas. This will include providing them with opportunities to attend roundtable events, demo days, and conferences to learn more about the Hyundai Motor Group's startup directions.

Established Global EV Battery Startup Discovery Program

Hyundai Motor Group and LG Energy Solution established a program to discover promising startups in the electric vehicle and battery fields.

240 global startups applied for the program, which was held from June to December 2020, with nineteen of them winning face-to-face evaluations after their documents had been reviewed. The selected startups will participate in a collaborative project involving technology verification in 2021.

Increasing sales of EVs are resulting in more demand for EV infrastructures and services. Hyundai Motor Group is planning to strengthen its partnerships with innovative startups that will provide leadership in next-generation battery innovations. This will involve promoting technology verifications with the relevant divisions of each company and investing in them.

Hyundai Motor Group - Korea Development Bank (KDB) "ZER01NE Fund No. 2"



Investment Goals

Invest in creative startups and foster the development of small- and medium-sized future mobility ventures

Investment Scale

KRW 80.5 billion in total (including KRW 18 billion from Hyundai Motor Company, KRW 12 billion from Kia, and KRW 20 billion from KDB)

Investment Targets

Venture companies in the fields of eco-friendly vehicles, AI, and future mobility

Smart Factories

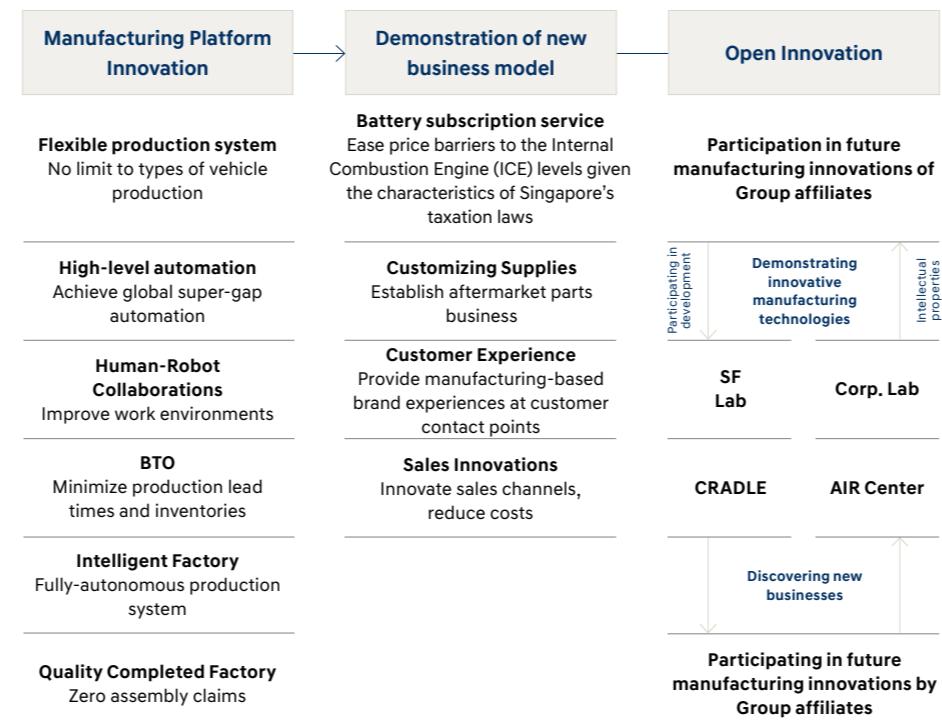
HMGICS manufacturing platform for mobility innovation: Completed smart factories

Hyundai Motor Group Innovation Center in Singapore (HMGICS) is currently under construction in the Jurong Innovation Industrial Complex, with completion scheduled for November 2022. It will function as an open research base for building an innovative mobility ecosystem, carrying out research and demonstration projects that will establish a mobility value chain from vehicle ordering to production and delivery to test drives and services. It will also serve as a testbed for developing an innovative manufacturing platform that incorporates Industry 4.0 technologies, and verifies them. In order to expedite its conversion to eco-friendly mobility, it will also test the economic potential of new businesses, such as an EV battery subscription system (BaaS), to hasten the transition to eco-friendly mobility. As such, it will reflect the Hyundai Motor Group's vision of the future mobility, such as smart cities, Urban Air Mobility (UAM), and robotics. The HMGICS is designed to provide its visitors with exciting new experiences while also accommodating small-scale intelligent manufacturing and open R&D. Housed in a seven-story building with a total floor area of 90,000m², its most astonishing feature will be a sky track on its upper part that will offer amazingly exciting new experiences to the company's customers and become a signature new landmark in Singapore. The facility's "M-CHoRD" intelligent manufacturing platform will function as a multi-vehicle production system boasting the ability to respond flexibly to any and all market conditions and demands. This will enable it to allow for the efficient and flexible production of various automobile models because of its "cell-unit" assembly environment, which breaks away from the conventional conveyor-belt type of manufacturing process that is almost always deployed in large-scale production facilities making single car models. The facility's operations will be optimized to accommodate a wide range of manufacturing environments and changes in market trends and conditions, thanks to a real-time, seamless connection between virtual simulation results achieved using a digital twin and its actual operating environment. It has also been designed to operate autonomously, allowing for a complete cutoff of manufacturing quality defects as soon as they are detected, along with the remote preservation of equipment. In its role as a carbon neutral manufacturing base, it will contribute to the sustainability of the local community through its adoption of solar and hydrogen power generation, as well as by encouraging the growth of a people-friendly work environment. This will include a human-robot collaboration system, technologies to reduce the incidence of musculoskeletal injuries and diseases, and a work guide tutoring system.

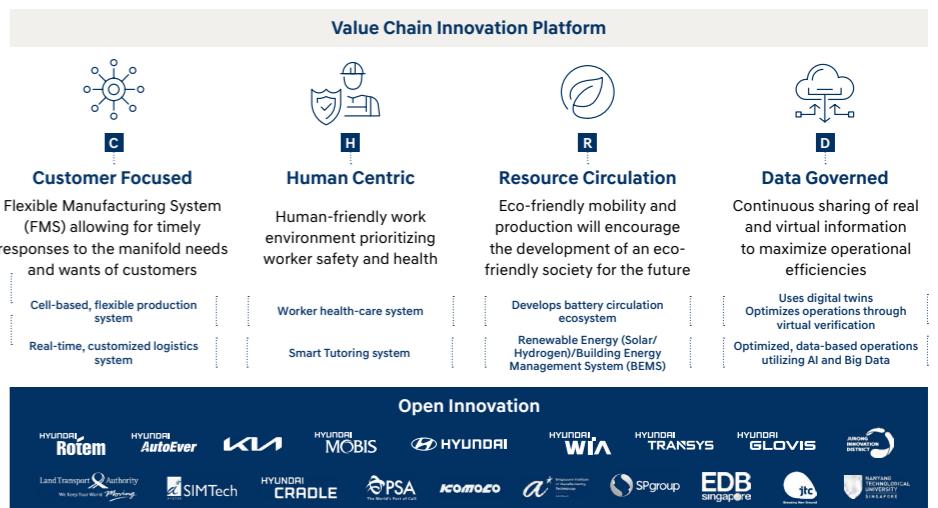
Creating an eco-friendly mobility ecosystem in Singapore

Hyundai Motor Group signed a Business Cooperation Agreement with SP Group, Singapore's largest energy provider, in December 2020. The Hyundai Motor Group's goal was to build an eco-friendly mobility ecosystem in Singapore while also discovering new battery-oriented businesses. It has been deliberately designed to lay the groundwork for an electric vehicle battery subscription service (BaaS) in Southeast Asia, with a concomitant goal of establishing an electrification ecosystem within Singapore that will include the distribution of electric vehicles and expanded number of charging infrastructures. Hyundai Motor Group is planning to utilize it as a means of discovering new businesses. They will include battery subscription and management services provided in the form of leases by utilizing its customers' actual EV battery usage data and the SP Group's charging system data, battery reuse for other purpose utilizing batteries that cannot be used in vehicles, and battery recycling operations that extract lithium, nickel, cobalt, and other rare metals from vehicle batteries. It will play a signature and significant role in the building of a virtuous cycle system throughout the use of EVs by lowering the initial purchasing cost burden of EVs and offering innovative services that use batteries in an environmentally friendly way.

HMGICS Priority Tasks



M-CHoRD, the Vision of HMGICS



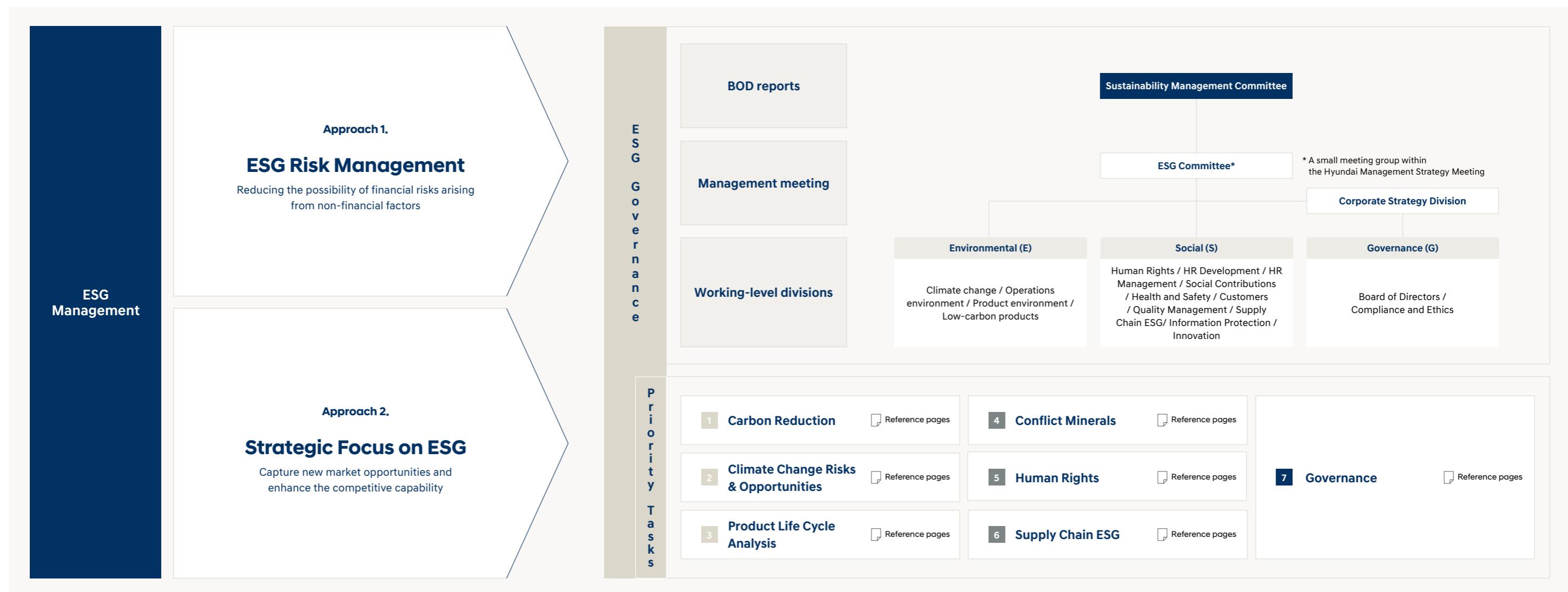
Hyundai Motor Group Innovation Center in Singapore



ESG Management

Hyundai Motor Company takes whatever steps are necessary to identify ESG risk factors in advance, and establishes management activities to minimize their negative impacts on its business. It also explores new business opportunities and creates new value through its strategic focus on ESG. The ESG governance policies and programs that it newly established in 2020 set ESG goals for each division that reflect the results of the KPIs accumulated by each of them. The company regularly convenes management-level meetings to share ESG issues and concerns. Major ESG-related activities and issues are considered on a semi-annual basis by the BOD's Sustainability Management Committee. Its deliberations resulted in the creation of seven key tasks based on the company's ESG governance rules and regulations. They are all designed to enhance the company's corporate value through strategic approaches to each task, the development of mid- to long-term processes and plans, and the carrying out of active and seriously-considered improvement activities.

ESG Directions



ESG Performance

Hyundai is committed to disclosing its performance in each field according to its ESG management activities in 2020.

Environmental

Hyundai's annual electrified vehicles sales in 2020 amounted to 258,669

- Annual global sales of EVs and FCEVs in 2020 surpassed 100,000 units for the first time

Reduced carbon emissions from vehicles in the European market by 30%

- Average carbon emissions of the company's vehicles sold in the European market in 2020 fell by 30% compared to 2010

Increased use of renewable energy by overseas subsidiaries

- 28% of Hyundai Motor India's (HMI) total electricity use comes from renewable energy. It generates its own electricity using photovoltaic power, and purchases photovoltaic/wind power

Built the second life EV battery circulation process

- Developed the second life EV battery-based energy storage system (ESS) business

Issued KRW 400 billion in green bonds

- Issued green bonds in February 2021 to increase investments in future mobility including EVs

Social

Strengthened employee human rights risk management

- Developed employee human rights risk assessment indicators
- Conducted human rights risk assessment at all business sites (100%) in Korea

Strengthened supply chain ESG Management

- Developed supply chain ESG assessment indicators and processes (ethics, the environment, labor/human rights, safety/health, management system)
- Conducted ESG risk assessment of all key Tier 1 and Tier 2 suppliers (100%)

Strengthened workplace safety

- Achieved zero critical accidents at workplaces for fourth consecutive year in Korea (2017 to 2020)
- Strengthened critical accident prevention and response system
- Strengthened activities to reduce incidence of serious accidents at suppliers' facilities

Provided ESG-related in-house training

- 6,120 training hours per year in areas of human rights/safety/environment/quality

Provided assistance for dealing with COVID-19

- Provided supports for stakeholders (suppliers, dealers, employees, and customers)
- Hyundai Motor Group contributed KRW 120 billion worth of financial assistance for suppliers suffering liquidity crunches
- Carried out community-based contribution activities to deal with COVID-19 at all domestic and overseas workplaces, including donations of disinfection and relief goods

Governance

Enhanced diversity of BOD

- Appointed first woman non-executive director, an expert in the field of safety of intelligent transportation and autonomous unmanned systems

Made exercising shareholders' voting rights easier and more convenient

- Introduced voting system allowing shareholders to exercise their voting rights using computers or mobile devices

Established Sustainability Management Committee under BOD

- Renamed Corporate Governance & Communications Committee. Added ESG, safety and health-related plans, and implementation checking functions to its responsibilities.

Established ESG Committee and working-level consultative groups at each division

- Deliberated on ESG-related issues, decision-making, and performance sharing, promoted ESG improvement activities within each division.

Strengthened guidelines for appointing BOD members

- Rewrote appointment requirements to increase diversity and independence of BOD

Environmental

The European Union, the U.S., and Korea have all hurried to announce Green New Deals, showing that the environment is becoming a nexus of global economic growth and development far exceeding the need for and level of global environmental protection activities.

Hyundai is committed to playing a leading role in heading the global green economy. It will do so by realizing sustainable mobility that does not negatively affect the global environment, expanding the use and spread of hydrogen energy, and establishing a closed-loop material cycle based on its leading technologies in the fields of electric vehicles and hydrogen energy.

#EnvironmentalManagement

#CarbonReduction

#CircularEconomy

#ManagementAndReductionOfHarmfulSubstances



1 Introduction

2 Environmental

2.1 Environmental Management

2.2 Carbon Reduction

2.3 Circular Economy

2.4 Management and Reduction
of Harmful Substances

3 Social

4 Governance

5 ESG Factbook

Environmental Management

Environmental Management Policy

Hyundai announced the contents of its environmental management policy at a declaration ceremony held in 2003. It enjoins the company's headquarters and all its domestic and overseas production and sales corporations, as well as all the employees of all its subsidiaries, to perform their duties in accordance with it. Its employees are required to comply with it even when dealing with its suppliers and sales and service companies, including joint ventures and its outsourcing partners.

Promoting Environmental Management

On Investor Day 2020, Hyundai Motor Company announced our annual targets for global electric vehicle market share for each year up to 2030, with a 3% goal for 2020. To achieve this, we have established and implemented plans to clarify the positioning of our electric vehicle brands and lineups, increase the commonality rate of standard parts to secure cost levels similar to that for internal combustion engines, and promote conversion to electric vehicles in rapidly growing markets such as Europe and China, amongst others. Based on these efforts, we sold 98,054 electric vehicles globally in 2020 to achieve our target of obtaining a 3% market share for that year.

Environmental Management Policy

- 1.** Recognize the environment as a key success element for the company, and create corporate value through progressive and proactive environmental management activities.
- 2.** Fulfill corporate social responsibilities as a dedicated and specialized automobile manufacturer through the development and distribution of environmentally friendly vehicles.
- 3.** Commit to the sustainable use of resources and energy and to reductions in pollutants throughout all its manufacturing processes, from product development to production and sales to their final use and disposal.
- 4.** Support environmental education programs targeting all its employees and the environmental management activities of its suppliers, and carry out a full range of corporate social contribution activities.
- 5.** Comply with all domestic and overseas environmental rules and regulations, promote and commit to progressive and proactive environmental management activities, and disclose the results of its activities both internally and externally.

Environmental Management System

Hyundai is committed to minimizing the environmental impact of its products and sites through progressive and proactive environmental management activities. With regard to its products, the company is working to reduce its levels of carbon emissions and harmful gases produced in its new vehicles, systematically taking account of emission reduction and material recycling in product development stage. To do so, we define the specific emission reduction and fuel efficiency targets for new models and manage them as key developing targets in developing process. We have been realizing the environmental improvements for one vehicle generation to next, through the implementation of future-oriented eco-designs and by managing the fuel efficiency levels of all its new models.

A specialized and dedicated team has been established in the company's site environment sectors to manage the environments in each of its production plants. In addition, all of its sites have acquired ISO 14001 certifications, and are subject to audits every year and re-certifications every three.

All of Hyundai's sites in Korea were awarded integrated ISO 14001 certifications in 2018, and its overseas plants are subject to surveillance audits and re-certification every year once they have acquired an initial one. Hyundai Motor Manufacturing Indonesia, which is scheduled to begin operations at the end of 2021, expects to be awarded its ISO 14001 certification early the next year. Hyundai includes the GHG reduction performances of its domestic sites in its key performance indicators, or KPIs, while also operating a company-wide Greenhouse Gas Council that oversees reductions in its GHG emissions at all its domestic sites. In its role as an enterprise that is subject to the requirements of the Korean government's GHG and Energy Target Management Scheme requirements, Hyundai has been set a GHG reduction target for its domestic sites and is committed to meeting it every year.

ISO 14001 (EMS) Certifications

Site	Certification Term	Remarks
Domestic sites	2020-2023	Integrated certifications from 2018
HMMA	2019-2022	-
BHMC	2018-2021	-
HMI	2020-2023	-
HMMR	2019-2022	-
HMB	2021-2024	-
HMMC	2019-2022	-
HAOS	2018-2021	-
HMMI	Scheduled for certification in 2022	Scheduled to begin operations at end of 2021
HTBC	2020-2023	-

1 Introduction

2 Environmental

2.1 Environmental Management

2.2 Carbon Reduction

- Climate Change: Risks and Opportunities
- Carbon (GHG) Footprint
- Carbon Reduction in Product Usage
- Conducting Life Cycle Assessments (LCAs)
- Carbon Reduction at Sites
- Building a Hydrogen Ecosystem

2.3 Circular Economy

2.4 Management and Reduction of Harmful Substances

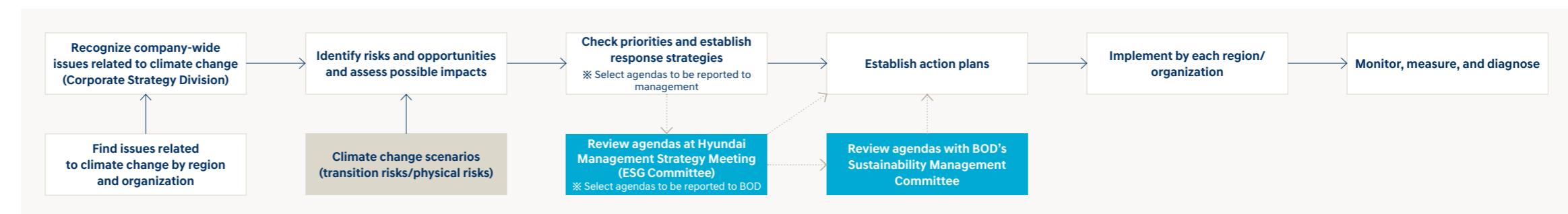
Carbon Reduction

Climate Change: Risks and Opportunities

Hyundai continuously identifies, assesses, and manages risk and opportunity factors in its responses to climate change issues at the company-wide level. Climate change issues identified by each region and organization are delivered to the Corporate Strategy Division of its headquarters. After that, the Division derives risk and opportunity factors for each issue and assesses the strategic and financial impacts that each factor might have on the company in order to establish a company-wide response strategy.

After checking priorities, significant agenda items are reported to the Board of Directors and/or management. Action plans are then established according to the decisions that have been made. The plans are implemented by each region and organization, with the progress of their implementation being continuously monitored and diagnosed.

Climate Change Risks and Opportunities: Process of Identification, Assessments, and Management



Climate Change Risks and Opportunities: Criteria for Identification and Impact Assessments

- Climate scenarios in use: Transition Physical
 - Transition risks: Forecasting reports¹⁾ from IRENA, EIA, IEA, BP, and NDC²⁾
 - Physical risks: RCP2.6³⁾ of IPCC AR5 (below 2°C scenario) and RCP1.9⁴⁾ (1.5°C scenario)
- Scenario analysis: Quantitative Qualitative
- Application timelines: Short-term (less than five years) Medium-term (five to ten years)
 - Long-term (more than ten years)
- Scope of applications: Own operations Upstream Downstream
 - Own operations: All global own operations (including new ones, taking into consideration the expected lifetime of the facilities)
 - Upstream: Supply chain
 - Downstream: Transportation, use (customer), end-of-life treatment and recycling

1) Renewable Power Generation Costs (IRENA, 2019), Future of Solar Photovoltaic (IRENA, 2019), Annual Energy Outlook (EIA, 2020), World Energy Outlook (IEA, 2020), Energy Outlook (BP, 2020)

2) Nationally Determined Contributions: Goals that UN member countries voluntarily determine and disclose in the areas of reductions, adaptations, finance, technologies, capacity building, transparency, and others to achieve global targets set out in the Paris Climate Agreement.

3) One of four possible scenarios according to the greenhouse gas concentrations announced in the Fifth Assessment Report of the International Panel on Climate Change (IPCC) to maintain a global average temperature rise of below 2°C compared to pre-industrialization.

4) This is the scenario announced in IPCC Special Report on Global Warming of 1.5°C. Net-Zero to limit the rise in the global average temperature to 1.5°C compared to pre-industrialization levels should be achieved by 2050

Key Considerations when Checking Priorities and Establishing Response Strategies

Country/region and industry trends	Market changes	Likelihood of occurrence(s)
Expected financial impact(s)	Relevance to business strategies	Internal response capabilities, etc.

1 Introduction

2 Environmental

2.1 Environmental Management

2.2 Carbon Reduction

- Climate Change: Risks and Opportunities
- Carbon (GHG) Footprint
- Carbon Reduction in Product Usage
- Conducting Life Cycle Assessments (LCAs)
- Carbon Reduction at Sites
- Building a Hydrogen Ecosystem

2.3 Circular Economy

2.4 Management and Reduction of Harmful Substances

3 Social

4 Governance

5 ESG Factbook

Key Climate Change Risks/Opportunities and Impacts

Type	Issues	Risks	Opportunities	Response Directions	Financial Impacts
Rules and Regulations	Current	<ul style="list-style-type: none"> Emissions Trading System Vehicle CO₂ emissions regulations 	<ul style="list-style-type: none"> Increased operating costs due to purchasing allowances/credits to achieve regulatory or legal compliance 	<ul style="list-style-type: none"> Revenue generation through sale of spare allowances/credits 	<ul style="list-style-type: none"> Increase use of renewable energy Increase proportion of EV/FCEVs in vehicle portfolio Improve fuel efficiency of internal combustion engine vehicles 
		<ul style="list-style-type: none"> Prohibiting sale of internal combustion engine vehicles Carbon tax/carbon border tax 	<ul style="list-style-type: none"> Decline in sales due to ban on sales of internal combustion engine vehicles in developed markets like the EU and the U.S. Rise in costs and shifts to customers due to tax increases 	<ul style="list-style-type: none"> Sales increases due to enhanced EV/FCEV performance and price competitiveness Cost savings in responses to regulations through energy conversions and reductions in CO₂ emissions 	<ul style="list-style-type: none"> Establish regionally differentiated EV expansion strategy Increase use of renewable energy 
	Emerging	<ul style="list-style-type: none"> Acceleration in competition for technology development for eco-friendly vehicles 	<ul style="list-style-type: none"> Decrease in market share if not achieving superior performances (EV mileage, FCEV fuel cell efficiency, etc.) compared to competitors 	<ul style="list-style-type: none"> Preemptive response to FCEV market based on hydrogen fuel cell technology competitiveness 	<ul style="list-style-type: none"> Increase investments in R&D Enhance competitiveness of products Promote partnerships with companies with leading technologies 
		<ul style="list-style-type: none"> Increase in EV/FCEV sales due to changes in customer preferences 	<ul style="list-style-type: none"> Increase in procurement costs of raw materials (lithium, cobalt, nickel) due to limited supply following rising demand for EV batteries Decrease in sales if not achieving sufficient FCEV profitability 	<ul style="list-style-type: none"> Achieving large potential EV/the second life EV battery customers, including car rental/car sharing/ESS¹) companies New industrial fuel cell (ship/UAM²) business expansion Increase sales of EV/FCEV models 	<ul style="list-style-type: none"> Build mass production system using dedicated EV platform Launch EV brand and build a dedicated lineup Scale up FCEV/fuel cells 
	Technologies	<ul style="list-style-type: none"> Increase in demand from investors and other stakeholders to respond to climate change 	<ul style="list-style-type: none"> Falls in stock prices, withdrawal of investors, and customer churn at perceived lack of will to respond to climate change 	<ul style="list-style-type: none"> Rising stock prices, increasing investments, and enhancing brand image due to climate change response activities and reduction performances 	<ul style="list-style-type: none"> Provide information transparently Set mid- to long-term reduction targets Utilize green financing/investments 
		<ul style="list-style-type: none"> Increase in abnormal weather conditions, such as typhoons/floods/heavy snowfalls 	<ul style="list-style-type: none"> Factory downtime due to damage to facilities (e.g. HMMA is exposed to a tornado risk) Production disruptions due to discontinuance of raw materials/parts supplies 	<ul style="list-style-type: none"> Increased market share due to stable product supply when compared to competitors 	<ul style="list-style-type: none"> Develop emergency response manual (own operations/supply chain) Reinforce stability of facilities Buy insurance against disasters Develop real-time inventory management system for raw materials and parts Assess suppliers' supply stability 
	Markets	<ul style="list-style-type: none"> Changes in average temperatures and precipitation 	<ul style="list-style-type: none"> Lack of available resources (water/energy, etc.) Disruption of drinking water in areas with high water resource risks (such as India) Destruction of ecosystems 	<ul style="list-style-type: none"> Reduced operating costs due to improved resources efficiency Attracting potential customers by supporting local communities and helping them adapt to climate change Earning offset credits through carbon absorption 	<ul style="list-style-type: none"> Use water and energy more efficiently Develop better resource recycling and reuse technologies Assist in increasing supply of drinking water for the vulnerable in developing countries Promote forest conservation 
	Reputations				
	Physical	Acute			
	Chronic				

1) Energy Storage System
2) Urban Air Mobility

1 Introduction

2 Environmental

2.1 Environmental Management

2.2 Carbon Reduction

- Climate Change: Risks and Opportunities
- **Carbon (GHG) Footprint**
- Carbon Reduction in Product Usage
- Conducting Life Cycle Assessments (LCAs)
- Carbon Reduction at Sites
- Building a Hydrogen Ecosystem

2.3 Circular Economy

2.4 Management and Reduction of Harmful Substances

3 Social

4 Governance

5 ESG Factbook

Carbon (GHG) Footprint

Hyundai supports the goals of the Paris Agreement on Climate Change, and recognizes that there are corporate roles and responsibilities for achieving globally-mandated GHG (Greenhouse Gas) emissions reductions. The company discloses emissions resulting from its own business activities (Scope 1 and Scope 2), as well as upstream and downstream emissions (Scope 3) according to the Greenhouse Gas Protocol¹⁰ in order to measure its GHG emissions throughout its entire value chain.

It is also carrying out a wide range of other activities to reduce its GHG emissions, and will manage its reductions by continuously monitoring them.

¹⁰ Greenhouse Gas Protocol of the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI)

GHG Emissions 2018-2020

Scope	Annual emissions (tCO ₂ -eq)			
	2018	2019	2020	
Scope 1 (direct emissions)	885,653	807,498	716,237	
Scope 2 (indirect emissions)	1,936,902	1,897,885	1,680,079	
Scope 1+2	2,822,555	2,705,383	2,396,316	
Upstream	Supply chain	20,701,283	20,024,630	17,014,155
	Capital goods*	268	265	22
	Other energy-related activities*	102,005	97,253	93,518
	Waste generated during operations*	2,047	2,053	1,760
	Business Travel*	38,046	24,836	5,222
	Employee Commuting*	13,944	15,093	14,314
	Transportation and distribution*	845,987	954,579	655,831
Downstream	Uses of sold vehicles**	101,946,509	94,210,414	75,620,514
	End-of-life treatment of sold vehicles	124,917	120,833	102,668
	Leased assets*	1,528	4,126	3,325
	Investments*	378,356	394,946	369,926
	Scope 3	124,154,890	115,849,030	93,881,255

* Domestic emissions only

** Emissions from the "Well to Tank" stage before refueling and charging the energy that powers the vehicles are excluded. Total emissions including the "Well to Tank" stage in 2020 amounted to 101,203,073 tCO₂-eq. The scope of management will be expanded to include the "Well to Tank" stage.

Status of GHG Emissions and Reduction Strategies

Scope 1

This refers to direct emissions within the organizational boundaries of the company. Hyundai uses LNG as its main fuel for plant heating and heat production in its painting and other automobile manufacturing processes, and LNG combustion accounts for most of its Scope 1 emissions. It is continuously reducing its GHG emissions by reducing its level of LNG consumption in all its operations, and is continuously reviewing ways to convert its LNG use to hydrogen in the long term.

Scope 2

This term refers to indirect emissions caused by using energy purchased from outside the company's organizational boundaries. Emissions due to electricity use, which accounts for about two-thirds of the company's total Scope 1+2 emissions. The company is reviewing various alternatives, such as self-generation, power purchase agreements (PPAs), and supply certificate purchases in order to convert the electricity used in its operations into renewable energy. Hyundai is planning to pursue these alternatives with a focus on its overseas subsidiaries using advanced renewable energy infrastructures and less institutional constraints. In the case of Hyundai Motor India (HMI), it has converted about 28% of its total electricity consumption to renewable energy. This was mainly done by generating photovoltaic power and purchasing wind power-based electricity.

Scope 3

This includes total indirect emissions along the value chain except for Scope 1 and Scope 2, and emissions generated by the use of sold vehicles, which accounts for over 80% of the entire Scope 3 total. This has led the company to establish a strategy to reduce emissions when a vehicle is actually being driven, and to continuously improve the fuel efficiency of its internal combustion engine vehicles. Going forward, it will gradually increase its proportion of EVs and FCEVs in the global market.

Other efforts to reduce emission levels from the overall value chain include signing business agreements with the central government and Hyundai Glovis for the introduction and expansion of hydrogen-powered trucks in the transportation and logistics sector. The company has also established strategies to reduce the GHG emissions levels of its supply chain, including raw materials, while using recycled materials and promoting the recycling and reuse of waste EV batteries.

1 Introduction

2 Environmental

2.1 Environmental Management

2.2 Carbon Reduction

- Climate Change: Risks and Opportunities
- Carbon (GHG) Footprint
- Carbon Reduction in Product Usage**
- Conducting Life Cycle Assessments (LCAs)
- Carbon Reduction at Sites
- Building a Hydrogen Ecosystem

2.3 Circular Economy

2.4 Management and Reduction of Harmful Substances

3 Social

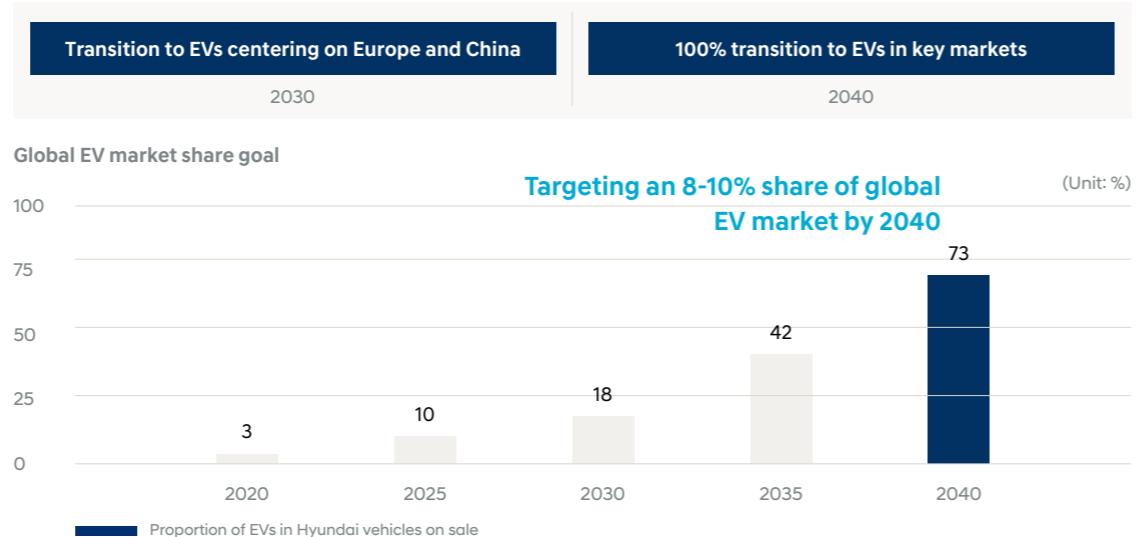
4 Governance

5 ESG Factbook

Carbon Reduction in Product Usage

The International Energy Agency has calculated that carbon emissions from the transport sector make up about 20% of global carbon emissions. More than 70% of this comes from road traffic. Hyundai is continuously making its effort to reduce the average fleet carbon emissions to reduce such emissions in the transport sector. However, we have to pursue the carbon neutrality to contribute to accomplish Paris Agreement's goal, limiting global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. Hyundai is converting its product and business structures centered on vehicles equipped with internal combustion engines to focus on electric vehicles to realize zero carbon emission in product usage. This transition is scheduled to be fully achieved in its key markets by 2040, by which time the company aims to secure an 8% to 10% share of the global EV market. The company's lineup change to EVs is scheduled to happen in such key markets as Europe, China and the U.S., beginning in 2030. Although it will also maintain some production capacity for internal combustion-powered vehicles in India, Russia, Brazil and other emerging countries, their proportion will be less than 50%. Its GENESIS brand is also studying electrification plans, such as launching all-electric and variant EV models.

Hyundai's Roadmap to Reduce Carbon Emissions in Product Usage



Milestones in Hyundai's Electrified Vehicle Development

2004	2010	2013	2016	2018	2019	2021	2025	2027
Launched first HEV vehicle	Developed "Blue On" EV, capable of high-speed driving	Began the world's first mass production of TUCSON ix FCEV	Launched IONIQ electrified models in HEV, PHEV, and EV versions	Launched KONA EV, the first popular-brand SUV EV	Launched NEXO FCEV, boasting significantly improved performance	Launched IONIQ 5, built on an EV-only platform	Plan to sell 560,000 EVs	Plan to mass-produce EVs equipped with all-solid-state batteries
						Launched first GENESIS EV		

Expanding Electrified Vehicle Lineup and Sales

Hyundai is continuously expanding its lineup of eco-friendly vehicles as part of its strategy for reducing emissions and achieving a net zero carbon level in all its products. They include hybrid and plug-in hybrid cars boasting higher fuel efficiency levels than vehicles powered by internal combustion engines, as well as EVs and FCEVs that do not emit carbon or other emissions during the driving stage.

Hybrids and Plug-in Hybrids (HEVs and PHEVs)

Hybrids are eco-friendly vehicles with higher fuel efficiency levels than ones powered by internal combustion engines. Hyundai's SONATA hybrid model, for example, boasts a carbon emissions level of only 79g/km in its base domestic version, 39% less than its gasoline-powered equivalent's 131g/km. The company sells hybrid versions of all its sedans and SUVs, except for large SUVs and subcompacts. The KONA Hybrid model was introduced in 2019, to reduce carbon emissions from SUVs, which emit more carbon than sedans. Other SUV models boasting dramatically reduced carbon emissions include the TUCSON and SANTA Hybrids. In the case of plug-in hybrids—which are even more fuel-efficient than hybrids—the company launched the IONIQ Plug-In Hybrid in 2016, the SONATA Plug-In Hybrid in 2017, and the TUCSON and SANTA Fe Plug-In Hybrids in 2021.

Electric Vehicles (EVs)

Eco-friendly zero-emission EVs, along with FCEVs, do not create any emissions while they are being driven. Hyundai began marketing them in earnest with the launch of its IONIQ model, which comes in hybrid, plug-in hybrid, and EV versions, in 2016. It also began offering the KONA EV, the automotive industry's first SUV EV model, in 2018. It followed that up by launching the IONIQ 5, the first all-electric EV model based on the Electric-Global Modular Platform (E-GMP), in 2021, and is currently preparing for a full-out launch of luxury EVs as the GENESIS brand. Plans are in the works to launch more than twelve E-GMP-based EV models, including the Genesis brand, by 2025.

Fuel Cell Electric Vehicles (FCEVs)

Hyundai began offering the world's first TUCSON ix FCEV in 2013 and its NEXO FCEV in 2018. The NEXO FCEV came with a next-generation fuel cell system, boasting performance and durability equivalent to internal combustion-powered vehicles. The company began offering FCEV commercial vehicles in 2020, including the mass production of hydrogen-powered electric buses and the development of a hydrogen-powered electric truck called the Xcient Fuel Cell.

1 Introduction

2 Environmental

2.1 Environmental Management

2.2 Carbon Reduction

- Climate Change: Risks and Opportunities
- Carbon (GHG) Footprint
- Carbon Reduction in Product Usage**
- Conducting Life Cycle Assessments (LCAs)
- Carbon Reduction at Sites
- Building a Hydrogen Ecosystem

2.3 Circular Economy

2.4 Management and Reduction of Harmful Substances

3 Social

4 Governance

5 ESG Factbook

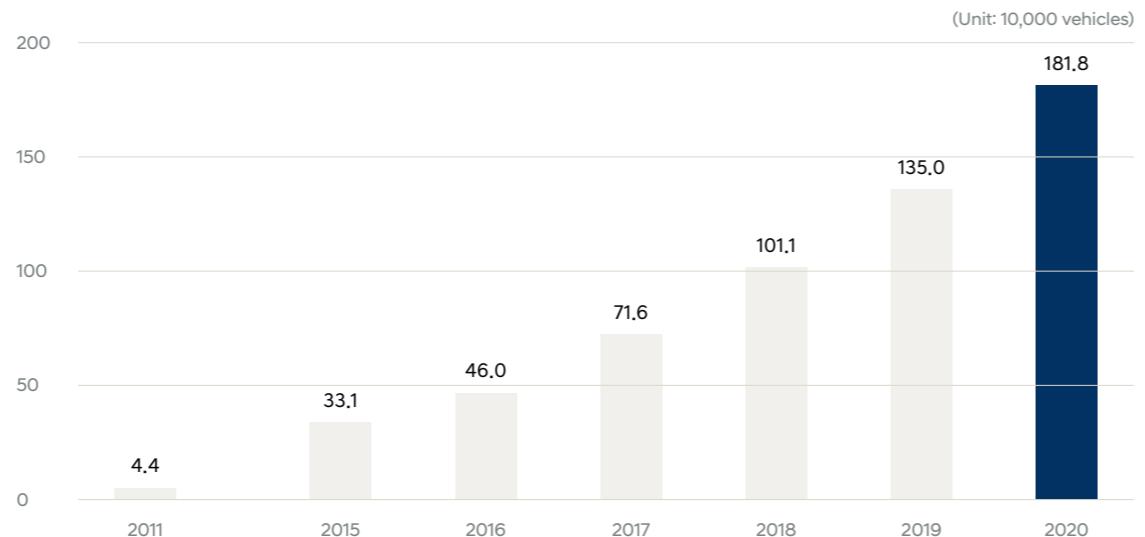
Hyundai has been continuously increasing its global electrified vehicle sales to reduce its carbon emission in product usage. Its annual electrified vehicle sales in 2020 amounted to 258,669, or 7% of its global total. Yearly sales of EVs and FCEVs exceeded 100,000 in 2020, leading the global EV and FCEV markets. The sales portion of Hyundai's electrified vehicles in Europe reached 24% in 2020. The company had set a goal to achieve the global EV sales of 560,000 units by 2025.

Number and Proportion of Electrified Vehicles Sold in 2020

Region	HEVs/PHEVs	EVs	FCEVs	Total
Europe	47,274 (10%)	60,861 (13%)	589 (0.1%)	108,135 (24%)
Korea	66,181 (9%)	18,612 (2%)	5,786 (0.7%)	90,579 (12%)
Global	154,015 (4%)	98,054 (3%)	6,600 (0.2%)	258,669 (7%)

* Excluding commercial vehicles

Hyundai Motor Group's Cumulative Electrified Vehicle Sales



Additional Technologies to Enhance Vehicle Fuel Economy

Hyundai is taking a series of steps to improve the fuel efficiency levels of all its new internal combustion-powered vehicles and reduce carbon emissions from its products. In order to do so, the company is also reducing their tire rolling resistance, making their designs more aerodynamic. Reducing the weight of vehicles is a key technology to improve the fuel efficiency of internal combustion-powered vehicles and EVs, as well as their performance.

The third-generation GENESIS G80 that was launched in 2020 is a prime example of these improvements. It boasts a wide range of technologies to increase its fuel efficiency compared to its second-generation version. For instance, its fuel efficiency level is more than 20% higher, mainly as a result of engine downsizing, aerodynamic and driving resistance improvements, and reductions in its weight.

Reducing its weight contributed to improvements in its fuel efficiency. It was reduced by up to 125kg, even though the car's features, including advanced convenience and safety options, were enhanced compared to its previous models. Aluminum and other lightweight materials are now used in its hoods, doors, and suspension parts, and there are more ultra-high-strength steel sheets being used in its body and seat frames. Its power train weight has also been reduced by downsizing its engine from 3.3ℓ GDI to 2.5ℓ turbo GDI. The structures of most of its parts, including its wiring, were also improved and optimized to achieve weight reduction. The company will continue developing and applying lightweight technologies to increase performance in all of its vehicles, and to provide its customers with differentiated products by efficiently using resources.



Front Subframe
High vacuum die casting
3.2kg ↓



Rear Crossmembers
Gravity hollow casting
6.2kg ↓



Aluminum Parts Used in Genesis G80
Shock Absorber Housing
Trunk Lid
Hood
Door
19% more lightweight materials, including aluminum on the body
62.1kg ↓

Non-polluting renewable energy is an increasingly important topic as the world tries to move away from fossil fuels. Solar power generation is one of the most common types of renewable energy. Hyundai is using solar power generation technology in some of its vehicles to reduce their carbon emissions. For example, it is already using a roof-mounted solar power generation system on its eighth-generation SONATA Hybrid, allowing it to be driven about 1,300km a year without producing any carbon emissions. The company is also adding more vehicles that can use solar energy by applying this technology to its IONIQ 5 and GENESIS brand EVs to be released in 2021.

Hyundai is working hard to reduce carbon emissions in its vehicles in product usage by harnessing more renewable energy. Hyundai is also studying to raise the density levels of its solar cells and boost their performance to make the technology more viable.

1 Introduction

2 Environmental

2.1 Environmental Management

2.2 Carbon Reduction

- Climate Change: Risks and Opportunities
- Carbon (GHG) Footprint
- Carbon Reduction in Product Usage**
- Conducting Life Cycle Assessments (LCAs)
- Carbon Reduction at Sites
- Building a Hydrogen Ecosystem

2.3 Circular Economy

2.4 Management and Reduction of Harmful Substances

3 Social

4 Governance

5 ESG Factbook

Average Fleet Carbon Emission

Under the Paris Agreement, countries are obligated to submit their 2030 emission reduction targets (referred to as a Nationally Determined Contribution). The European Commission presented its plan to reduce EU greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels in 2019. Korea submitted an NDC of 24.4% emission cut below 2017 level by 2030 last December. They are also strengthening their carbon regulations in the automobile sector to help achieve these goals. The European Union boasts the most stringent automotive CO₂ reduction targets for passenger cars, setting a 2030 carbon reduction goal of 59g/km, 37.5% lower than the 2021 figure of 95g/km. The Korean government's goal is to lower the country's average CO₂ emissions from 97 g/km in 2020 to 70 g/km in 2030.

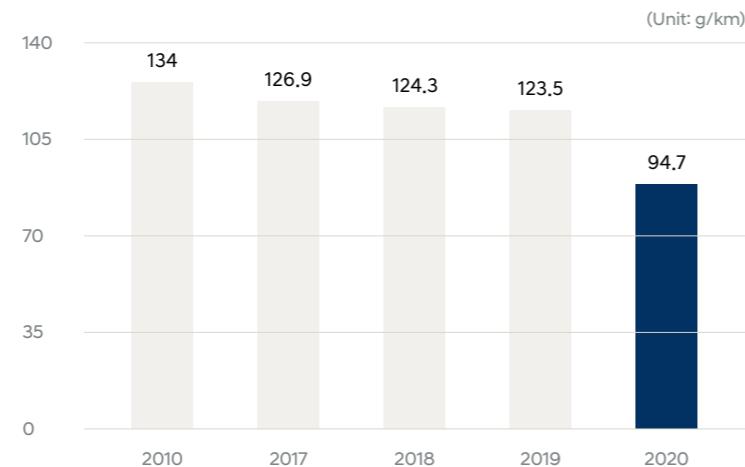
The U.S. is pushing a plan to increase the Corporate Average Fuel Economy target that had been relaxed by the former Trump administration by at least 3.7% annually, while its California state government is even intensifying its zero emission vehicle sales mandate target.

In response to these constantly tightening CO₂ regulations in many of its major markets, Hyundai is planning to minimize regulatory risks by 2030. It will do this by expanding the portion of its electrified vehicles sold, and thus reducing the average carbon emissions of all its vehicles. Hyundai is targeting zero carbon emissions in product usage over the long term.

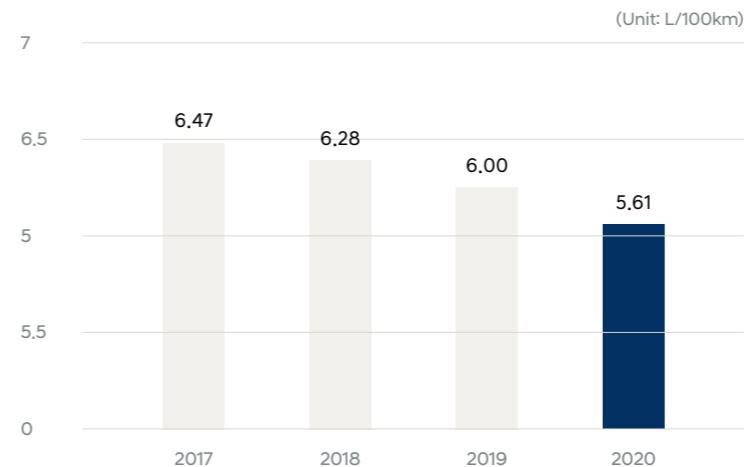
In the European market, where the strongest regulations have been implemented, the company is estimated to achieve an average passenger fleet CO₂ emissions level of 94.7g/km in 2020, a reduction of about 30% from 134 g/km in 2010. This was a result of its own analyses of the average CO₂ emissions of its vehicles sold in 2020.

The company is continuously expanding its electrified vehicles sales and improving the fuel efficiency of its internal combustion engines to meet average fuel efficiency regulations in the U.S., China, Korea, India, Saudi Arabia, Brazil, and other countries.

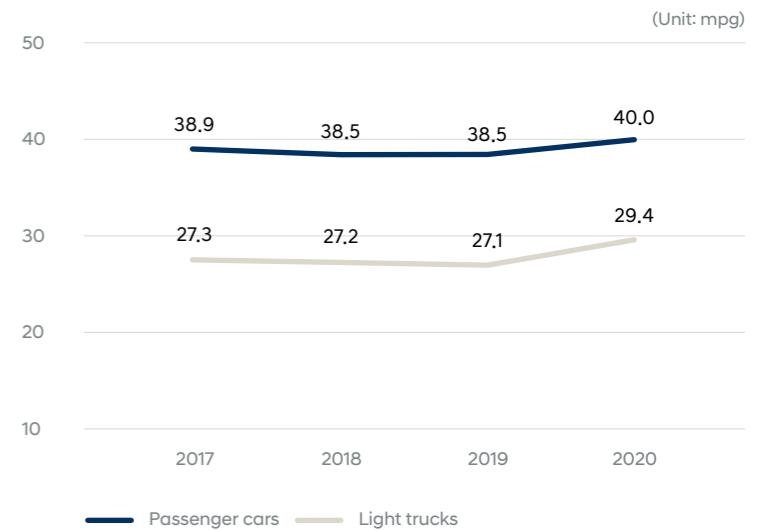
Average Fleet Carbon Emission in EU



Average Fleet Fuel Efficiency in China



Average Fleet Fuel Efficiency in the U.S.



* The EU's average carbon emissions data for 2010 and 2017-2019 reflected average CO₂ emissions calculated and disclosed by European Commission, while 2020 data is a project data calculated by Hyundai based on its sales units.

* Average fuel efficiency numbers in the U.S. and China are based on the average fuel efficiency of each automobile manufacturer in their markets as provided by their respective government agencies every year.

1 Introduction

2 Environmental

2.1 Environmental Management

2.2 Carbon Reduction

- Climate Change: Risks and Opportunities
- Carbon (GHG) Footprint
- Carbon Reduction in Product Usage
- **Conducting Life Cycle Assessments (LCAs)**
- Carbon Reduction at Sites
- Building a Hydrogen Ecosystem

2.3 Circular Economy

2.4 Management and Reduction of Harmful Substances

3 Social

4 Governance

5 ESG Factbook

Conducting Life Cycle Assessments (LCAs)

Hyundai conducts life cycle assessments, or LCAs, based on ISO 14040 and 14044¹⁾ international standards. The purpose of the assessments is to analyze the environmental impacts of its vehicles during their entire life cycle, from the acquisition of raw materials to manufacturing, use, end-of-life treatment and recycling. The LCAs use the CML²⁾ methodology to evaluate such areas as global warming, ozone depletion, acidification, eutrophication, photochemical ozone formation, resource depletion, and water depletion, in accordance with the Ministry of Environment's guidelines for the preparation of an Environmental Product Declaration. The company carried out an entire LCA process on its KONA EV in 2020, and plans to expand its target vehicle types going forward. It will continue to conduct vehicle LCA analyses to address environmental impacts throughout their life cycle, based on this.

1) ISO 14040 (Environmental management - Life Cycle Assessment - Principle and framework) / ISO 14044 (Environmental management - Life Cycle Assessment - Requirements and guidelines)
2) CML : Centrum voor Milieukunde Leiden

Environmental Impacts covered by LCAs

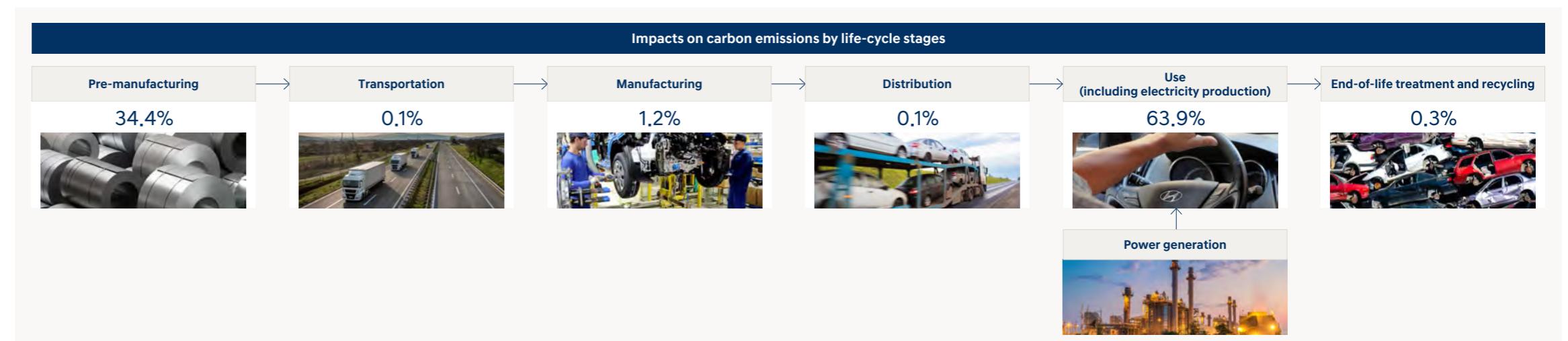
Assessments of the environmental impacts of automobiles are directed at determining their effects on (1) ecological consequences including global warming, (2) resources and water use, and (3) human health. Hyundai will continue to reduce the environmental impacts of its new products by using its LCA results.



The KONA EV's Impacts on Global Warming (Carbon Emissions) Over its Life Cycle

The results of the KONA EV's LCA were that its life-cycle stages contributed to global warming in the areas of use (63.9%), pre-manufacturing (34.4%), and manufacturing (1.2%). The impacts can be gradually reduced by increasing the amount of renewable energy used during power generation in the areas of use.

* KONA EV LCA: Based on production and use in Korea and a mileage of 200,000 km



1 Introduction

2 Environmental

2.1 Environmental Management

2.2 Carbon Reduction

- Climate Change: Risks and Opportunities
- Carbon (GHG) Footprint
- Carbon Reduction in Product Usage
- Conducting Life Cycle Assessments (LCAs)
- Carbon Reduction at Sites**
- Building a Hydrogen Ecosystem

2.3 Circular Economy

2.4 Management and Reduction of Harmful Substances

3 Social

4 Governance

5 ESG Factbook

Carbon Reduction at Sites

Carbon Reduction and Increased Use of Renewable Energy at Plants

Hyundai is carrying out a number of activities to reduce the amount of GHG emissions produced by its manufacturing processes. It is doing this to assist in efforts by the international community and Korea's central government to deal with the problem of climate change. The company's actions include continuing with its energy reduction activities (such as the introduction of high-efficiency facilities and manufacturing process improvements at all its plants) and building eco-friendly plants by converting them to renewable energy sources like photovoltaic power.

Ulsan Plant

Hyundai's Ulsan Plant recently completed the installation of a 9MW photovoltaic power generation facility in collaboration with Korea Hydro & Nuclear Power, a Korean government-owned power generation enterprise. The plant is also undertaking a demonstration project that involves installing a recycled second life EV battery energy storage system and linking it to its photovoltaic generation system.

Asan Plant

Hyundai's Asan Plant is taking steps to reduce its equipment use during the down-times that frequently occur during its manufacturing processes. It also reduced its GHG emissions by making motor control and inverter applications to its facilities in 2020. It also carries out constant monitoring of its equipment to reduce energy leakages, and practices daily energy-saving activities by adopting power-saving circuits in its community facilities.

Jeonju Plant

Hyundai's Jeonju Plant is developing eco-friendly construction methods that will minimize the amount of energy used at its production facilities in order to reduce its GHG emissions. It is also building production-linked automation facilities. It lowered its electricity and gas use in 2020 by improving its cleaning work processes in the truck paint shop to optimize internal temperatures, and changed its old absorption-type heating and cooling system to a high-efficiency electric heat pump one.

Beijing Hyundai Motor Company (BHMC)

BHMC is optimizing the operations of its production facilities to reduce its amount of down-time. It has reduced its GHG emissions by reducing its use of compressors and other energy-consuming equipment during its production schedule times.

Hyundai Motor Brazil (HMB)

HMB is using a system that optimizes its use of compressed air. It is reducing its GHG emissions through a number of energy conservation activities, including building high-efficiency facilities and using LED lighting.

Hyundai Motor Manufacturing Czech (HMMC)

HMMC has established an energy reduction and conversion plan to help it reduce its GHG emissions. It is also building a monitoring system to measure the amount of fuel it uses during its manufacturing processes. It is scheduled for completion in 2021. It is also promoting an "RE100" plan, meaning the 100% conversion of its electric energy use to renewable energy.

Hyundai Motor Manufacturing Alabama (HMMA)

HMMA is reducing its GHG emissions by minimizing the amount of waste energy it produces. It does this by automatically maintaining appropriate temperatures through the use of its cooling and heating monitoring system.

Hyundai Assan Otomotiv Sanayi (HAOS)

HAOS in Turkey is reducing its GHG emissions by improving its processes and introducing state-of-the-art energy reduction equipment. It is reducing its use of compressed air, optimizing its welding processes, and installing high-efficiency inverters.

Hyundai Motor India (HMI)

About 84% of the electricity that HMI uses in its plant comes from eco-friendly energy sources - wind power 20%, solar power 8%, waste incineration and cogeneration 56%. It also operates a 0.69 MW solar power plant, and is planning to install a 10MW photovoltaic power generator (5% of total usage) on its roof by 2021.

Hyundai Motor Manufacturing Russia (HMMR)

HMMR is reducing its GHG emissions by replacing the fluorescent lighting in its office and production areas with high-efficiency LED lighting. All of its office spaces' and about 38% of its plant's lighting were replaced in 2020. The entire plant is scheduled for such alterations by 2024. Energy consumption during holiday shutdowns will be reduced by upgrading its compressed air supply system in 2021.

Hyundai Motor Manufacturing Indonesia (HMMI)

HMMI installed a 3.2MW photovoltaic power facility and has completed the paperwork needed for UNFCCC¹⁾'s Prior Consideration of its CDM²⁾ project. The facility began operations in April 2021. The electricity produced there is used as an energy source for the plant.

1) United Nations Framework Convention on Climate Change (UNFCCC): An international convention adopted at the Rio Conference in June 1992 to help deal with climate change caused by global warming.

2) Clean Development Mechanism: A United Nations-run carbon offset scheme allowing developed countries to fund greenhouse gas emissions-reducing projects in developing countries and claim the saved emissions as part of their own efforts to meet international emissions targets.

Photovoltaic power generation in Hyundai's plant in India





1 Introduction

2 Environmental

2.1 Environmental Management

2.2 Carbon Reduction

- Climate Change: Risks and Opportunities
- Carbon (GHG) Footprint
- Carbon Reduction in Product Usage
- Conducting Life Cycle Assessments (LCAs)
- Carbon Reduction at Sites
- Building a Hydrogen Ecosystem**

2.3 Circular Economy

2.4 Management and Reduction of Harmful Substances

3 Social

4 Governance

5 ESG Factbook

Building a Hydrogen Ecosystem

The transition from fossil fuels to renewable energy is necessary to achieve carbon neutrality. The use of hydrogen as a future energy source is especially important, because it can compensate for instabilities in the supply of other renewable energy sources like wind power and solar power. A number of developed countries, including the U.S., Germany, and Japan, have been promoting hydrogen ecosystems recently. Hyundai boasts advanced technologies in the field of fuel cell and FCEV, and this includes the development of fuel cell systems, since 1998, culminating in the production of the world's first FCEVs in 2013. Working from its experience and expertise in these technologies, the company will continue leading the way in building a hydrogen-related industrial ecosystem, ranging from eco-friendly hydrogen fuel production such as green hydrogen production to stable storage and distribution, as well as the expansion of hydrogen mobility, such as FCEV, hydrogen trucks, and hydrogen trains.

Expanding Hydrogen Mobility

Hyundai sold a total of 6,600 NEXO FCEVs in the global market as of 2020, a 36% increase from the previous year. In addition, it is currently leading the global FCEV market with a 69% share.

With regard to the commercial vehicle market, Hyundai will continue to increase its exports of hydrogen-powered electric trucks that first started with sending 140 Xcients to Switzerland in 2021. One hundred hydrogen-powered electric buses were operating in Korea at the end of 2020, and the number is projected to eventually rise to two hundred by the end of 2021.

Hyundai is planning to continually increase its supply of FCEVs by building a production capacity to manufacture 500,000 units a year in Korea, including both passenger and commercial vehicles. In the mid- to long-term, it will increase hydrogen mobility in such non-automotive areas as hydrogen electric ships, hydrogen electric trains, and hydrogen electric Urban Air Mobility (UAM). In the case of UAM, it is promoting the development of hydrogen fuel cell powertrains for aviation, since it requires high power density. The company is also promoting the development of hydrogen construction equipment products, such as hydrogen electric excavators and hydrogen electric forklifts.

Encouraging Collaboration to Develop a Green Hydrogen Economy

According to the International Energy Agency, grey hydrogen extracted from fossil fuels like natural gas and other by-product gases accounts for about 96% of all hydrogen sources, with carbon being emitted during its production. This means that a major issue is determining how to convert this to green hydrogen. Hyundai is working with a number of companies specializing in this area to find out how to produce green hydrogen from renewable energy-based water electrolyzers and ammonia and make the process economically feasible.

One of these partners is called H2Pro. Work is currently underway with it to develop a high-efficiency water electrolysis technology that will make the development of green hydrogen profitable. The company has produced a 1kg/day water electrolysis system, and confirmed its performance in 2020. It is planning to add to the system's competitiveness by scaling it up in 2021. Hyundai is also scheduled to launch a collaborative project with Nexthydrogen of Canada in the field of high-current density stacks during the second quarter of 2021. The goal is to develop a stack technology, which is a core part of a water electrolysis system.

Hyundai is also planning to complete the development of a high-efficiency, low-cost alkaline water electrolysis system in 2023 in collaboration with Suso Energen, in addition to H2Pro and NextHydrogen. It also started developing an ammonia cracker in collaboration with CSIRO and FMG of Australia in December 2020 to increase green hydrogen production using ammonia. Crackers are currently being utilized for that purpose in Australia and other countries.

The company will also begin developing a blue hydrogen production technology in 2021 for use in combination with carbon capture technologies. This will hopefully lower the cost of hydrogen production and help to resolve the ongoing CO₂ emissions issue of using gray hydrogen.

Promoting the Growth of a Global Hydrogen Ecosystem

Hyundai is strengthening its cooperation with the INEOS Group of the United Kingdom, a global manufacturer of chemicals, specialty chemicals, and oil products, to build a global hydrogen ecosystem. This will allow the company to build an integrated hydrogen value chain, ranging from hydrogen production, supply, and storage to FCEV development and fuel cell systems utilization, all based on Hyundai's fuel cell system technologies and the INEOS Group's chemical expertise. The hoped-for result will be the creation of a global hydrogen ecosystem that will encourage business expansion by both the public and private sectors. Because Europe has quickly become a leader in the development of a hydrogen economy, the two companies have formed a consultative body comprising key officials from both parties, and are working with it to explore immediate business opportunities in close cooperation with the European Union, countries in the EU, and private enterprises.

Jointly Developing an LPG reformer

Hyundai is promoting the joint development of an LPG reformer in cooperation with Saudi Aramco as another means of advancing the development of hydrogen energy. Saudi Aramco, for its part, wishes to develop a hydrogen production technology using its manifold petroleum resources and grow it into a global business. This is why it is currently discussing the possibility of cooperating in developing an LPG reformer in combination with Hyundai's reformer technology. The two companies decided on a joint development agreement (JDA) schedule to begin in July 2021. They had already confirmed their roles and responsibilities in March 2021. The jointly developed LPG reformer will be tested in 2022 using an LPG charging station.

Signing business agreement with INEOS Group



1 Introduction

2 Environmental

2.1 Environmental Management

2.2 Carbon Reduction

2.3 Circular Economy

- Product Recycling
- Resources Usage

2.4 Management and Reduction of Harmful Substances

3 Social

4 Governance

5 ESG Factbook

Circular Economy

The issue of disposable plastics has been increasing rapidly following a rise in non-contact consumption due to COVID-19. This phenomenon is leading to increases in the amount of plastic waste and in environmental damage caused by the GHG emissions that are produced during the waste treatment process. In addition to the environmental impact of these wastes, the supply- and demand-side risks of the excessive use of raw materials are also on the rise. This includes resources instability and price volatility due to the resources' depletion and resulting scarcity. Hyundai is attempting to move away from the current linear business structure of production and consumption and disposal by building a circulation-type business system involving production and consumption and regeneration. It is doing this in order to respond to the risks involved in resources supply and demand and to encourage a movement towards zero waste.

Product Recycling

Designs for Recycling

Designing that takes recycling into consideration in the product design stage is a must. Hyundai is designing its new vehicles by taking into account the carbon and pollutant emissions reduction as well as the circular use of materials during their development stage.

Through the above design for recycling, Hyundai is selling the vehicles which are 85% recyclable and reusable. The percentage even increases to 95% if energy recovery from wastes is included. Iron and non-ferrous materials, which together account for approximately 70% of the materials used in the company's vehicles, are all reused and recycled. And the company is continuously upping the recycling rate of the plastics, glass, and other materials it uses.

Reusing Recycled Materials

Hyundai is developing a technology that will enable scrap pieces of the fabrics used in making its airbags and tire cords to be recycled and used in other parts from a Post Industrial Recycling (PIR) perspective.

It is already using recycled plastic materials to make wheel guards, undercover parts, battery trays, and parts for fan shrouds, by utilizing waste resources recovered from waste parts. It also developed recycled materials for cowl top covers in 2020. Many more recycled materials and biomaterials are being used in the interior materials the newly-launched G80 and IONIQ 5. Waste PET bottles are being made into non-woven, knitted, and suede fabrics for use in head linings, pillar trims, sun visors, trays, trunk mats, and spare floor mats for the G80, and door trim armrests and seat coverings for the IONIQ 5. The IONIQ 5's production processes are especially eco-friendly, since they involve using vegetable oil and eco-friendly paints made with bio-oil extracted from plants in the pre-treatment process of the leather used in its seats.

In addition to the development of recycled materials and their increased application as car parts, the company is also investing in recycling technologies to realize eco-friendly production processes. This work is currently being expanded to include the development of original technologies for using recycled materials. It involves moving away from the existing method of removing coatings using chemicals when recycling painted parts to the development of a method of physically peeling off their coatings in an eco-friendly way. Hyundai is also encouraging the use of eco-friendly materials abroad. For example, it is increasing the use of recycled plastic materials to vehicles produced in Hyundai Motor Manufacturing Czech (HMMC) in response to the EU's Green Deal policy and other environmental regulations. The company did this by forming a relationship with a European recycling company. The two parties identified recycled materials that met the EU's requirements, and started developing components containing them. Hyundai is committed to fulfilling its role as an environmentally responsible business enterprise that provides with added economic value by turning the various wastes generated during the consumption stage into resources and helping to reduce environmental pollution. One of its most worthwhile efforts in this regard is recycling waste fishing nets at home and abroad to reduce pollution in the marine environment. After being recycled, the nets are made

into cowl top covers, engine covers, wheel covers, and other parts used in automobile exteriors. The company is also developing technologies that can convert such waste materials as discarded PET and water bottles into materials for use in automobile interior materials. Research is also underway to recycle carbon fibers from discarded hydrogen tank containers used in hydrogen-powered vehicles in preparation for the future hydrogen economy era.

Recycling of End-of-Life Vehicles

Hyundai has been collaborating with the Korean Ministry of Environment in carrying out a pilot project to improve the country's ELV resource circulation system. The goal is to introduce the government's Extended Producer Responsibility policy in the automobile sector. The EPR approach has been used in the fields of packaging materials and electronic products since 2011. As part of the project, the company is continuously working with auto dismantling companies in Korea to raise the reuse and recycling rate of ELV and recover resources that would otherwise go to waste. Its efforts include providing the dismantling companies with instructions on how to dismantle vehicles most efficiently, and supporting the cost of recycling materials that are hard to recycle. Approximately 210,000 tons of resources were recovered from ELVs in collaboration with auto dismantling companies in 2020 alone, with 91.9% of the cars they owned being recycled and reused (82.9% when excluding heat recovery).

Amount of Resources Recovered When Dismantling Cars

(Unit: Tons)

2017	2018	2019	2020
209,478	262,775	261,971	209,754

"Re:Style" Upcycling Project

Hyundai is supporting a "Re:Style" project to help spread the upcycling trend throughout the world through a unique collaboration involving automobiles and fashion that proves the need for and value of sustainability. Following a project that involved using the leather in ELVs that was undertaken in 2019, the company spent much of 2020 researching how to best find new uses for materials that are often discarded when a car goes to the dismantling company because of their low recycling rates. The materials included the leather used in car seats, glass, and airbags, and the company worked in collaboration with six fashion brands to find solutions.

The end result was the production of a number of unique and luxurious products, including jumpsuits made from old leather car seats, bags made from discarded car carpets, and jewelry made from scrap glass, presenting innovative solutions for sustainable society. They were sold on the website and in the London, England outlets of Selfridges, a well-known chain of high-end department stores, with the proceeds being donated to the British Fashion Council to support the promotion of eco-friendly fashions. Hyundai will continue the "Re:Style" project in the mid- to long-term to encourage further sustainability in the automobile and fashion industries by showing how discarded automobile wastes can function as valuable fashion items.





1 Introduction

2 Environmental

2.1 Environmental Management

2.2 Carbon Reduction

2.3 Circular Economy

- Product Recycling

- Resources Usage

2.4 Management and Reduction of Harmful Substances

3 Social

4 Governance

5 ESG Factbook

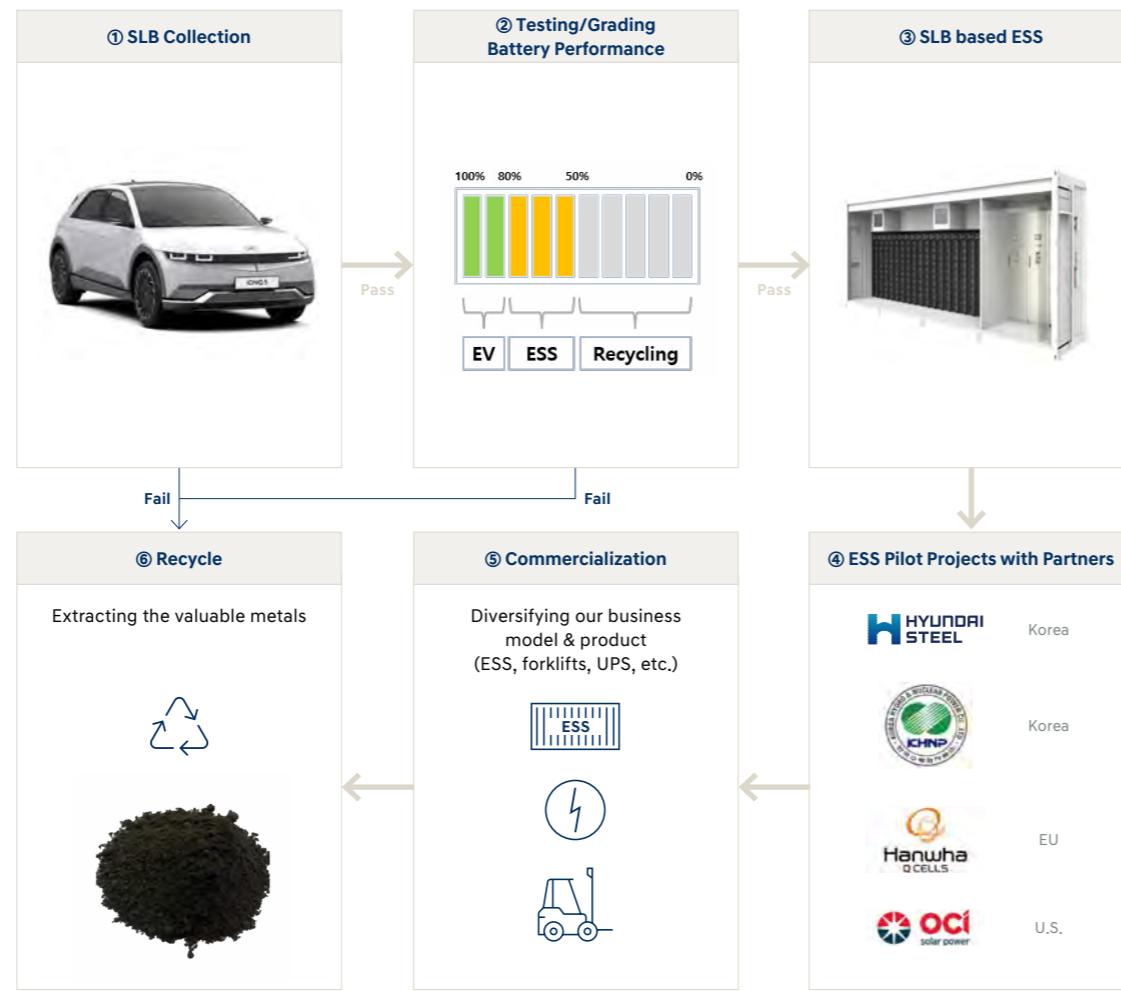
Establishing the Second Life EV Battery Circulation Process

The total number of the second life EV batteries is expected to increase in conjunction with a rise in EV sales, making it especially important to establish a recovery and recycling system for them. This will help to reduce environmental problems caused by an overflow of the second life EV batteries, and assist in the recycling of rare metals used in them. Hyundai is helping to deal with this problem by planning the building of a large-scale second life EV battery recovery network in Korea and its later expansion to Europe and the U.S.

The company is promoting this second life EV battery-based energy storage system (ESS) business so that recovered the second life EV batteries can be reused as an ESS when their remaining capacity is 70-80%.

The company is currently carrying out an ESS renewable energy pilot project in collaboration with Hyundai Steel, Korea Hydro & Nuclear Power, Hanwha Q CELLS, OCI and other energy-related companies.

The Second Life EV Battery Circulation Process



* SLB: the Second Life Battery

Although there are also the second life EV batteries that cannot be reused in an ESS system, they can still be disassembled and recycled to extract the rare metals in them, such as lithium, cobalt, and nickel. Many of these metals are only found in very limited quantities in developing countries in Africa, Southeast Asia, and South America, presenting problems of supply instability and possible price fluctuations. On this note, Hyundai will continue to strengthen its recycling of rare metals through the recovery of the EV batteries.

Korea Hydro & Nuclear Power

Hyundai has built the second life EV batteries-based ESS at its Ulsan plant with a total capacity of 2MWh. It also operates an eco-friendly power generation plant, using solar power generation resources. The two facilities allow the company to enhance its eco-friendliness and contribute to a more stable supply of renewable energy sources, which can only produce electricity on and off. This pilot project is being carried out after the company obtained the approval for a regulatory sandbox exception for a demonstration from the Ministry of Trade, Industry and Energy. It is expected to lead to the development of the nation's largest second life battery ESS business in collaboration with Korea Hydro & Nuclear Power.



2MWh ESS at Ulsan plant

Hanwha Q CELLS

Hyundai and Hanwha Q CELLS signed an MOU for the joint development of a solar energy-linked ESS in May 2020. It involves a business that will develop an ESS by reusing batteries recovered from EVs, as well as an enterprise that will resell electricity by using EV batteries from other automobiles as an ESS for homes. The project will be demonstrated at the Hanwha Q CELLS research institute in Germany. Its goal is to develop the second life EV battery-powered ESS for home use and to utilize the customers of Hyundai and the new and renewable energy-related customer infrastructures of Hanwha Group.



10kWh residential ESS

OCI

Hyundai and OCI worked together to build a 300kWh ESS system using the second life EV batteries in 2020. It is located in the solar power plant facility owned by OCI Specialty in the city of Gongju. They began operating it as a demonstration project in January 2021. Although regulations governing the reuse of EV batteries have not yet been promulgated in Korea, the demonstration project was allowed after the parties had obtained an approval for a regulatory sandbox exception for demonstration purposes from the Ministry of Trade, Industry and Energy.



300kWh commercial ESS at the OCI Plant



1 Introduction

2 Environmental

2.1 Environmental Management

2.2 Carbon Reduction

2.3 Circular Economy

- Product Recycling
- Resources Usage

2.4 Management and Reduction of Harmful Substances

3 Social

4 Governance

5 ESG Factbook

Resources Usage

The issue of natural resources depletion is becoming more and more serious due to people's consumption, as well as such environmental issues as wastes caused by the overuse of resources, is becoming more and more serious. Particularly, the water scarcity problem is one of the most serious risks facing the world, because water cannot be replaced even though it is an essential resource for all living things. Although most businesses see resources depletion from the standpoint of their bottom lines, it is also important for them to respond to the threat and danger of materials supply instabilities and cost increases—as well as their responsibility for environmental issues caused by their use of such resources. Hyundai is constantly striving to use resources more efficiently and responsibly.

Energy

Hyundai strives to reduce its energy consumption for cost savings as well as for environmental reasons, such as reductions in GHGs and air pollutants. It is continuously implementing energy-saving campaigns to prevent unnecessary energy use at its sites. The company is discovering energy saving items and promotion activities. One example of the company's energy-saving activities is Hyundai Motor Brazil, which has operated an Energy Efficiency Committee. Another is the Asan Plant, which monitors its premises looking for energy leakages. Some of its other efforts to reduce energy consumption include replacing outdated facilities with low energy efficiency ratings and replacing them with high-efficiency facilities, developing eco-friendly production process to minimize energy consumption, and building more production-linked automation facilities to minimize its need for standby energy. Hyundai also operates a global energy and greenhouse gas management system, or GEMS, that allows it to monitor energy consumption at all of its production sites including overseas sites in real time. It is also working to add to the efficiency of its data analysis-based energy management system, through the GEMS.

Water

Water is an essential resource for all living things, and its importance and the seriousness of its shortages are on the rise because it has no substitutes. Although water shortages vary widely by region around the world, they are expected to worsen if climate change deteriorates. The World Resource Institute (WRI) has warned that seventeen countries, including India and Iran where about a quarter of the world's population lives, are facing extremely high water stress.

Hyundai is committed to increasing its water recycling, particularly centering on Hyundai Motor India (HMI) and Hyundai Assan Otomotiv Sanayi (HAOS) in Turkey, both of which are located in countries where water shortages are especially severe. The plants operated by HMI and the Asan Plant are currently recycling 100% of their water using a zero liquid discharge system. HMI is located in Chennai, where is running out of water. It carried out the construction of additional reservoirs within its plant in 2019 to extend its water storage capacity, giving it enough to store 335,000 tons of water in six reservoirs as of the first half of 2021. The drainage canal within its plant was also integrated into the system so that it can collect the maximum amount of water when rains come. The maximum amount of rainwater that it can collect has risen from about 500 tons per 1mm to 1,000 tons to 1,500 tons per 1mm. This was done by installing a super-large pump that can pump 4,000 tons of water per hour. It is located in the company's Plant 1 area in the lowlands. The HAOS plant also recycles 40% of its water.

Raw Materials and Wastes

A large amount of raw materials, including iron and aluminum, are used in automobile production. The metal scrap derived from them is completely recycled by the company, either in-house or by other businesses. Although Hyundai's production processes generate considerable amounts of waste paint, waste thinner, waste packaging materials for parts, and sludge, it was recycling 92% of its wastes at its sites of 2020, while the remainder was being treated in an environmentally responsible manner. For example, HMB, which has been carrying out a Zero Landfill

Campaign since 2018, was able to achieve its goal by recycling 98% of its wastes (including heat recovery) and turning the other 2% into compost.

Pollutants

Hyundai manages air and water pollutants generated at its sites by setting stricter management standards than those mandated in each country in which they are located. It has increased its use of waterborne paints to reduce the amount of volatile organic chemicals (VOC) generated in its paint shops, and is reducing its volume of air pollutants by installing pollution reduction facilities like Regenerative Thermal Oxidation to treat its oven exhaust gases. It is also improving the efficiency of its dust collection equipment and replacing its old exhaust equipment.

Water resources management at Hyundai's sites is an especially important environmental factor for people living in the communities in which they are located. The company has established water resource management policies and set water pollution reduction targets for each of its plants, and is carrying out a wide range of activities to meet the targets. The Ulsan plant which is the largest manufacturing facility applied for a license allowing an exemption for the mandatory installation of water pollution prevention facilities since the level of the reverse osmosis (RO) tertiary concentrated water in its paint shop was below the minimum water pollution standard. Later, though, it made improvements to its treated water transfer piping, allowing RO concentrates that used to flow into its own, unified wastewater treatment system to flow into the Bangjojin Sewage Treatment Plant instead. This resulted in reducing its wastewater treatment needs by 150 tons a day.

Hyundai Input/Output Assessment for Vehicle Production

Resource Inputs	2018	2019	2020
Energy (MWh)	8,025,478	7,680,491	6,791,666
Water (tons)	11,596,746	11,238,624	9,939,143
Raw materials (iron and aluminum, tons)	1,281,854	1,070,595	1,031,112
Outputs			
Waste (tons)	573,123	585,744	482,215
Greenhouse Gas (Scope 1/2, tCO ₂ e)	2,822,555	2,705,383	2,396,316
Air pollutant (tons)	1,064	1,404	936
Water pollutant (kg)	652,757	435,471	289,553
VOC* (tons)	12,493	10,944	9,903

* VOC: Volatile Organic Compounds

* The year-on-year decreases in resource inputs and environmental outputs recorded in 2020 were mainly caused by a reduction in the number of vehicles produced due to COVID-19.

1 Introduction

2 Environmental

2.1 Environmental Management

2.2 Carbon Reduction

2.3 Circular Economy

2.4 Management and Reduction of Harmful Substances

3 Social

4 Governance

5 ESG Factbook

Management and Reduction of Harmful Substances

Hyundai manages the harmful substances used in its plants and contained in its finished products very strictly. These activities started when it established its own standards for restricting the use of 4 heavy metals—lead, cadmium, hexavalent chromium, and mercury—in 2002. Since then, it has taken a number of steps to protect the safety and health of its workers and minimize its impact on the environment and ecosystems. This includes complying with any and all rules and regulations governing harmful substances in each country in which it operates, such as the Occupational Safety and Health Act and the Chemicals Control Act of Korea, and the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) of the European Union.

Harmful Substances Regulations and International Initiatives

Hyundai complies with international regulatory standards and initiatives governing harmful substances, and manages and reduces them based on such legislation. It is currently developing alternative substances to replace ones that have been or are about to be banned both at home and abroad. They include the European Union's End-of-Life Vehicles (ELV) Directive and its Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation, the strictest regulations governing these substances.

Process of Harmful Substances Management

Hyundai manages harmful substances in three stages: Prohibition of Use, Limited Use, and Strengthened Management. All of them are based on international standards and initiatives. "Prohibition of Use" means that a high-risk and regulated substance must not be used, and that an alternative must be found to replace it. "Limited Use" allows a harmful substance to be used, but only in very limited circumstances and only according to the regulations governing it. "Strengthened Management" means that a substance can be used, and that its use must be continually monitored.

Despite these rules and policy, it is still very difficult to guarantee that parts and materials do not contain any harmful substances prohibited under applicable laws and regulations, since automobiles consist of so many parts. In response to this, Hyundai has been requesting its suppliers to abide by its harmful substance management policy (guideline) and standards. And to systematically manage and eliminate the harmful substances in the components and raw materials, the company has used IMDS (International Material Data System) since 2004.

IMDS is the automobile industry's material data system that contains information on materials used by the automotive industry and is employed by several automobile manufacturers to maintain such data for use in various reporting requirements. Hyundai uses it to access and manage information about the harmful substances that may be contained in its products, including their materials and parts.

Also, Hyundai created in-house material analysis system called MAMS (Material Analysis Management System) based material data collected from IMDS and has accessed the hazard of chemical substances and prevented the harmful substances in its product on the base of MAMS during product development stage.

In addition, in order to deal with newly regulated substances, the company first checks if they are being utilized in its new car development stage, based on information contained in the IMDS. It then gathers information about parts and materials used by its suppliers by conducting regular inspections. This is to additionally check information about harmful substances that may have changed during the company's production processes. All the parts that its suppliers deliver to it are managed to ensure that they do not contain any substances that are subject to regulation.

Status of Harmful Substances Management

Hyundai has gradually banned the use of four heavy metals (lead, cadmium, hexavalent chromium, and mercury) in its vehicles produced both at home and abroad. This process began in the EU market in July 2003. Since then, the company has also banned the use of such high-risk substances as brominated flame retardants. It has been strictly controlling the use of harmful substances since December 2002 by establishing its own management standards, beginning with the four major heavy metals mentioned earlier.

The company strengthens the management and reduction of harmful substances with its suppliers by sharing information about both Korean and international harmful substance regulations and their response requirements with them. It has been assisting them in establishing their own harmful substance regulation response systems since 2003., and carries out yearly training exercises in how to use the IMDS.

Social

Hyundai Motor Company considers the human rights of all its employees and other stakeholders a top priority. In order to prevent negative human rights impacts, it is strengthening its human rights protection system and creating a safe and healthy organizational culture for its employees.

Through its supply chain ESG management, the company strives to enhance the sustainability activities of its suppliers and add to the quality of its products and services. It is also carrying out a series of CSV activities to increase the value of its relationships with the members of the local communities in which it operates. These efforts will positively influence all its stakeholders and the wider society as well.

#HumanRights
#Employees
#Suppliers
#ProductQuality
#Customers
#Communities



1 Introduction

2 Environmental

3 Social

3.1 Human Rights

- Human Rights Management

3.2 Employees

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

4 Governance

5 ESG Factbook

Human Rights

Human Rights Management

In order to actively implement human rights management, Hyundai meets all globally-mandated human rights and labor standards, including the Universal Declaration of Human Rights, the UN's Principles for Business and Human Rights, the Core Conventions of the International Labor Organization, and the OECD's due diligence guidelines. The company gives top priority to the human rights of all its stakeholders, including its employees, business partners, and customers. It promotes human rights management with the goals of increasing the human rights of all workers and strengthening the human rights protection systems for all interests. This includes its creation of a Human Rights Charter covering its employees and other stakeholders, as well as reporting on human rights risk assessments and the status of its human rights management practices.

Human Rights Risk Assessment

Hyundai has designated a division dedicated to human rights assessments and operates an assessment process to identify risks in advance. It does this so that any negative human rights effects will not affect its employees and/or the employees of its suppliers. Its duties include uncovering human rights risks in advance through written evaluations and on-site evaluations, and supporting solutions and improvements to these risks that have been found as a result.

Results of Human Rights Risk Assessments

Hyundai pays particular attention to addressing problem areas identified as potential risks by its human rights assessments as constituting potential trouble spots and taking corrective action. This includes ensuring that its Human Rights Charter can be accessed by all its employees and issuing English-language pay stubs to non-Korean workers so they can understand them clearly. The company conducted a series of in-depth interviews with its female workers aimed at bettering their working conditions at the time of its on-site inspections. As a result, it took such measures as using seat belts in its employee commuter buses to add to the safety of pregnant employees, and serving better food in its cafeterias. It also operates a number of grievance handling and other communications channels to improve its relationships with its suppliers and people living in the communities in which it operates. It also encourages its suppliers to assess and make improvements to their ethical and environmental issues and the work environments and health and safety of their workers through its supply chain ESG assessment.



Human Rights Issues	Targets of Human Rights Risk Assessments					
	Employees	Women	Children	Immigrant and Contract Workers	Suppliers	Local Communities
Work environments (including discrimination, freedom of association, and emotional labor)	Low Risks	Low Risks	Low Risks	Low Risks	Potential Risks	Low Risks
Work conditions (including hours, pay, and child and forced labor)	Low Risks	Low Risks	Low Risks	Potential Risks	Potential Risks	Low Risks
Health and safety (including workplace safety facilities and wearing safety equipment)	Low Risks	Low Risks	Low Risks	Low Risks	Potential Risks	Low Risks
Business impacts (environmental and social impacts on places near businesses)	Low Risks	Low Risks	Low Risks	Low Risks	Low Risks	Potential Risks
Conflict minerals (concerns about raw materials when procuring raw materials)	Low Risks	Potential Risks	Potential Risks	Low Risks	Potential Risks	Low Risks

1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

- Workplace Health and Safety

- Building a Flexible
Organizational Culture

- Attracting and Nurturing Talents

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

4 Governance

5 ESG Factbook

Employees

Workplace Health and Safety

Hyundai takes any and all measures needed to help in reducing the incidence of workplace accidents and fatalities. This is done through a variety of proactive and preemptive health and safety activities and the creation of a safety-first management environment and culture. They include operating situation rooms at each workplace to guard against outbreaks of infectious diseases like COVID-19. The company increased its health and safety budget by 83% in 2021, going from KRW 61.9 billion in 2020 to KRW 113.1 billion. This occurred in response to tightened governmental regulations and an increased risk of industrial accidents. It is currently making improvements to its health and safety management system by strengthening its organization and adding more personnel to its ranks.

Reinforcing Workplace Safety Leadership

Measures to prevent and respond to serious accidents and fatalities

Hyundai has taken a number of steps to reduce its incidence of industrial accidents and fatalities. They include undertaking comprehensive analyses of high-risk facilities and work processes, especially in areas used for storage. It also produces instructional manuals designed to lessen the danger of accidents happening during loading and unloading operations, and ensures that safe work processes when machines like forklifts are being put are practiced. The company completed the re-establishment and improvement of company-wide facility safety standards and guidelines to lessen dangers involved with working with presses, robots, and cranes. The status of these improvements will be monitored in the second half of 2021. The company's construction safety support and management system will also be reinforced. This will happen in stages, including the development of mobile safety tags, establishing a training course in construction safety, expanding the company's construction manager certification system, and helping to improve safety management levels among its suppliers.

Preventing supplier fatalities

Hyundai has been making a wide range of efforts to prevent fatalities since a critical accident happened to an employee of one of its suppliers at its Ulsan Plant 1. They include issuing management's declaration in favor of enhanced safety management, conducting on-site inspections by the management of all work processes having an enhanced potential for accidents, re-establishing a health and safety management system for its suppliers, developing standards and programs for evaluating their health and safety competencies, and assisting them in improving their health and safety management processes.

Activities to reduce the incidence of industrial accidents

Hyundai recently introduced a "Hyundai-Lost Workday Case (H-LWC)" safety management index to replace its previous accident-rate indicator, resulting in a nearly 9% point decline in its accident rate from the previous

year. It also analyzed the occurrence of serious industrial accidents to identify three specific accidents (collisions, falls, and entrapments), and carried out a number of activities that reduced their incidence by twenty-one percent. It intends to repeat the same activities and processes going forward. They will include adopting advanced-level accident investigation techniques, designating a specific person to be in charge of investigating accidents, and encouraging more joint labor-management accident investigations.

Emergency drills

The company carries out semi-annual emergency drills at each of its production facilities. Attendance by all of its employees is mandatory. The purpose of the drills is to teach its workers how to put the company's rapid response measures into practice in the event of an emergency to minimize human and physical damage. The situations involved in the drills are ones that might actually happen, such as early responses, evacuations, and extinguishing oil storage and RTO fires. Processes that fall under the aegis of the Process Safety Management guidelines because they can lead to very serious accidents are dealt with by using accident scenarios based on quantitative risk assessment and by establishing emergency action plans.

Safety and health evaluation system (H-SAT)

Hyundai enhanced its Hyundai-Safety Assessment Tool (H-SAT) system in 2020. It now includes about twenty situations that are considered to be highly likely to cause serious accidents. They must be inspected and

Makeup of the Hyundai Safety Assessment Tool (H-SAT)

Management System Assessments		On-Site Workplace Inspections
Safety	Safety meetings by management, etc.	Robot protection devices, etc.
Health	Management of musculoskeletal diseases, etc.	Ventilation facilities
Firefighting	Emergency response systems, etc.	Fire-prone areas, etc.
Environment	Environmental facilities licensing, etc.	Air pollution prevention facilities, etc.

evaluated every month, with the results being reflected in the company's Key Performance Index to increase the ability to execute at its on-site divisions. The company is planning to make further improvements to the system in 2021, especially by focusing on a greater number of on-site inspections. This change involved making revisions to 152 items by increasing the number of mandatory on-site evaluation items and strengthening their evaluation standards. Other plans for the exhaustive management of its on-site risk factors to prevent gaps in their management will include doubling the total number of points awarded to the company's on-site divisions, and increasing their inspection frequencies and lengths.

Spreading a safety culture

Hyundai has established situation rooms and fast response systems at each of its business sites to ensure the health of its employees and minimize disruptions in the operations of its plants in the face of unprecedented infectious disease situations around the world.

Despite having great difficulties in safety activities due to COVID-19, which was protracted for over a year, the company carried out special safety training for all its employees in 2020. This included providing enhanced safety training to all its employees, offering online training sessions to its supervisors, and producing videos detailing how to reduce the incidence of serious accidents. It plans to enhance safety awareness among its employees in 2021 by developing a mobile- and online-based safety training system for use while COVID-19 is still a threat. In addition, four teams participated in a virtual Occupational Safety Golden Bell event hosted by the Ministry of Labor in 2020. Happily, the teams' eight contestants won the event's first prize. Hyundai has also insisted that all its production facilities must be smoke-free since 2016. Its efforts to help workers who do smoke include installing facilities in its plants where they can gather, operating in-house stop-smoking clinics and off-site stop-smoking camps, and publicizing the advantages of operating non-smoking facilities.

1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

- Workplace Health and Safety
- Building a Flexible Organizational Culture
- Attracting and Nurturing Talents

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

4 Governance

5 ESG Factbook

Wearable devices to prevent musculoskeletal injuries

In the fourth quarter of 2020, Hyundai tested ten wearable devices designed to prevent musculoskeletal injuries on 104 workers performing thirty-six different job processes at seven of its plants in Korea. The results were then analyzed to reflect such factors as an employee's body type, and to reduce the weight of equipment and lower the difficulty levels of their operations. More tests will be carried out in 2021, once adjustments have been made in light of the results. The company hopes that conducting tests in various work environments, supplementing data analysis and equipment, and applying them to actual worksites will help to reduce the incidence of musculoskeletal injuries, especially in older workers and others doing repetitive work. Going forward, the company will continue the development of new technologies to better the health and safety of its workers. These improvements will be made in line with the requirements of Industry 4.0.

Designing safer workplaces

Hyundai has taken a number of steps to improve the safety of its worksites. They include designing safer walkways, warning workers about potential hazards in their work areas, and posting signs to encourage better work habits. As part of its first-phase efforts for workplace safety, the second half of 2020 was used to create safety walkways. They were then field-tested at some of the company's production facilities. They will be used in other plants in 2021, along with more information warning workers about dangers in their workplaces and additional safety design standards for use. They will be also expanded for use in other places and facilities going forward. In addition, the company plans to establish and apply safety design guidelines for Automated Guided Vehicles. All of them will be installed whenever the company builds new production facilities.

Wearable Devices



Designed for Workplace Safety



Overseas Safety Management Activities

HMMA

- Around-the-clock COVID-19 testing center
 - Provided in-house COVID-19 testing, the first among Hyundai's production facilities at home and abroad.
 - Featured fast testing and quick turnaround times, reducing anxiety levels among its workers
 - Reduced employee absenteeism during waits for testing
 - Supported COVID-19 testing for visiting technical engineers from headquarters and suppliers
 - Carried out COVID-19 testing only one day after employees arrived in the U.S.
 - Realized USD 6.3 million in cost savings through shorter test waiting times

BHMC

- Established emergency evacuation route from pallet storage site in press plant
 - Press plant has problems evacuating workers quickly due to its complicated structure.
 - Built shortest possible escape routes and installed handrails to help employees exit the worksite

HMMR

- Installed better safety belts and lifelines for workers operating cranes in press factories
 - Seat belts: Made improvements to seat belt construction to reduce incidence of serious accidents due to falls (including the introduction of electronically controlled descending safety belts)
 - Lifelines: Installed unbreakable lifelines with a special bracket that workers don't need to unhook

(HMMA) COVID-19 Test Center



HMI

- Developed app to aid in detection and management of COVID-19
 - Used app to monitor and manage cases
 - Other COVID-19 services included in-house announcements, information regarding in-company outbreaks, and telling workers about ways of reducing exposure to virus

HMMC

- Introduced improved safety patrol system to reduce number of blind spots
 - Identified blind spots while carrying out safety inspections
 - Rewrote rules about safety patrols and amended daily work goals
 - Installed safety-related check boards

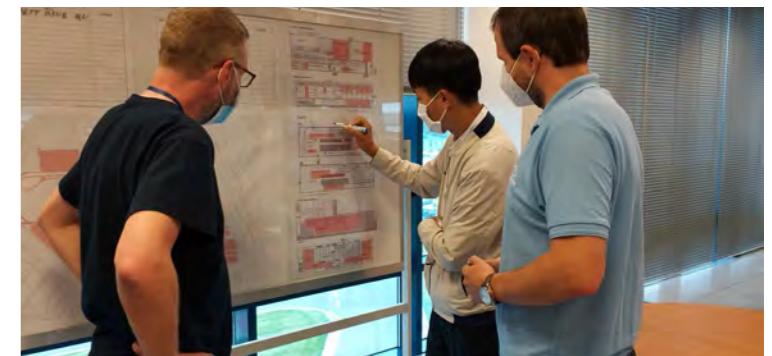
HAOS

- Encouraged development of safety-first culture through education and training, including use of Heimlich maneuver
 - Continued offering safety training in case of emergencies
 - Saved life of one employee in a company cafeteria using Heimlich maneuver

HMB

- Distributed handbook outlining how to avoid COVID-19
 - Distributed handbook to help employees and their families keep from being infected with COVID-19 in accordance with best practices at headquarters
 - Included information on self-testing in cases of suspected symptoms, daily quarantine rules, quarantine safety rules in company facilities, and a question and answer section

(HMMC) Safety Patrols to Reduce Number of Blind Spots



1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

- Workplace Health and Safety

- Building a Flexible Organizational Culture

- Attracting and Nurturing Talents

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

4 Governance

5 ESG Factbook

Building a Flexible Organizational Culture

Employee-friendly Corporate Culture

Organizational Culture Change Programs

Hyundai is making many changes to its organization based on the principles of its Culture Change Program, or CCP. They are geared towards helping the company create a more employee-oriented, creative, and flexible organizational culture—one in which its workers immerse themselves in their work and grow through it, enhancing their self-esteem and increasing their pride. There is also a pronounced emphasis on leader-centered changes and practices.

In order to meet this goal, Hyundai is building an IT infrastructure designed to increase the efficiency of its workers, and innovating and internalizing the way they do their jobs through its Remove Inefficiencies Campaign and other activities. The company is also promoting a wide range of change activities in order to become an employer in which creativity, changes and challenges become both normal and routine. It is also building a culture based on meaningful communication, and developing an autonomous and proactive work atmosphere through employee participation-centered changes and its Remove Inefficiencies Campaign.

Culture Survey

Hyundai carried out an organizational culture survey in September 2020. Its goal was to arrive at an understanding of the true character of its corporate culture at the level of its organizational units. The study consisted of seventy-three questions covering seven categories: Business, People, Work, Leadership, Organizational Efficiency, HR System, and Infrastructures. About 74.3% of the company's general, research, and legal affairs staff members participated in it. More assessments are planned to improve its organizational culture going forward.

Areas of Culture Survey



Familiarizing Employees with the New HR system

Hyundai has been road-testing a number of different communications methods to familiarize its employees with the new HR system that it introduced in 2019. One was the publication of an HR E-booklet that outlines how the system works, simply and easily and at a glance. Another was an interactive one-on-one bulletin board that the company uses to respond to HR-related enquiries from its employees. The company encourages communications based on a worker's experience and expertise, works to strengthen employee autonomy at both the organizational and the individual worker's levels, and supports employee growth as part of its "Expanding Autonomy and Opportunities" program.

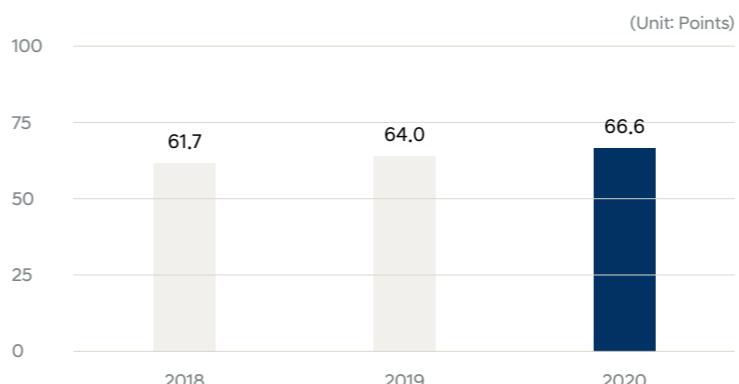
Employee Health and Welfare System

Workers at Hyundai can take advantage of a large number of employee benefit programs geared to improving the quality of their lives. They are designed to encourage positive work-life balances and promote employee health and safety, such as flexible work hours, working from home, in-house daycare, and maternity leaves.

Retirement Pensions

Hyundai's pension system is operated by arms-length, third-party administration services in order to protect the value of all its workers' contributions. It includes in-depth information about retirement planning, helping older workers to enjoy their lives when their workdays are over.

Results of Culture Survey



Employee Health and Welfare Programs

Flexible work hours	<ul style="list-style-type: none"> Allowing employees to choose when they come to work and leave with the exception of obligatory working hours from 10 AM to 4 PM, so long as they work an average of forty hours a week Reduced employee population at worksites by temporarily eliminating insist on mandatory work hours due to COVID-19
Working from home	<ul style="list-style-type: none"> Allowing employees to voluntarily work from home due to the spread of COVID-19 and even after the pandemic ends.
Maternity leaves	<ul style="list-style-type: none"> 90 days of paid maternity leave for single births, 120 for multiple ones 10 days of paid leave for male employees
Parental leaves	<ul style="list-style-type: none"> Working parents regardless of gender are eligible for up to two years for each child aged eight years or younger or who are in the second grade of elementary school or below. Other benefits that exceed the legal mandatory period of one year are also available, including shortened work hours to allow workers to take care of their children in addition to parental leaves.
In-house daycare center	<ul style="list-style-type: none"> Offering married female employees and the children of single-parent families access to in-house daycare centers Available at five locations: Headquarters, Ulsan Plant, Asan Plant, Jeonju Plant, and Namyang Technology Research Center
H-Child Happiness Travel	<ul style="list-style-type: none"> Providing hotel lodgings and meals within six months before and one year after a childbirth to employees and their spouses. It includes up to two nights and three days at hotels approved by the company.

Key Performances in Employee Welfare Programs

- Operating in-house daycare centers to support the childcare of employees
- Operating Child Happiness Travel that is available to employees both before and after childbirth
- Planning and operating employee benefit programs to support healthy work-life balances
- Allowing both working from home and flexible work hours according to social distancing regulations. Mandatory work hours temporarily eliminated at some business sites.

1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

- Workplace Health and Safety

- Building a Flexible Organizational Culture

- Attracting and Nurturing Talents

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

4 Governance

5 ESG Factbook

Monitoring Employees' Health During the Pandemic

Hyundai's COVID-19 Situation Rooms are designed to protect the health of its employees during the pandemic. The first step taken is to check all employees and visitors to see if they are running a fever or have other symptoms of the virus. The company also disinfects all its facilities daily, makes hand sanitizers and thermometers available for anyone to use, and has installed a number of thermal imaging cameras to measure people's temperatures. All employees who are pregnant or have underlying conditions are required to work from home, while all staff members based at its headquarters or who live in Seoul or in Gyeonggido province can work from home if they wish to.

Labor-management Relations in Korea

Hyundai observes all the rules and regulations contained in Korea's constitution regarding employee rights, including the right to organize into labor unions and engage in collective action and bargaining. It also follows all legal stipulations concerning the establishment of a Collective Bargaining Council and a Labor-Management Council. Other labor-management organizations that it has developed include a Future Change Response TFT and a Job Stability Committee. Both of them help reach agreements between labor and management on future organizational changes. The company formed a joint labor-management infectious diseases prevention team and has a policy in place to reduce the incidence of infectious diseases like COVID-19 within its worksites.

Labor-management Relations Overseas

Beijing Hyundai Motor Company (BHMC) and China Hyundai Motor Corporation (CHMC) have Chinese Trade Unions. Hyundai Motor India (HMI), Hyundai Motor Manufacturing Czech (HMMC), and Hyundai Motor Brazil (HMB) have Labor Unions. The company's subsidiaries whose employees are members of labor unions engage in collective bargaining according to local labor laws. Their managers meet with union representatives as needed to improve their members' working conditions and benefits.

Hyundai conducts its collective bargaining activities in a positive and collegial manner designed to result in reasonable and constructive plans and proposals. While its subsidiaries in the U.S., Russia, and Turkey do not have labor unions, their managers communicate with their employees through a variety of channels.

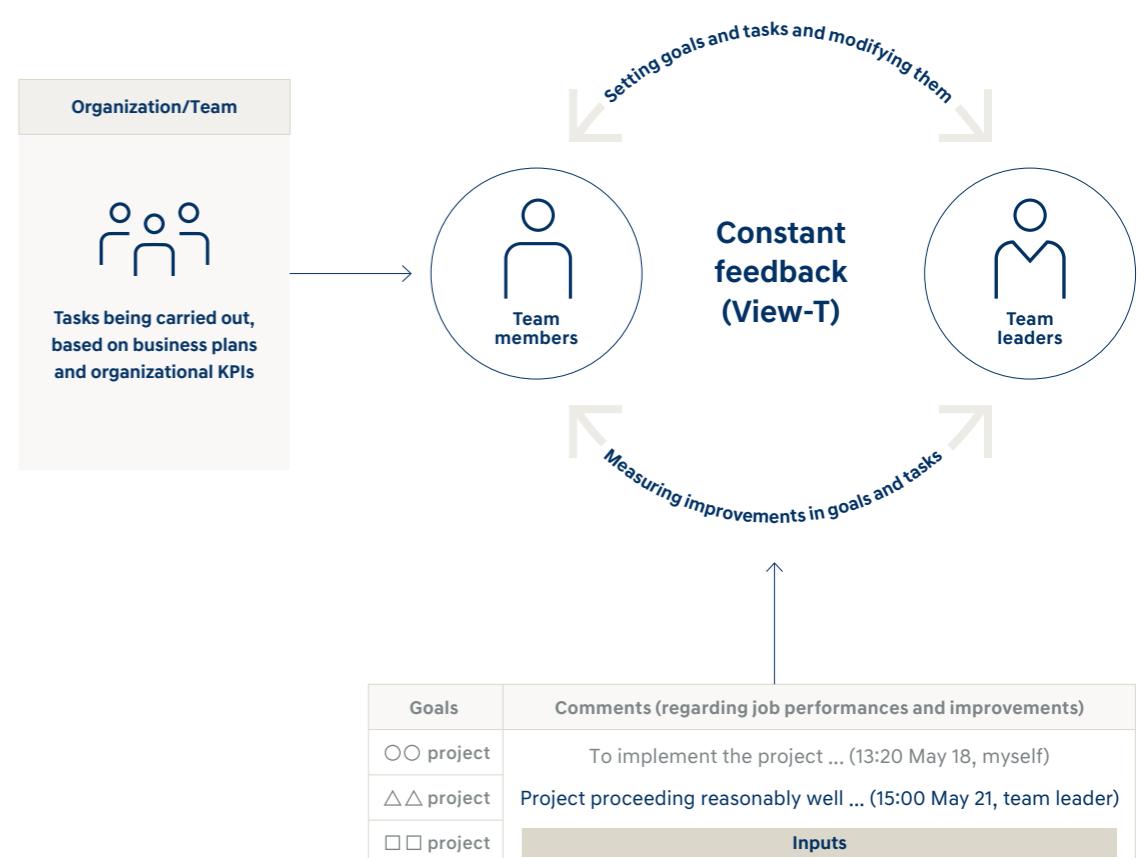
Hyundai's headquarters is continually conducting surveys and interviews with its employees around the world to gauge their satisfaction levels. Its overseas subsidiaries deal with employee issues and grievances whenever they appear. This included holding regularly-scheduled meetings with them or their representatives, and operating advice and assistance centers. At present, the subsidiaries are communicating with their workers both online and through apps as there have been restrictions on their face-to-face communications due to the COVID-19 pandemic.

Fair Employee Evaluations and Rewards

The goal of Hyundai's View-T HR system is to put a fair pay and evaluation culture in place, by allowing workers to re-rate their performance goals and results. Measure their own results, and receive feedback from their leaders. The company will start carrying out quarterly Performance Management Weeks in 2021. They will be used to stimulate feedback that will eventually assist the company in enhancing its workers' job performances and achieving their goals.

The company's commitment to fair compensation for every employee is evidenced in the improvements it has made to its job evaluations. Each employee is allowed to own shares in the company as a means of increasing their economic status and promoting better labor-management relations. A grand total of 665,870 stocks were provided to its employees last year. They were disbursed to all regular workers based on the wording of a labor-management agreement reached in the second half of 2020.

View-T System



1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

- Workplace Health and Safety

- Building a Flexible
Organizational Culture

- Attracting and Nurturing Talents

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

4 Governance

5 ESG Factbook

Innovating the way of work by Building a Smart Organizational Culture

NEXT BIG IDEA to innovate the company's organizational culture

Hyundai held a "Next Big Idea" contest to solicit creative and challenging ideas from its employees around the world. Thirty-one proposals out of the 1,981 it received are under review for specific implementations and applications. The company's goal of constantly receiving fresh and creative ideas from its workers led to the creation of a suggestion board in 2021. Any Hyundai employee can offer his or her "two cents worth" at any time. Other bottom-up change activities that the company entertains include town hall meetings and an online "Hyundai Forest" anonymous communications channel.

Increasing employee involvement

Hyundai welcomes employee involvement in its operations through its Quality Mindset Campaign. The campaign emphasizes the importance of high-quality workmanship and encourages all the company's employees to demonstrate a quality-first mindset in all their work. Hyundai also stresses the need for near-perfect quality in its finished products through its New Vehicle Quality Assurance Program.

The company has also agreed to a program in which its employees go on vacation whenever they want to. Going forward, the company will encourage its employees to take advantage of all aspects of its employee benefits package as part of the development of a creative and flexible organizational culture.

Promoting change from the top down

The company continued its top-down approach to change by setting examples with an emphasis on the will of top leaders for change. In addition, it carried out practical improvement activities centering on middle leaders through the "Leaders Forum" for all its divisions every month, based on the company-wide culture change program (CCP). One of their first actions was to take a "Leader's Promise" for improvements to the company's organizational culture. Any improvements made in this fashion have been checked by employee surveys. The company has also encouraged the employees of its headquarters to participate in changes and their leaders to lead by example. Other change activities that have been undertaken at the division level include taking surveys measuring the effect of changes in the company's organizational culture made in the first and second halves of the year; implementing improvements that were based on suggestions given in the company's voice of employee (VOE) system; and appointing competent employees capable of taking charge of changes and innovations.

The company also took steps to increase the efficiency of communications with its employees. This was done by installing Microsoft Teams and the Microsoft 365 communications suite to improve its IT infrastructure and innovate its work methods. It also carried out a Removing Inefficiencies Campaign that made it easier for its employees to focus on their customers and their core duties. It involved removing time-wasting tasks and practices based on suggestions from its employees and their team leaders.

Building a work environment that encourages creativity

One of the company's major goals has been to increase the efficiency of its office spaces and establish more flexible work arrangements. Beginning in 2019, it began creating an open-concept office system on the eighteenth floor of its headquarters on a trial basis that also included increasing the number of meeting rooms and lounges for use by its employees. The change was so successful that the company soon started renovating its other office spaces, making them just as more employee-friendly and encouraging more interactions between all its workers. The emergence of COVID-19 triggered a need to shift to socially-distanced work methods, including replacing office workers' PCs with laptops and reorganizing the groupware system to make video conferencing and the use of the Cloud easier and more convenient. An added advantage of these changes was how they led to the development of a more creative and smarter workplace environment.

NEXT BIG IDEA: Hyundai's Idea Sharing Platform



Quality Mindset Campaign



New Vehicle Quality Assurance Program





1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

- Workplace Health and Safety

- Building a Flexible
Organizational Culture

- Attracting and Nurturing Talents

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

4 Governance

5 ESG Factbook

Attracting and Nurturing Talents

Creative hiring practices

Hyundai strives to hire workers with above-average abilities in such areas as future-oriented technologies, including AI/SW, autonomous driving, connectivity, UAM, robotics, and xEV in its bid to become the industry's leader in smart mobility solutions. It operates a number of internship programs and specialized recruitment processes to achieve this end. In tandem with the dramatically increased use of both mobile and online hiring processes, they helped the company to increase its new employee intake compared to the previous year.

The company's employee recommendation system has added significantly to its number of potential employment candidates. Its plans for improving the effectiveness of its recruitment programs even more include strengthening its linkages with the world of academia, enhancing its recruitment-related communications, and upgrading its processes for verifying the qualifications of its candidates for employment.

Year-round recruitment system

Hyundai's year-round employee recruitment system has proven to be so successful in helping the company select the best and brightest people available that it has become the flagship of its entire recruitment system. In 2020, the company applied more fairness-based and differentiated recruitment processes to each position, including their evaluation and interview methods. This involved taking into consideration the characteristics of each division doing the hiring, as well as the nature and attractiveness of each position. Hyundai's recruitment processes were made faster and more efficient through the adoption of online and mobile job interviews, allowing the company to hire more employees than in the previous year. The company plans to make them even better by reviewing and reworking the requirements needed for each job and making the application process easier for prospective candidates to access and understand.

Introducing virtual job recruitment processes

Hyundai's hiring process was also significantly altered due to the COVID-19 pandemic. This forced the company to alter how it dealt with prospective employees from meeting them face-to-face to relying on online and mobile job interviews. The company also altered its processes and expanded its infrastructures to make it easier for it to conduct screenings and do interviews online. All its recruitment has been conducted virtually so far. In the end, these changes helped to make the recruitment process better than it used to be, allowing the company to hire competent employees in a more timely manner and reducing the high social costs experienced by applicants.

A Virtual Job Interview



Employee recommendation program

Hyundai's employee recommendation program takes advantage of its workers' personal relationships to forward its hiring processes. It has led to the hiring of high-caliber, experienced professionals in such areas as R&D, robotics, UAM, SW, and xEV, and they are demonstrating excellent job competencies. It has recently been improved so that the people being recommended can participate in it more easily. The company's verification processes have also been enhanced for fair employment.

Internship programs

Hyundai's "H-Experience" internship program operates year-round, allowing candidates to experience working for the company and its culture while gaining practical experience and training but without making a formal commitment to it. The company also operated a "Global H-Experience" program in 2020 to attract talents from around the world and encourage the building of more global networks with outstanding individuals both at home and abroad. This program allowed them to experience the company's jobs and new changes in its businesses. More specialized internship opportunities are also available, including ones operated by MIT, the Rhode Island School of Design, and Hitachi's Community Energy Management System. The company is also planning to extend its internship programs going forward to include non-Korean and industry-academia programs comprising more job areas and increase the diversity of its workforce.

Key Performances of Recruitment System

- Increased pool of highly-promising employment candidates in field of future-oriented technologies to build pipelines and attract talents in a timely manner
- Continued improving year-round recruitment system led by on-the-job divisions
- Continued operating Global H-Experience and other internship programs
- Improved employee recommendation program, targeting career staff
- Expanded use of mobile and online recruitment channels



A PR material used by the R&D Division Global Internship Program
to recruit new employees

Employee Recommendation Program



1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

- Workplace Health and Safety

- Building a Flexible Organizational Culture

- Attracting and Nurturing Talents

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

4 Governance

5 ESG Factbook

Developing Talented Employee

The New Employee Growth System

Hyundai's workplace culture helps its employees increase their experience and expertise. It is based on the belief that an employees' growth leads to the company's development as a whole. Its ultimate goal is to see them blossom into experts in their fields through hard work, learning, and knowledge sharing. They do this by establishing career and competency improvement plans, with their leaders providing constant feedback to assist in their growth. They also learn to network with their peers from various fields through the "Learning Lab," creating an employee-led growth culture.

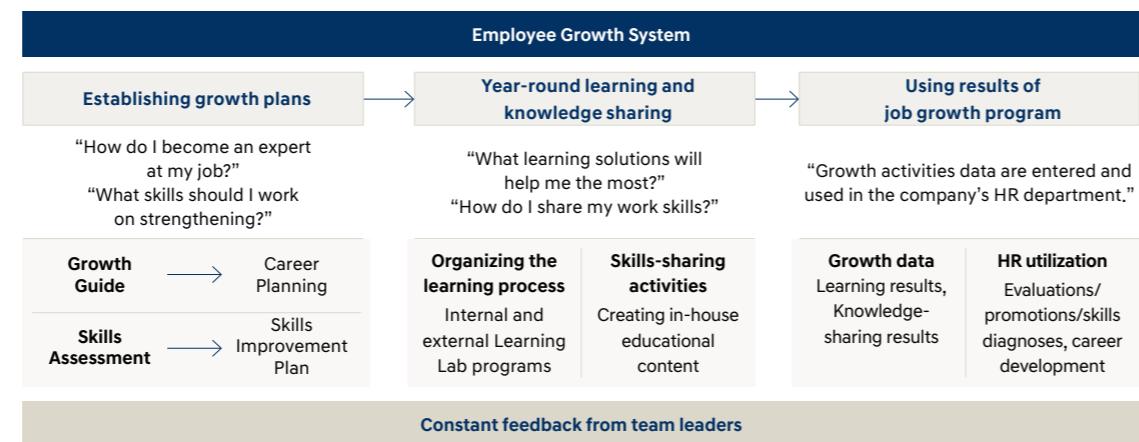
Self-directed Growth Infrastructures

Hyundai has established a learning support system to assist its employees' growth. It allows them to establish individualized growth plans and share their opinions on their progress with more experienced workers. The system also provides them with a menu of personalized learning solutions that they can access through a custom-tailored, always-on learning system. The company is continuously upgrading its employee growth support system to provide its workers with better growth experiences.

Operating programs to strengthen leader capabilities

Customers are the bottom-line reason for Hyundai's innovation efforts, and its team leaders are dedicated to creating a better future by setting the lives of its customers as their top value. Another core goal of its team leaders is to continually reinforce that message throughout the organization and build a positive relationship with their society as a whole. The company assists them in increasing their capacity for building an organizational culture that prioritizes customer-centered acting, thinking, and decision-making, while encouraging the highest levels of expertise with innovation and collaboration across all disciplines and work levels.

Hyundai also educates its workers in major trends in the automotive business in order to respond to changes in its market and business environment as quickly as possible. Employees who are given this training are expected to learn what their job responsibilities entail and to become familiar with such changes in the automobile industry as electrification, autonomous driving, and vehicle architectures. This allows the company to position itself as a true game-changer in the global automotive market.

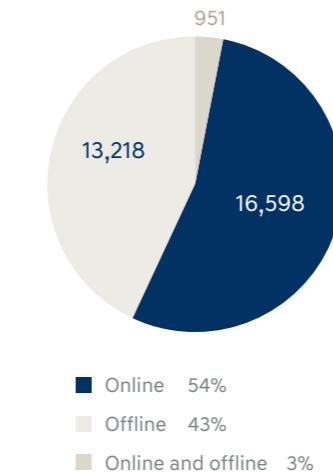


Training in Sustainability issues

COVID-19 has made dramatic changes in the ways people are offered learning. Instead of meeting in a classroom at its training center, for instance, Hyundai's executives and employees study either in their own offices or in their homes. The need to conduct training and education using either online or mobile channels is leading to a paradigm shift in how education and training are conducted. In addition to regular training courses on jobs and leadership, Hyundai is committed to increasing its employees' awareness of the need for and importance of sustainability management, including such ESG performance criteria as human rights, worker safety, the environment, and quality. The company will strive to continuously expand the learning experience for their growth in the post-COVID-19 era.

Changes in Employee Learning

(Unit: hours)



Education and Training Performance in 2020

(Unit: hours)

Category	Job	Leadership	Sustainability					Total
			Human Rights	Safety	Environment	Quality	Sub total	
Training hours	23,510	1,136	9	3,734	543	1,835	6,120	30,767

* Total operating hours for each course (Not total hours based on number of participants)

Areas of Sustainability Training

- Human Rights: Sexual harassment, awareness of people with disabilities, etc.
- Safety: Plant safety, safety manager training, etc.
- Environment: Environmental training, training about eco-friendly vehicles, fuel cells, etc.
- Quality: Quality-related job training, on-site quality management competency improvement training, etc.



1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

- Workplace Health and Safety
- Building a Flexible Organizational Culture
- Attracting and Nurturing Talents

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

4 Governance

5 ESG Factbook

Securing Professional Competencies

Academic conference to develop a virtuous cycle of knowledge

Hyundai has been hosting an academic conference to develop a virtuous cycle of knowledge leading from production to accumulation to re-production since 1993. Sponsored by the R&D Division, its goal is to ensure the company's future competitiveness by turning research results that used to only be acknowledged implicitly to knowledge that is recognized explicitly. Its targets have been expanded to include all the Hyundai Motor Group companies, including its overseas research institutes, since 2008.

The 2020 conference was attended by 2,634 participants from eighteen of the company's technical departments. Held at the Rolling Hills Hotel in Hwaseong, Korea, from September to October, it featured a live YouTube broadcast that was received very enthusiastically. The event included the presentation of 190 papers, with fifty-nine of them receiving awards.

The main prize winners were given plaques and commendations from the Group's Chair Euisun Chung. The YouTube video that recorded the thesis presentation was uploaded to the Learning Lounge employee training platform for use by all the company's employees.

The company is planning to focus on new technologies from 2021 and onward, creating a hydrogen fuel cell technology subcommittee, and building a partnership-oriented system in the field of robotics.



Academic conference achievements and plans

- 2,634 employees from eighteen technical departments participated from September to October 2020
- 190 papers were presented, with fifty-nine of them being given awards
- A Hydrogen Fuel Cell Technology subcommittee will be established in 2021, focusing on new future-oriented technologies

Sketch Photo of 2020 Hyundai Motor Group Academic Conference



Operating non-contact courses in sales

Hyundai fosters the development of talented and well-educated human resources at all of its global customer contact points, including sales and customer service. It does this by providing them with state-of-the-art, ICT-based educational facilities and learning environments. The company is nurturing the growth of experts in sales, customer relationships, and services from a customer experience perspective through this high-tech training system, by training in customer experience and satisfaction (CRM and CS) for its 1,840 "Car Masters." As a result of this and other efforts to offer its customers an enhanced level of services, the company's rating in the Korea Customer Satisfaction Index (KCSI)'s passenger car category to rise by 1.9 points from the 89.9 it received in 2019.

Effectiveness of Non-contact Sales Training Courses



R&D project-based joint research programs

Hyundai has been operating a joint research program in conjunction with leading research institutes to develop core future-oriented R&D technologies and solve particularly thorny problems since 2012. Every year, twenty senior-level researchers participate in the program, with the results of their work being applied to both mass-produced vehicles and prior technologies, helping to secure the company's competitiveness in key technology areas. Various knowledge-sharing and -dissemination activities are also carried out, laying the foundation for internalizing the company's technologies and strengthening its R&D skills.

Joint Research Activities in 2020

Category	Number of times
Improved vehicle performance	34
Established new research standards and published new guides	7
Acquired patents	15
Presented papers	19
Held seminars on results of research	42

1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

- Workplace Health and Safety

- Building a Flexible
Organizational Culture

- Attracting and Nurturing Talents

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

4 Governance

5 ESG Factbook

Working with outside organizations to strengthen quality assurance abilities

Hyundai is developing a number of training courses in the area of quality assurance. Working in collaboration with outside educational institutions, its goal is to enhance its abilities in the areas of quality assurance and the verification of technologies needed to further the development of electronic vehicles. Both programs are being run under actual operating conditions.

Results of Training and Education in the Area of Quality Assurance

- Offered four courses to 108 participants from July to November 2020
- Course topics included Vehicle Vibrations and Noises: Theory and Practice; Understanding Vehicle Communications Systems; Quality Issues in Electrified Batteries; and Automotive Structures: Disassembly and Assembly. The first course was offered two times.
- Plans are also in the works to develop a course called Reinforcing Quality Assurance Competencies in Controllers. It will be developed in the first half of 2021 and offered in the second. Its goal will be to enhance employees' quality assurance abilities in the field of new future-oriented technologies.

Disinfecting



Theory-based Course



Practice-based Course



Discussions



Helping Employee Prepare for Retirement

Hyundai offers its workers a number of programs to help them prepare for retirement. In 2020 they included a wide range of future planning courses, as well as more specialized training programs applicable to each position and job group. They were provided to a total of 1,645 employees.

Targets		Managers or below (Union members)		Senior Managers		Sales Positions
Course	Planning the future for workers aged from 56 to 60	Counselling	Basic course in planning for life after retirement	Intensive course in planning for life after retirement	Course in planning for the future	
Ages	Aged 56 to 60 (classified by age)	Aged 56 to 60	Aged 59	Aged 60, for executives	Aged 59 to 60	
Number of graduates in 2020	917	(Not operated)	296	282	150	
Types	Lectures, practices, etc.	Counselling	Virtual lectures and counseling	Virtual lectures and counseling	Online lectures	
Curricula	<ul style="list-style-type: none"> Becoming aware of changes as we age Individualized counseling in possible new careers 	<ul style="list-style-type: none"> Individualized advice on planning for the future 	<ul style="list-style-type: none"> Changing the way we look at retirement-exploring new careers and interests Financial planning 	<ul style="list-style-type: none"> Establishing an action plan for changes after retirement 	<ul style="list-style-type: none"> Preparing for retirement Financial planning and designing new career paths 	



1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

- Supporting Win-win Growth

- Supply Chain ESG Management

3.4 Product Quality

3.5 Customers

3.6 Communities

4 Governance

5 ESG Factbook

Suppliers

Supporting Win-win Growth

Enhancing Suppliers' Competitiveness

Hyundai knows very well how much the technical quality and the excellence of the parts made for it by its suppliers are directly linked to its success with customers. As a result, the company takes an intense interest in fostering the competitiveness and competencies of its suppliers in such areas as developing new technologies and improving their productivity. It does this by offering them a wide variety of individualized training programs, including quality and technical schools and customized training.

Enhancing Quality Competitiveness

- Foundation of Korea Automotive Parts Industry Promotion

Hyundai partnered with Kia and Hyundai MOBIS in establishing the Foundation of Korea Automotive Parts Industry Promotion in 2002. It invests about KRW 6 billion a year in improving the quality, technical, and management skills of its suppliers. These efforts include deploying members of its Quality and Technology Volunteer Group and its Supplier Assistance Group to provide its suppliers with help and advice in these and other matters, helping them to improve the quality of the parts they make and enhancing their ability to manage and upgrade their technologies.

- 5-star system to enhance product quality, technology, and delivery

Hyundai evaluates the quality competitiveness, technological development capabilities, and delivery skills of its suppliers. It rewards outstanding ones so that it can help them to enhance their competitiveness in the areas of quality, technology, and delivery.

- Global Partnership Center

The Global Partnership Center opened in June 2020. Its goal is to establish a virtuous cycle in which the Hyundai Motor Group and its suppliers grow together by increasing their competencies and competitiveness in the world's automobile industry. In addition to providing education and training programs targeting Tier 1 and Tier 2 suppliers, Hyundai Global Partnership Center provides training facilities and instructors to suppliers who wish to do their own education and training.

Increasing Product Quality Among Suppliers

Classification	Performance	Remarks
Foundation of Korea Automotive Parts Industry Promotion	Quality and Technology School	1,590 people
	General education, etc.	3,571 people
Global Partnership Center	Education by industry, etc.	16,338 people
		22 training courses General training, field training, etc. 286 courses

* 83% of more than 310 Tier 1 suppliers participated in quality-related education and training in 2020.

Enhancing R&D Skills

- R&D technology supports for suppliers

Hyundai offers its suppliers a wide range of R&D technology supports as part of its mutually beneficial growth program. Technology and quality improvement information and infrastructures are shared between the company and its suppliers, helping them to enhance their R&D abilities and develop superior technologies to produce even better products. A large number of the company's suppliers participate in these support activities, growing bigger and better with Hyundai as a result.

- Guest engineer program

Engineers employed by suppliers associated with Hyundai are regularly invited to work at the company's technical center through its guest engineer program. They help design parts for the company's new vehicles, learning a great deal about Hyundai's technologies along the way. They return to their employers when the program ends, going on to play crucial roles in improving their technological prowess.

- Sharing technology patents

Sharing its product technologies with its suppliers plays a vital role in improving and commercializing Hyundai's products and technologies. The sharing is done free of charge, as are the technology transfers that are usually involved with them. The company's suppliers are provided with a list of applicable patents once a month. After they apply for a patent transfer, Hyundai reviews their applications and decides whether to share the technologies with them.



Enhancing Productivity

- Building smart factory

Hyundai helps its suppliers reduce the number of defects in their products through a four-part process: an initial, intermediate, and final product inspection system; a lot tracking and management system; an error-proof system for their parts manufacturing plants; and digitizing their manufacturing processes. About 450 companies benefited from these supports from 2016 to 2018, with the number increasing to about 660 as of 2019 as more suppliers saw the advantage in building smart factory.

The value of the supports provided by the company to each of its suppliers was upped to a maximum of KRW 100 million from the previous KRW 20 million. The number of suppliers taking advantage of these programs amounted to 270 and 209 in 2019 and 2020, respectively. The company plans to offer this form of assistance to 180 suppliers in 2021. It also assists its suppliers in setting up smart factories and equipping them with the infrastructures and facilities needed to digitize their data, reduce their lead times and failure rates, lower their disposal costs, improve their delivery rates, and increase their revenues.

- Technical guidance and management consultations for suppliers

Experts from the Foundation of Korea Automotive Parts Industry Promotion are seconded to the company's suppliers at no charge. They offer them their expertise and knowledge about ways to improve their quality, their technologies, their productivity, and their competitiveness.

1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

- Supporting Win-win Growth
- Supply Chain ESG Management

3.4 Product Quality

3.5 Customers

3.6 Communities

4 Governance

5 ESG Factbook

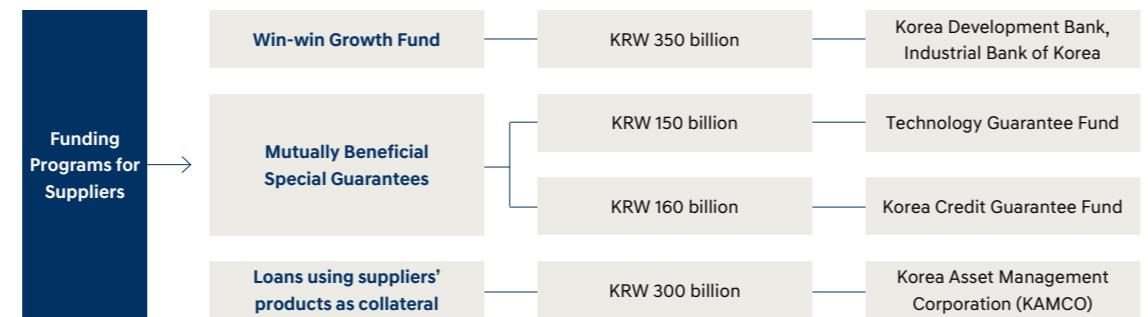
Encouraging Sustainable Growth

Hyundai encourages sustainable growth among its suppliers by offering them funding, training and education, and information on ways to add to their global sales channels. The company encourages long-lasting and, win-win cooperation so that it and its suppliers can both continue their sustainable and ongoing growth.

Strengthening Foundations for Sustainable Management

- Supports for suppliers affected by COVID-19

The Hyundai Motor Group, which is comprised of Hyundai, Kia, and Hyundai Mobis, has been operating a KRW 960 billion financial support program to assist suppliers affected by COVID-19. It included a contribution in 2020 worth KRW 120 billion targeting small- and medium-sized suppliers facing immediate credit crunches. It allowed the Group to assist in stabilizing auto parts manufacturers that provide a strong foundation for the automobile industry as a whole.



Increasing Overseas Sales Channels

- Joint entry into overseas markets

Hyundai's expansion of its overseas production volumes increases both the exports of the Tier 1 suppliers with which it has formed a direct business relationship at home and those of its Tier 2 and Tier 3 partners. Partnerships that have been developed in Korea are now being expanded overseas. They offer a range of programs that allow the company's global operators to offer greater opportunities to their suppliers.

- Supporting increased exports by Tier 2 and Tier 3 suppliers

Hyundai assists its Tier 2 and Tier 3 suppliers in upping their export volumes in a number of ways. They include encouraging their participation in automotive parts exhibitions held both in Korea and overseas, as well as a program that matches Korean parts manufacturers with overseas buyers. Ninety-eight companies benefited from this assistance in 2019. Although it didn't take place in 2020 due to COVID-19, the company plans to assist one hundred suppliers in 2021. In Korea, the company's parts suppliers are assisted in paying setup fees for booths at the Korea Automotive Industry Exhibition, and are also helped in organizing one-on-one meetings with international buyers. Overseas, the company assists them in covering a number of expenses, including the fees needed to participate in industry exhibitions and such related costs as airfare and accommodations.

Building Growth Infrastructures

- Global Partnership Center

The Center provides Tier 1 and Tier 2 automotive parts suppliers with a wide range of both basic and expert-level job training courses. The goal is to increase their competencies and enhance their competitiveness in the automobile industry as a whole.

GPC Education Goals

Mission

To increase suppliers' skills through training and seminars

Directions

Subject

Establishing training programs with a focus on supplier training centers and integrating seminar venues

Activities

Enhancing capabilities through supplier training programs and strengthening the effects of seminars

Tasks in the works

Tier 1 and 2 parts suppliers

Fulfilling social responsibilities by assisting SMEs and local communities

Basic philosophy



Education



Seminar



Infrastructure



Future goals

Building a virtuous cycle in which Hyundai Motor Group and its suppliers can grow together by improving their skills and enhancing their competitiveness

Information is available on the GPC's website.

신청가능 과정 Q과정(온라인 Q과정, 집계 Q과정)				
제공 과정				
자동차산업 전문가육성 코어클	자동차산업 전문가육성 CREO 일문 (DWG)	자동차산업 전문가육성 스마트 MES	자동차산업 전문가육성 스마트공장리더일문	직무 기본교육 프리젠테이션
내용 - 자동차부품의 디자인과 제작 과정 - 자동차부품의 원자재 및 제조 과정 - 자동차부품의 품질 관리 과정	내용 - 자동차부품의 디자인과 제작 과정 - 자동차부품의 원자재 및 제조 과정 - 자동차부품의 품질 관리 과정	내용 - 자동차부품의 디자인과 제작 과정 - 자동차부품의 원자재 및 제조 과정 - 자동차부품의 품질 관리 과정	내용 - 자동차부품의 디자인과 제작 과정 - 자동차부품의 원자재 및 제조 과정 - 자동차부품의 품질 관리 과정	내용 - 디자인 도면을 최적화로 놓고, 그에 맞는 설계 및 제작 과정 - 디자인 도면을 최적화로 놓고, 그에 맞는 설계 및 제작 과정
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1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

- Supporting Win-win Growth

- Supply Chain ESG Management

3.4 Product Quality

3.5 Customers

3.6 Communities

4 Governance

5 ESG Factbook

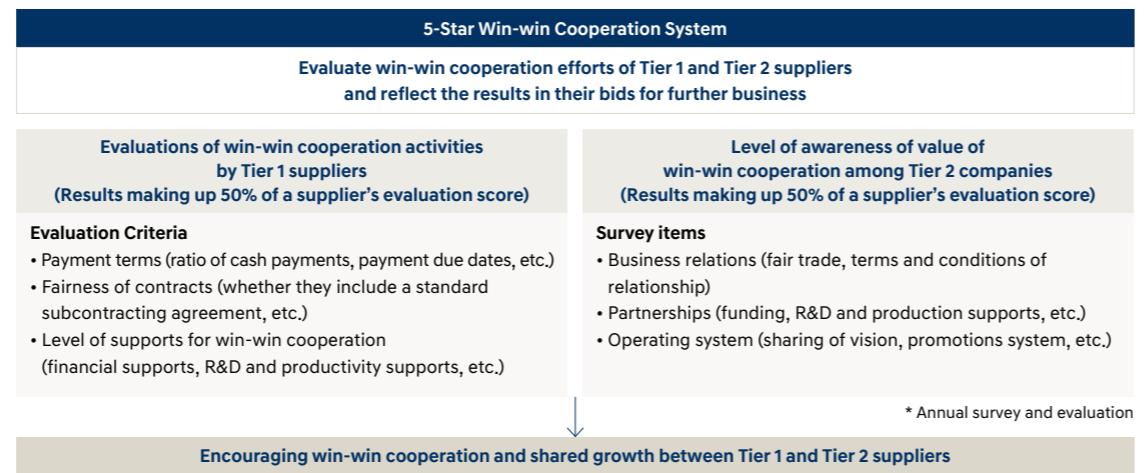
Encouraging Win-win Growth

Hyundai is working to strengthen its communication networks with its Tier 1, Tier 2, and Tier 3 suppliers, in addition to its Tier 1 and Tier 2 suppliers in a bid to encourage the development of a culture that promotes transparency and insists on fair trade. Hyundai is also striving to build a culture of shared growth by signing joint growth agreements with suppliers.

Strengthening Cooperation Network

- Operating 5-Star System for win-win cooperation

Hyundai's 5-Star Win-win Cooperation System has been in operation since 2019. Its goals are to assist the company in complying with the requirements of fair trade and to encourage win-win cooperation between its first- and second-tier suppliers. Its results are evaluated annually, with leading suppliers being rewarded for their efforts.



Strengthening Win-win Cooperation between Tier 2 and Tier 3 Suppliers

- Developing higher-quality technologies and offering management consultations

A key factor in improving the quality of the vehicles produced by Hyundai is the quality of the technologies owned and operated by its Tier 2 and Tier 3 who supply to Tier 1 suppliers. The company deals with this issue by dispatching no-cost teams of specialists to its suppliers to assist them in increasing their quality and enhancing their technologies, productivity, and global competitiveness.

Technical Assistance (Quality and Technology Volunteer Group)

Composition	Technical experts in various production areas
Duration	5 to 7 months at the suppliers, providing guidance free of charge
Areas	Injections, rubber, painting, electrical and electronic, cutting and processing, heat treatments, presses, welding, metal plating, cast-iron casting, aluminum casting, forging, etc.

Management Consultations (Supplier Support Group)

Composition	Professionals with experience in the automobile industry as senior executives
Duration	3 to 12 months, providing consultation regarding overall management free of charge
Areas	R&D, production and production technology, product quality, business management, overseas sales, planning, etc.

Growing a Culture for Win-win Growth

- Fair trade agreements

Hyundai has been signing year-long fair trade agreements with its suppliers as part of its commitment to joint growth since 2008. The one that was signed in 2020 was the twelfth. It included agreements on such topics as price adjustments that reflected the actual cost of raw materials, financial supports, subcontracts, and increasing the company's level of assistance to its Tier 2 and Tier 3 suppliers.

Transparent Purchase Practices Center

Providing suppliers guidelines on ethical conduct is important for both Hyundai and its suppliers to work together and produce finished cars in a fair and transparent way. To ensure that the relationship is always based on fairness and transparency, Hyundai Motor Group operates a Transparent Purchase Practices Center that suppliers can access on its website. It contains a suggestion box that suppliers can use to voice their opinions and suggestions, outline their complaints, and offer their suggestions about ways to improve the company's systems and operations. A separate but identical suggestion box can be accessed by the company's Tier 2 and Tier 3 suppliers.

Awarding mutually beneficial growth initiatives

Hyundai has been evaluating the efforts made by its Tier 1 and Tier 2 suppliers to contribute to mutually beneficial growth since 2009, with the leading candidates being awarded prizes. Thirty-six of its suppliers had been rewarded for the excellence of their efforts as of 2020.

Win-win growth and long-term cooperation

Hyundai's parts suppliers consist of Tier 1 members, which provide parts to it directly, Tier 2 operators, which supply parts to the Tier 1 members, and general suppliers who supply it with more generalized types of products. The company's Joint Growth Team is tasked with communicating with all three levels of suppliers in such areas as policy implementation and enhancing the competitiveness of Korean automotive parts. The team's efforts over the years have resulted in the formation of a very positive, long-term collaboration and cooperation system that supports the efforts of the company's suppliers in such areas as production technologies and R&D, raising the competitiveness of both the company, its partners and the Korean automotive parts industry as a whole.

Average trading periods	<ul style="list-style-type: none"> Average life-span of small- and medium-sized Korean manufacturers: 12.3 years Average length of the relationships they form with Hyundai Motor Company and/or Kia: 30 years. 						
Number of suppliers by length of relationship	<ul style="list-style-type: none"> 10 years or longer: 97% Under 10 years: 8 (3%) 10-20 years: 26 (25%) 20-30 years: 73 (25%) 30-40 years: 100 (34%) 40 years or more: 84 (29%) 						
Supplier performances in 2020 compared to 2001	<table border="1"> <tbody> <tr> <td>Financial improvements</td> <td> <ul style="list-style-type: none"> Sales volumes increased by 4.4 times The number of suppliers with sales of more than KRW 100 billion increased by 2.6 times </td> </tr> <tr> <td>Growth in size</td> <td> <ul style="list-style-type: none"> Large and well-established Korean companies increased in size by 3.4 times The total market capitalization of Hyundai's listed suppliers increased by 14.1 times </td> </tr> <tr> <td>Joint entries into overseas markets</td> <td> <ul style="list-style-type: none"> 748 companies have entered overseas markets with Hyundai </td> </tr> </tbody> </table>	Financial improvements	<ul style="list-style-type: none"> Sales volumes increased by 4.4 times The number of suppliers with sales of more than KRW 100 billion increased by 2.6 times 	Growth in size	<ul style="list-style-type: none"> Large and well-established Korean companies increased in size by 3.4 times The total market capitalization of Hyundai's listed suppliers increased by 14.1 times 	Joint entries into overseas markets	<ul style="list-style-type: none"> 748 companies have entered overseas markets with Hyundai
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Four criteria awarding for subcontracts

- Advisable conclusion of contracts
- New supplier registration and management
- Management of an internal subcontract deliberation committee
- Advisable document issuance and preservation

Transparent and ethical practice suggestion box

- Purpose of suggestion and reporting boxes
- How to make suggestions and reports (internet/ARS)
- How to maintain anonymity and confidentiality
- How to check responses to suggestions and reports

* Targets of analysis: Tier 1 parts suppliers (Excluding company affiliates and non-parts suppliers with less than 10% rate of dependence)

1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

- Supporting Win-win Growth

- Supply Chain ESG Management

3.4 Product Quality

3.5 Customers

3.6 Communities

4 Governance

5 ESG Factbook

Supply Chain ESG Management

Hyundai provides guidelines within its Code of Conduct for Suppliers, and expects that its suppliers will utilize them to improve their ESG management policies and practices. It follows up by monitoring its suppliers' ESG activities, requiring them to analyze the results of their actions and asking them to participate in evaluations conducted by outside organizations specializing in such work. The company is improving its systems to strengthen the effectiveness of such analyses and assessments.

Supply Chain Management Policy

Hyundai has a number of programs in place to improve the ESG performance of the companies supplying its parts. They include providing them with guidelines for their ESG management activities, carrying out ESG tests and evaluations, and assisting them in making improvements. The company also established a Code of Conduct for Suppliers in June 2020 as a means of encouraging its suppliers to practice ESG performance activities both externally and internally and to recognize their importance. It also operates an evaluation process involving self-diagnoses and improvements in cooperation with specialized outside agencies.

Although the company targets all its parts suppliers for assistance with their ESG management activities, it is especially interested in helping its core suppliers based on the importance of their technology and business type, as well as high-risk suppliers. In addition, detailed issues of increasing importance at home and abroad among the supply chain ESG evaluation factors are designated as separate themes and managed intensively.

An increasingly important topic in the world of ESG performance is conflict minerals. Hyundai is especially concerned with knowing if the raw materials that are used in its manufacturing processes have been mined or otherwise procured through the efforts of internationally recognized and certified smelters, and that the processes in their production have been treated with ethics and transparency. The company's 5-star evaluation system, which has been in operation since 2019, plays a major role in encouraging stronger partnerships between Tier 1 and Tier 2 companies to ensure fair trading and win-win cooperation and collaboration among them.

Supply chain ESG management activities

- Published Supplier Code of Conduct

- Established regulations in five areas of ESG governance: Ethics, environment, labor and human rights, health and safety, and overall ESG management
- Established supply chain ESG evaluation and management processes
- Created evaluation indicators: Consist of 155 questions, including self-evaluation items
- Developed separate evaluation indicators reflecting requirements of outside evaluation organizations, including DJSI, Drive Sustainability, Ecovadis, RBA, and legal requirements
- Established supply chain ESG management and improvement processes

Supply chain ESG management areas



Status of Hyundai's Supply Chain

Hyundai is intensely involved in the operations of its most important parts suppliers, given the rapidity and complexity with which automobile technologies are developing and how these changes may affect the availability and delivery of the parts it needs. A grand total of 1,880 Tier 1 suppliers and more than forty companies that supply the company with hydrogen fuel cell parts, batteries and related parts, and core control parts fall into this category, along with about ten of its Tier 2 suppliers. The company is in constant communication with these operators, since its business with them is expected to increase dramatically going forward.

Classification	Detailed Classification	Number of Companies	Percentage of purchases
Tier 1 suppliers	Parts suppliers	1,880	100%
	Domestic (including parts importers)	780	-
	Overseas	1,100	-
	Critical suppliers	40	40%
Tier 2 or higher suppliers (Other than Tier 1)	Critical suppliers	10	-

Supply Chain Management Items and Standards

Classification	Quality	Delivery	Technology	Mutually Beneficial
Managed items (management and evaluation period: 1 year)	Quality management system, ratio of defects, reimbursement ratio for defects, quality management	Operational failures of production lines, delivery rates for after-sales services, delivery rates for knockdown ¹⁾ parts	Basic capabilities, execution capabilities, future capabilities	Payment conditions, contract fairness, observation of laws, support for mutually beneficial collaboration and cooperation
	Safety	Eco-friendly Parts	Ethics and Human Rights	
ESG performance (management and evaluation period: Frequently)	Safety management manuals, safety management organization, employee safety training, workplace accidents, risk management	Prohibiting the use of harmful substances, providing information about chemical substances (IMDS), establishing internal eco-friendly operating system, environmental management	Transparent management (such as prohibitions against soliciting and bribery), adherence to contracts, labor and human rights, prohibition against discrimination	Supply chain ESG risk evaluations

1) Knock Down: Exporting a knock-down kit containing parts needed to assemble a product in a local market

Conflict Minerals Management

Hyundai is building a conflict minerals management system to prohibit the use of conflict minerals that have been unethically mined in conflict zones and that may be used in parts for its vehicles. Its goal is to determine if the minerals have been procured through certified supply chains and smelters. The stipulations regarding responsible materials purchasing contained in Hyundai's Supplier Code of Conduct illustrate how seriously the company takes its management of social and environmental issues. These issues include—but are not limited to—infractions of human rights, ethical violations, and negative environmental impacts that might occur in the mining and processing of conflict minerals like tin, tungsten, tantalum, and gold that are used in parts supplied to the company. The company will disclose its conflict minerals investigation results and strive to operate a responsible mineral procurement system.

1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

- Supporting Win-win Growth

- Supply Chain ESG Management

3.4 Product Quality

3.5 Customers

3.6 Communities

4 Governance

5 ESG Factbook

Supply Chain ESG Assessment Activities

Supply Chain Assessments and Supports

Hyundai has established a system for evaluating the ESG performance levels of its suppliers and suggesting improvements when necessary. Consisting of self-diagnoses conducted by the suppliers themselves, as well as testing carried out by the company and expert outside organizations, they measure how seriously each supplier is taking its responsibilities in the areas of ethics, the environment, labor and human rights, health and safety, and management system.

All the company's Tier 1 suppliers must conduct self-evaluations, with its core and high-risk suppliers being required to do theirs in writing and on-site. It follows up by monitoring their ESG management activities to ensure that they have made any required improvements. It plans to add to the targets of its ESG evaluations (written and on-site) and improve its processes for conducting ongoing evaluations.

The company also carries out annual evaluations of its Tier 1 suppliers in the context of its 5-star win-win cooperation evaluation system. The results of these evaluations are reflected in the scores the company uses to choose which companies it wishes to do business with.

It also does specialized evaluations and inspections using its in-house safety experts. They are targeted at suppliers whose operations are especially dangerous. Last but not least, the company provides all its Tier 1 suppliers with safety-related educational content and requires them to enroll in online safety training seminars.

Evaluating Supply Chain ESG performance

• ESG evaluations of Tier 1 suppliers

- 1) ESG evaluations: Self-diagnoses by suppliers - Written and on-site evaluations - Measuring improvements
- 2) Pilot testing in 2020
 - Targets: 20 companies selected from suppliers doing business with Hyundai and its affiliates
 - Content: Written evaluations → On-site evaluations → Analysis of evaluation results

• 5-star system for mutually beneficial collaboration and cooperation

- 1) Purpose: Strengthening win-win cooperation between Tier 1 and Tier 2 companies
(Resulting scores are used when selecting which companies to do business with)
- 2) Targets: Tier 1 suppliers
- 3) Content: Win-win cooperation activities among Tier 1 companies; assessing awareness levels of Tier 2 companies

• Health and Safety and Environmental Management

- Participated in suppliers' health and safety site tours since 2017
- Distributed safety management guides and shared information about leading cases
- Prohibition against use of harmful substances in suppliers' production processes and parts (starting in 2017)
- Adopted IMDS¹⁾ system to determine whether parts contain harmful substances
- Provided suppliers with certifications for their health and safety and environmental management systems

1) IMDS (International Material Data System): A global data repository containing information about materials used in the automotive industry.

Supply Chain ESG Management Targets

		Number of companies	Percentage
Assessment of Supply Chain ESG Performance	Tier 1 suppliers (excluding parts importers)	380	20%
	Tier 2 or higher critical suppliers	40	100%
Identifying high-risk suppliers	Tier 1 suppliers	38	10%
	Tier 2 or higher critical suppliers	0	-
Monitoring of critical suppliers	Monitoring targets	50	100%
	High-risk suppliers included among targets of monitoring	38	100%
Corrective measures for high-risk suppliers	Targets required to implement corrective measures	38	100%

Supply Chain Sustainability Goals

Sustainability Goals	Performance			Goals
	2018	2019	2020	
Acquired OHSAS 18001 and ISO 45001 Occupational Health and Safety Management System Certificates for Tier 1 suppliers	98%	99%	100%	100%
Acquired ISO 14001 Environmental Management System Certificates for Tier 1 suppliers	87%	91%	92%	100%

Assessing Supply Chain ESG performance	Performance				Goals	
	2020		2021			
	20%	20%	20%	60%		

Assessing and Improving Supply Chain ESG Performance



Supplier Safety Improvement Processes



1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

3.4 Product Quality

- Quality and Safety

- Safety Evaluations

- Quality Control and Warranties

3.5 Customers

3.6 Communities

4 Governance

5 ESG Factbook

Product Quality

Quality and Safety

Hyundai's commitment to the highest possible level of quality management in everything it makes and sells shows how much it is focused on producing defect-free vehicles that will never break down. This includes strengthening organizational units tasked with dealing with safety and service quality issues at all its customer contact points, strengthening its after-sales systems, and insisting on early detection and making immediate improvements in order to stop minor safety and service issues from becoming more serious. These and other issues regarding proactive quality and service activities are an integral part of Hyundai's commitment to customer satisfaction and trust. The company's third-generation platform that it developed in 2019 was applied to many of its mass-produced vehicles, including AVANTE, SONATA, TUCSON, and GV80. All of them have scored extremely high in collision tests. The company will continue with its commitment to offering drivers the highest possible level of quality and safety by developing new safety technologies that it can then apply to its autonomous and eco-friendly vehicles. The company is planning to enhance its safety training operations and establish a Safety Management System (SMS) by 2023. Its decision is based on information and data it has received from safety and quality training programs, safety and quality reporting centers, safety information analysis entities, and safety test sites in North America.

Constantly Enhancing Vehicle Quality and Safety

Third-generation Platform: Ultimate in Vehicle Quality and Safety

The term "car platform" refers to a shared set of design, engineering, and production efforts and major components that are installed in a number of outwardly distinct vehicle models and types. The concept allows automobile manufacturers to concentrate their efforts on more fundamental aspects of its vehicles, such as design, driving performance, safety, and interior space. Hyundai's first-generation platform was developed in 2008. It was followed by a second-generation one in 2015. It quickly earned a reputation for having the highest level of collision safety in the entire automobile industry. Extensive and state-of-the-art R&D then led to the birth of Hyundai's third-generation platform in 2019. Its many features include even greater safety levels, a high energy absorption rate, maximized cabin frame preservation in the event of an accident, and an extremely stable vehicle posture following a collision. The public's awareness of the high safety performance of Hyundai's third-generation platform and the vehicles mounted on it increased markedly following Tiger Woods' rollover accident with his GV80 in February 2021. The company will continue its commitment to industry-leading design, safety, and convenience going forward.

Redundancy System for Autonomous Vehicles

Driver safety is integral to the development and popularity of vehicles that are capable of completely autonomous driving under limited driving conditions. Hyundai has developed a state-of-the-art redundancy system that ensures that the steering, braking, power, and communications functions of its autonomous vehicles deliver the ultimate in driver safety and security in any driving situation and in the event of any system failure. With the development of this system now completed, the company is taking the next step of embarking on an in-depth evaluation stage, using test vehicles to ensure that the system performs optimally in any possible failure scenario. In addition, the company is taking steps to guard its autonomous vehicles against the threat of cyber attacks. They include building a sensor cleaning system to strengthen the cyber security functions of each autonomous vehicle's major systems and lessen the possibility of cognitive performance degradation due to the degradation of its light detection, ranging, and camera sensors. The company is planning to develop redundancy, cyber security sensor cleaning and other safety technologies for autonomous vehicles, and produce a robotaxi that will be capable of guaranteeing the safety of its fares in any situation by applying them. It is slated for commercial use in 2023.

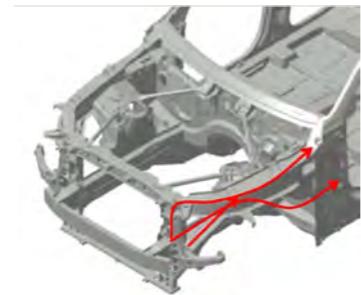
 **The world's first hydrogen guidebook: Are hydrogen-powered electric vehicles really safe?**

Communications Regarding Safety of FCEVs

FCEVs made by Hyundai are recognized throughout the world for their high level of quality and safety. Its NEXO, which was launched in 2018, was named the industry's safest SUV by the Euro New Car Assessment Program. It was also rated "Good" in all the crash tests conducted by the US Insurance Institute for Highway Safety (IIHS). It has also won recognition for its safety features and performance in a variety of hydrogen tank certification tests conducted both in Korea and around the world. These have included drop impact, shooting, and flame tests, as well as safety assessments conducted under the same conditions as those used for vehicles equipped with internal combustion engines. The hydrogen gas used in Hyundai's FCEVs has a completely different reaction principle and concept than the deuterium and tritium used in hydrogen bombs. It is a clean fuel with a high safety level compared to other fuels. Despite this, some people have expressed doubts that have led to misunderstandings about its safety. This situation led Hyundai to produce a five-part Hydrogen Guidebook. Released in 2020, its purpose is to reduce such misunderstandings and raise people's awareness of the true nature of hydrogen and hydrogen-powered electric vehicles.

Features of Hyundai's Third-Generation Platform

Classification	N3 Platform	K3 platform	M3 platform
Targets	Front-wheel-drive midsized or larger vehicles	Front-wheel drive subcompact and mid-sized vehicles	Rear-wheel drive vehicles
Applied car models	SONATA, TUCSON, STARIA	AVANTE	GENESIS G80, G90, GV70, and GV80



Design-Friendly Platform

- Engine room, seating, underfloor, luggage space, etc, have all been lowered → Increased interior space
- The overall height has been lowered and the cowl point moved further to the rear compared to the previous platform → More dynamic design ratio



Safety-First Platform

- Rearranged body structure → Average strength increased by 10%, average weight reduction of at least 55kg
- Multi-load path structure for dispersing energy during a collision
- Increased use of ultra-high-strength steel sheets and hot stamping → Maximized strength in passenger space



Energy-Efficient Platform

- Enhanced power and increased fuel efficiency gained by installing Smartstream powertrain and using engine room flow-control technology
- Enhanced power and increased fuel efficiency by positioning underbody lower and flattening it to reduce air resistance



Fun to Drive Platform

- Fast and easy driving performance offers drivers immediate responses and enhanced stability in a variety of driving environments

Car Models by Platform Type



1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

3.4 Product Quality

- Quality and Safety

- Safety Evaluations

- Quality Control and Warranties

3.5 Customers

3.6 Communities

4 Governance

5 ESG Factbook

Safety Evaluations

Five Models Named “Safest Cars” by the IIHS¹⁾ as of February 2021

Hyundai is raising its level of collision safety by conducting a series of in-house tests under stricter conditions than those used in most of the collision safety evaluations run by independent outside organizations.

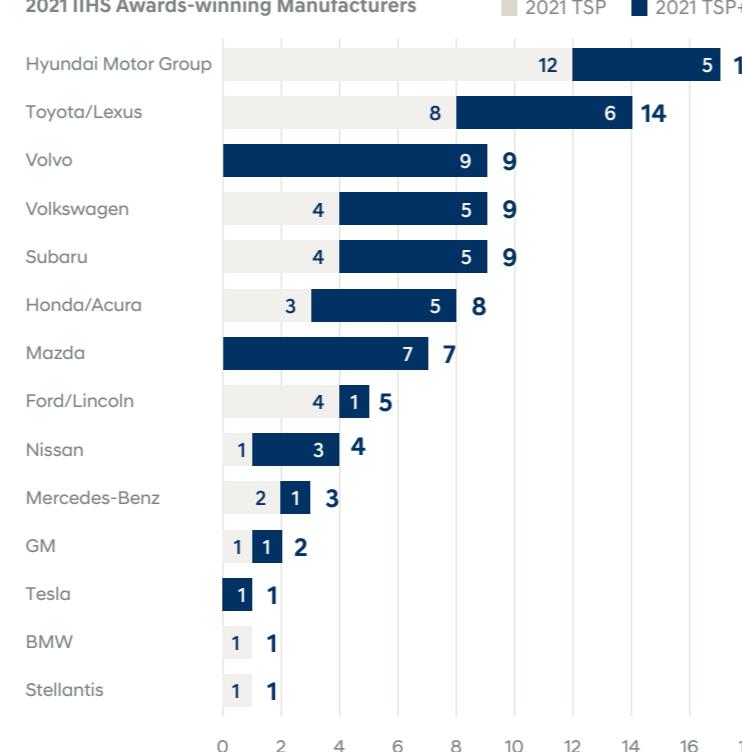
As a result of its commitment to and insistence on the very highest safety standards, five of the Hyundai Motor Group's 17 vehicle models were named “safest vehicles (TSP+)” following 2021 collision evaluations conducted by the IIHS. The organization has a reputation for being one of the world's most stringent vehicle collision safety evaluation agencies. Global vehicle safety evaluations are becoming stricter every year, requiring vehicle manufacturers to meet constantly increasing demands for ever-better safety technology developments. Four Hyundai models received the Top Safety Pick+ (TSP+) rating awarded for the safest vehicles by the IIHS, with another five models receiving its Top Safety Pick (TSP) rating. They included seven Hyundai car models and two by GENESIS.

The highest “Good” rating for all items within the IIHS collision safety category must be obtained to be awarded its TSP and TSP+ classifications. It is also necessary to obtain an “Advanced” or higher evaluation in the forward collision accident prevention category.

Hyundai has increased the safety levels of its vehicles in the event of collisions by applying the very latest in automotive body design technology and significantly increasing its use of light-weight, hard steel plates. It also uses such state-of-the-art technologies as a multi-skeletal structure that absorbs extra energy during frontal collisions. Hyundai is committed to protecting the lives and safety of its customers, reaffirming its reputation as the world's safest car brand.

1) Insurance Institute for Highway Safety

2021 IIHS Awards-winning Manufacturers



TOP SAFETY PICK +



Quality Control and Warranties

Voluntary Recalls

Hyundai carries out all recalls of its vehicles on a voluntary basis. It also pays great attention to complaints made by its customers both at home and abroad, and strives to improve the quality and safety of its products at all times. This includes increasing voluntary recall-related provisions for quality assurance. Its ultimate goal is to ensure the highest degree of customer satisfaction, all the way from the development to the sale of its vehicles and even long after.

Status of Voluntary Recalls

Year	2017	2018	2019	2020	2021*
Number of recalls	25	26	26	32	5
Number of vehicles affected	5.5 million	1.57 million	1.96 million	6.23 million	0.93 million

*As of March 2021

Warranty Provisions

(Unit: KRW million, Based on consolidated financial statements)

Provisions	2017	2018	2019	2020
Provision warranty balance at the beginning of the period	5,612,978	5,226,297	5,177,128	5,447,307
Warranty payments (costs) made during the period	1,743,049	1,765,815	2,261,010	1,963,782

1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

3.4 Product Quality

3.5 Customers

- Customer Experience Programs

- Customer Services

- Protecting Customer Rights

3.6 Communities

4 Governance

5 ESG Factbook

Customers

Customer Experience Programs

Driving Experience Program

The Hyundai Motor Group Driving Experience Program at the Inje Speedium in Inje, Gangwon-do province gives people a chance to drive vehicles made by Hyundai, Kia, and Genesis. The company is adding to its lineup of available cars in 2021 to include its high-performance N and EV vehicles, allowing current and potential customers to experience a wider range of its vehicles.

The company also offers other programs, giving people opportunities to experience the pleasure of sports-car driving. Sportier types can enjoy more adventurous “hands-on” events, ranging from track days and test drives to circuit taxi experiences. Step-by-step driver training courses can also be booked.

The Longest Run, Making A Difference in the World

The “Longest Run, Making a Difference in the World” is one of Hyundai’s eco-friendly CSR programs connecting its online and offline platforms. It involves developing the “IONIQ Forest” to reduce particulates and buying eco-friendly heaters for the underprivileged. Being part of the race allows people who have been cooped up in their homes for months to take part in this worthwhile venture and an exciting virtual race. Launched in 2016, it has already attracted more than 100,000 eco-runners who have planted a grand about 23,000 trees in a landfill near Incheon called the “IONIQ Forest.”

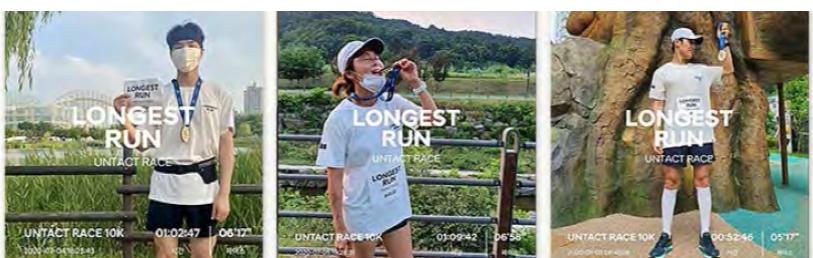
The 2020 event had to take place virtually because of social distancing during the COVID-19 pandemic, with participants choosing which ten kilometer-long course they wanted to run. Completing the race gave them a very welcome chance to help with environmental protection while also aiding their health. Everyone who finished was awarded eco-miles that they could use to purchase products from Buzz Plus and Garmin at discounted prices. All the fees for entering the race were used to help create a children’s running track in Seoul Children’s Grand Park. It is made from recycled tires and car seats that have been pulverized and then ground into TPU foam chips. It was more meaningful in that it was developed by the joint participation of citizens.

A healthy activity that considers the environment will become an eco-friendly “movement,” not just an irrelevant activity, that makes the environment better and improves the bodies and minds of the citizens.

HMG Driving Experience Program



“Longest Run” virtual race participants



“for Tomorrow” project

“for Tomorrow” is a long-term project that is being carried out in partnership with the United Nations Development Program, or UNDP. Its URL is www.fortomorrow.org. Its goal is to help resolve problems facing people around the world in such areas as transportation, housing, and the environment through crowdsourcing. Officially launched by the company in September 2020 after signing an agreement with the UNDP, it operates an open innovation platform in which anyone can propose solutions for a sustainable future.

Suggestions and solutions were received from people in more than thirty countries within six months of its launch. Because future-oriented change cannot always be made by individuals or organizations working alone, the platform has been designed to help concerned citizens around the world achieve their goals by working in collaboration with the UNDP’s “Accelerator Labs” and experts in various fields.

for Tomorrow is more than just another corporate brand activity. It is also a social movement that encourages people to participate in creating a better future. It allows the company to go beyond merely communicating its sustainability vision and instead take a real leadership role in bringing about a healthier and happier future society.

 for Tomorrow Platform



1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

3.4 Product Quality

3.5 Customers

- Customer Experience Programs

- Customer Services**

- Protecting Customer Rights

3.6 Communities

4 Governance

5 ESG Factbook

Customer Services

Hyundai is committed to providing the best services possible to its many customers, utilizing its nationwide customer service infrastructures. This includes giving them in-depth information about how to use their cars more safely, conveniently, and cost-efficiently.

Improving customer services and experiences

Built to serve as customer communications channels, Hyundai's service bases provide its customers with a wide range of services beyond just maintenance. The company's nationwide network of 1,400 bases includes both directly-operated service centers and Bluehands, the company's official service supplier. The company is also strengthening its eco-friendly and premium service programs to ensure heightened levels of customer satisfaction. This includes establishing about three hundred Bluehands outlets for the owners of electric and hydrogen electric vehicles, and more than five hundred for Genesis drivers. As a result of activities like these, the company has received excellent results in customer service surveys every year. They include placing first in five categories in the National Customer Satisfaction Index (NCSI) survey and in nine categories in the Korean Standard-Quality Excellence Index Index (KS-QEI). The company will remain committed to ensuring unchanging service quality going forward.

Strengthening global services

Automobile service operations are changing at an unprecedented rate as the market continues to fragment into such segments as eco-friendly vehicles and mobility services. Hyundai is meeting this challenge by formulating a global service strategy that calls upon its headquarters, overseas subsidiaries, and overseas dealers to provide custom-tailored services to every type of customer.

Hyundai is committed to offering optimized services to all its customers, diversifying its service bases, and implementing ideal customer service processes from within a mid- to long-term perspective. It will also develop mid- to long-term service strategies and enhance customer management when it establishes subsidiaries in the Asia-Pacific region, such as Indonesia, Vietnam, and the Philippines.

The COVID-19 virus that disrupted 2020 has sharpened the need for enhanced but virtual customer care services. Hyundai has risen to this challenge by implementing a variety of COVID-19 customer care programs, such as disinfecting car interiors and providing screens for use by taxi drivers using its global network. It has also made improvements to its number of online and mobile customer services. They include upgrading its text-message-based service communications channel that it launched in 2019 and introducing a first-in-the-world mobile repair service in Indonesia.

Another step that the company has taken in response to the pandemic is the establishment of an electric vehicle service model to accommodate the growing popularity of EVs. When it is fully operational, it will provide drivers around the world with a wide range of supports and services, from vehicle management to charging solutions and high-voltage battery care, so that they can use EVs without any inconvenience. The company is also strengthening its pre-delivery standard inspection procedures for eco-friendly vehicles to address customer concerns about the quality of its new vehicles.

Service Brands

	Bluehands	Bluehands is Hyundai's official service supplier. Its nationwide network provides customers with efficient services at a variety of locations close to wherever they live. It is also committed to enhancing customer safety and convenience.
	Bluemembers	Bluemembers memberships are open to all Hyundai owners. It enables them to derive even more enjoyment from their vehicles and enhances their convenience.
	Blue Link	Blue Link is Hyundai's connected car service. It offers customers a wide range of services, including remote vehicle control, safety and security, vehicle maintenance, route information, and concierge services.
	Auto Link	Autolink is Hyundai's Blue Link service for overseas customers. It provides a variety of driver location-based services, such as the gas price discount service, and the driving-pattern-big-data based insurance discount service. It also works in partnership with the car sharing and car hailing businesses.

Results of Outside Customer Satisfaction Surveys

National Customer Service Index (NCSI)	Korean Standard-Quality Excellence Index (KS-QEI)	Korean Customer Satisfaction Index (KCSI)	Korean Standard-Service Quality Index (KS-SQI)
			
Ranked first in five categories Semi-Medium, Medium, Semi-Large, Large, and RV	Ranked first in nine categories Semi-Medium/Large, Semi-Medium Passenger Vehicles, Compact-Semi-Medium, Compact/Semi-medium/Medium/Large SUVs, EVs, and After-sales service	Ranked first in passenger vehicle and RV categories	Ranked first in after-sales service category

1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

3.4 Product Quality

3.5 Customers

- Customer Experience Programs
- Customer Services
- Protecting Customer Rights**

3.6 Communities

4 Governance

5 ESG Factbook

Major Customer Service Programs

Hyundai offers a wide range of service programs to ensure heightened customer satisfaction after its vehicles are sold. This includes an "Excessive Maintenance Prevention Program" to compensate customers for any damages caused by services provided by the company.

Service Programs in Korea

Type of Service	Details
Before Service	Visits a location designated by a customer and provides vehicle maintenance and advice and assistance
Blue Basic Inspection	Provides Bluemembers members with free annual inspections and after-care service eight times over eight years
Emergency Road Service	Provides emergency road services when vehicles or engines sold by Hyundai won't start or drive properly
Home-to-Home Service	Picks up vehicles where and when designated by customers and delivers them after repairs are made. Especially designed for customers who don't have time to visit a repair center.
Excessive Maintenance Prevention Program	Offers up to 1,000% worth of compensation for excessive repair bills. Provides detailed information on repairs needed before they are made to enhance customer trust.
Emergency Charging Service	Provides 7 kWh worth of free EV charging for stranded drivers, enough for 22-44 km of driving
Car Rental Service	Provides long-term car rentals for customer convenience when repairs are needed during the warranty period
Flexible Warranty Periods	Enable customers to choose a warranty period that suits their needs

Special Services for Genesis Car Owners

Type of Service	Details
Genesis Butler Service	Exclusive butler service for each Genesis customer
Genesis Visiting Auto Care Service	Visit any location that customers desire and provide a replacement service for engine oil and other consumables
Genesis Airport Service	Provides Genesis drivers using Gimpo International Airport with free car valet services, consumables replacement services (Mobility Care) while traveling
Genesis Home-to-Home Service	A high-quality service by a professional vehicle transport company as part of Hyundai's Genesis Mobility Care service offered free of charge

Excessive Maintenance Prevention Program



Protecting Customer Rights

Product Labeling

Hyundai takes great care to ensure that its marketing activities do not infringe upon its stakeholders' privacy, do not apply double standards, and do not attempt to influence vulnerable groups, including children. The company regularly reviews its marketing around the world to ensure that they conform to all local legal, ethical, and cultural standards, and also has a process of responding to the opinions of local customers.

Country	Labeling Obligations
Korea	Product information: ID labeling (year of production, vehicle weight, vehicle identification number, type and model of car, tire, etc.)
	Fuel efficiency/environmental information: Fuel efficiency labeling, exhaust gas warning labeling
	Product safety information: Airbag warning labeling, etc.
China	Product information: ID labeling, vehicle identification number, W/screen, anti-theft warning labeling
	Fuel efficiency/environmental information: Fuel efficiency labeling
	Product safety information: COC labeling, child restraint system (CRS) warning airbag labeling
EU	Product information: ID labeling (vehicle weight, WVTA certification number, etc.), E-marks certifying various items (lights, safety belts, horn, mirrors, window glass, etc.)
	Fuel efficiency/environmental information: Refrigerant labeling, diesel engine labeling (i.e., value of corrected absorption coefficient), battery recycling labeling, fuel labeling
	Product safety information: Airbag warning labeling, spare tire (when provided) speed warning labeling, brake fluid level labeling, ISOFIX CRS anchor labeling
North America (U.S. and Canada)	Product information: Manufacturer's suggested retail price (MSRP) labeling
	Fuel efficiency/environmental information: VECI labeling (certified exhaust emissions data), refrigerant labeling
	Product safety information: Tire pressure information labeling, safety certification labeling, airbag warning labeling

1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

3.4 Product Quality

3.5 Customers

- Customer Experience Programs

- Customer Services

- Protecting Customer Rights**

3.6 Communities

4 Governance

5 ESG Factbook

Protecting customers' personal information

Hyundai operates a Personal Information Protection Committee, a company-wide consultation and decision-making body that is tasked with establishing, implementing, inspecting, and improving plans for safeguarding its customers' personal information. It is chaired by a Chief Privacy Officer, who is also the Head of the company's Korea Business Division. The company also appoints a CPO for each business division who is responsible for overseeing its personal information management processes. The Committee meets once a year, while its working-level subcommittee meets twice. Ad hoc meetings are also held as and when required in order to respond to issues relating to the protection of customers' personal information.

The company has also established a number of management and control systems to ensure the security of its personal information processing systems. They include a Personal Information System (PIS), a Homepage Total Protection System (HTPS), a Personal Information Monitoring (PIM) system, an Image Storage System, and a Security Assurance Management System (SAMS).

Reinforcing personal information protections and data regulation responses

Hyundai has established a number of data-related management and improvement directions. This work was done for about six months from April 2020 by organizing a cross functional team (CFT) in response to the increasing importance paid to people's data assets and to meet the requirements in the statutes contained in the central government's Individual Privacy Protection Act, Telecommunications Network Act, and Credit Protection Act.

The process led to the formation of a specialized team in October 2020 dedicated to the protection of people's personal information. Its functions are to carry out system, policy, training and education, inspection, and related activities by reorganizing the company's personal information protection programs and processes (which had formerly been included in the domestic sales area) into a dedicated company-wide team.

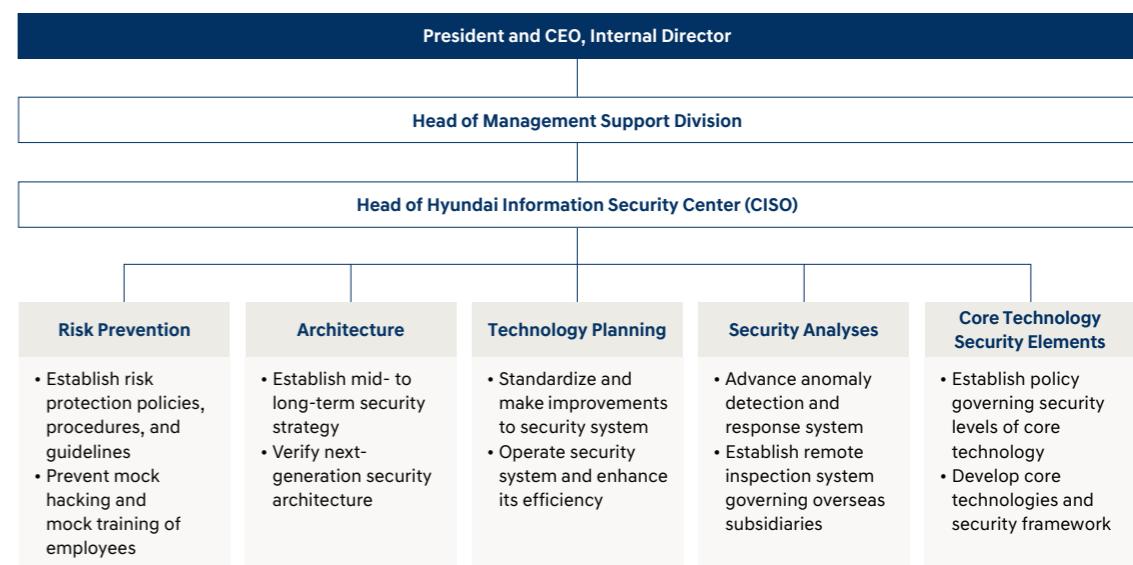
Major Activities

- Establishing improvement plans for use of data
- Identifying the status of the company's data management processes (subject to in-house regulations)
- Enhancing procedures for regulating data handling operations

Information Security and Cyber Security Management

Hyundai complies with all of the central government's rules and regulations governing the protection of people's personal information, including trade secrets and core national technologies, based on its information protection strategies and security policies. The company also formed an organization that will be totally dedicated to security. It is headed by a Chief Information Security Officer, or CISO. This is being done to ensure that the company meets all the central government's rules and regulations governing the protection of personal information, including its prohibition against the CISO holding concurrent positions as stated within the Information and Communications Network Act. The company placed the organization under the aegis of its Management Support Division recently in a bid to strengthen its performance.

Organization of Hyundai's Information Security Center



1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

- CSV Strategy

- CSV Activities by Area

- CSV Activities Around the World

4 Governance

5 ESG Factbook

Communities

CSV Strategy

CSV Strategy System

Hyundai's management activities are based on its CSV strategy system, which assists the company in creating social values and making positive impacts on society. The company strives to build a sustainable business ecosystem, with a particular focus on five areas: eco-friendly, mobility innovation, traffic safety, future generation, and community.

Vision

Mission

Values

Strategies

Areas



1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

- CSV Strategy

- CSV Activities by Area

- CSV Activities Around the World

4 Governance

5 ESG Factbook

CSV Activities by Area

Eco-friendly

The IONIQ Forest

Hyundai carried out an IONIQ Forest project from 2016 to 2020, working in collaboration with the SUDOKWON Landfill Site Management Corporation and Tree Planet. The project involved planting trees at the Incheon metropolitan landfill to create "particulate-reduction forests." The IONIQ Forest Project has created about 23,000 forests with forestry experts, customers who purchased IONIQ, and people who had taken part in the IONIQ Longest Run by 2020. The forest is estimated to absorb 225 tons of carbon dioxide and 1,100kg of particulates every year.

The company also operated a program called the "IONIQ Classroom Forest" during 2019 and 2020. It involved donating about 9,000 air-purifying plants to 924 classrooms at thirty-three elementary schools to help students that were vulnerable to the harmful effects of particulates.

This year it is participating in creating trails and planting camellias, azaleas, hydrangeas, and other beautiful flowers in the Sinsido National Recreation Forest located within the Saemangeum on the west coast. It is also planning to use IONIQ 5 cars to provide people with eco-friendly driving experiences on a 4.2km-long loop in the Recreational Forest. They will also be used to carry out eco-friendly activities like planting trees and picking up trash along the coast with the local community.

Environmental preservation near business sites

Hyundai is carrying out a variety of eco-friendly CSV activities designed to minimize the impact of production activities at its business sites on the surrounding environment while also strengthening ties with nearby residents. After it signed an agreement to assist with the development of the country's fishing industry in 2018, the company engaged in a number of environmental conservation activities to increase the biodiversity of the natural environment, including reservoirs and lakes located near its business sites. Its activities included releasing millions of fry and restoring the streams they need to live in. The company intends to continue with activities to conserve the environment and increase the biodiversity of the natural environment and other environmentally friendly CSV activities going forward.

IONIQ Forest



IONIQ Classroom Forest



IONIQ Classroom Forest

Hyundai Green Zone Project

The Hyundai Green Zone Project is a global ecological restoration project that the Hyundai Motor Group has been carrying out since 2008. Its first iteration, which took place from 2008 to 2013, covered fifty million square meters in the Chakanor and Apakachi regions of Inner Mongolia, both of which have always been leading sources of the fine yellow dust that blankets northern parts of China almost every year. It helped to turn what had once been an alkaline salt desert into fields of abundant grass.

The period 2014 to 2020 was spent carrying out the second phase of the project. It involved restoring the Baoshaodainao Nur, Zhenglan Qi, and Hagini regions of Inner Mongolia into similar grasslands. The company will transfer the perennial plants sowing method that was developed during the process to the local government in 2021, when it will start the third phase in Caiyojungchi and Uranchapu City, also in Inner Mongolia.

The Hyundai Green Zone Project will continue to welcome the voluntary participation of college student groups from the Chinese cities of Beijing and Tianjin, as well as employee groups from Hyundai and other parties that are interested in reducing desertification.

In recognition of these contributions to China and its people, Hyundai Motor Group was awarded a first-place ranking in the automotive company category of the country's very influential Corporate Social Responsibility Development Index Evaluation for five consecutive years. The index is operated by the CSR Research Center of the Chinese Academy of Social Sciences. The Group also took fourth place in its overall corporate rankings.

The Economist Indonesia Summit 2021

Hyundai participated in The Economist's Indonesia Summit 2021, held online at the end of March 2021. Addressing a main theme of "Towards a Sustainable Recovery" conducted over five sessions, the participants discussed ways to achieve a sustainable economic recovery once COVID-19 has become a thing of the past. Acting as a panelist in a session on "The Environmental and Business Imperatives," the company emphasized the dangers of development that does not consider the needs of the environment and the necessity of increasing clean mobility to achieve sustainable growth.

About 1,500 opinion leaders from the Asia-Pacific region, including Indonesian government officials and policy makers, international organizations, scholars, and business executives from there and elsewhere attended the summit, providing Hyundai with an excellent opportunity to communicate its vision regarding sustainability both through its online booth and during the actual sessions.

Hyundai Green Zone Project



1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

- CSV Strategy

- CSV Activities by Area

- CSV Activities Around the World

4 Governance

5 ESG Factbook

Mobility Innovation



Shucle

Hyundai recently introduced a pilot “Shucle” mobility service to make life easier for residents of Seoul who used to have to deal with inefficiently-designed public transit routes, too-long times waiting for buses, and other inconveniences as they went about their daily lives.

Now they just need to tap on the “Shucle” app when they want to hail a ride and a large van with an AI Dynamic Routing engine appears to take them where they want to go through an efficient route. The service uses a car-sharing algorithm capable of making route calculations and determining vehicle allocations in real time, so that passengers along similar routes and having similar destinations can share rides. The vans have been modified from fifteen to eleven seats and by the addition of a car seat, a luggage compartment, and wide footrests for little kids and old people. A free pilot service started in Jingwan-dong, Eunpyeong New Town, Seoul from February 2020 and ran to the following May, with 17,439 people using it.

Based on this free pilot service in 2020, its official service began in Eunpyeong-gu, Seoul, and Sejong City in 2021. Hyundai will continue its efforts to help improve the efficiency of the country's public transportation system in addition to providing a better mobile experience for individual users.

▷ SOLATI, providing enhanced public transportation options for people “Shucle,” Hyundai’s community mobility service

Happy Dream Car

▷ Hyundai's Happy Dream Cars, making vulnerable people's lives easier

Hyundai's Happy Dream Car project provides eco-friendly company vehicles to vulnerable and mobility-challenged people, such as the elderly and the disabled. They are donated to social assistance organizations and NGOs in areas where the company's business operations are based. In 2020, the company donated three Tucson HEVs to three facilities urgently needing to help the children under their care. Going forward, the company will continue to expand its eco-friendly vehicle donation activities.

Happy Dream Bus

Hyundai has been operating a Happy Dream Bus project since 2015. It helps vulnerable and mobility-impaired individuals go to more places so they can enjoy a wider variety of experiences in a bigger world. The company's Jeonju plant has been especially active and helpful in this regard, donating funds for bus rentals and travel expenses on 254 occasions to 163 organizations since 2015.

The company will be more dedicated to providing reliable means of transportation at all times for its neighbors by guaranteeing the rights of mobility and helping to make a better life in its local communities through the fair selection and support of many different organizations so that it can cover the underprivileged in general.

Business Site	Year of Launch	Happy Dream Car	Happy Dream Bus
Ulsan Plant	2005	170 vehicles	274 occasions
Asan Plant	2009	21 vehicles	-
Jeonju Plant	2015	7 vehicles	254 occasions
Namyang Technology Research Center	2011	15 vehicles	40 occasions
Service Support Team, Headquarters	2020	3 vehicles	-
Total		216 vehicles	568 occasions

* Cumulative total as of end of 2020

Happy Dream Car



Happy Dream Bus



1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

- CSV Strategy

- CSV Activities by Area

- CSV Activities Around the World

4 Governance

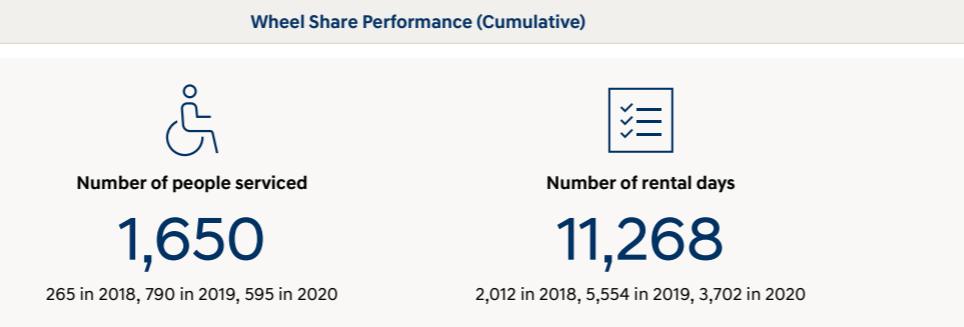
5 ESG Factbook

Wheel Share

Hyundai Motor Group has been operating a Wheel Share program since 2018 in partnership with Green Light and the Community Chest of Korea. Although the Power Assist technology is very effective in assisting with the “push” phase of manually-operated wheelchairs, it is also very expensive for people of limited financial means. This situation led the company to follow up on its car-sharing services by launching a new social contributions program that provides no-cost power assist services to disabled who are wheelchair-bound.

Someone needing the program’s services first has to make a reservation at the Wheel Share website (wheelshare.kr) and give their travel schedule. A volunteer from Wheel Share then visits their home or workplace, attaches a Power Assist to one’s wheelchair, and provides them with training in using it safely. It can be rented for up to two weeks, when a volunteer will come to take it back. When the program first launched in 2018, it was only available to people living in Seoul. Later on, in 2019 and 2020 it was extended to include the KTX Gwangmyeong Station, Busan, and the airports in Gimpo, Gimhae, and Jeju, thanks to the cooperation of the Korea Airports Corporation. Although its service has been curtailed during the COVID-19 pandemic, it operates according to strict response guidelines. Plans are afoot to bring it to more part of the country in 2021.

▷ Lina's first travel with Hyundai Motor Group's Wheel Share Power Assist



Wheel Share



The Easy Move social enterprise

Hyundai Motor Group established the Easy Move social enterprise in 2010 in an effort to develop better mobility environments and provide enhanced services for the mobility-impaired. Easy Move makes and sells mobility vehicles and mobility devices and aids like electric wheelchairs with enhanced convenience for use by vulnerable populations, including the disabled and seniors. It uses its independently developed technologies with the support of Hyundai. It received a Presidential Citation in 2019 for its outstanding social contribution activities. Easy Move is committed to enhancing the rights of mobility-impaired people by making high-quality products and lowering the price of the specially-equipped vehicles that they need. Its operations are being expanded through the Hyundai Motor Group’s vehicle support program.

▷ Using Hyundai Minibuses to help people with mobility challenges

Hyundai signed an MOU with the Seoul Tourism Organization to create a more convenient travel environment for everyone, including the mobility-challenged. Its operations are carried out in various ways. They include improving people’s travel environments using six modified SOLATI minivans equipped with wheelchair lifts; producing content and enhancing information accessibility to encourage travel by the underprivileged; and developing more barrier-free tourist areas in the city.

Easy Move social enterprise



Danurim SOLATI Minibus



1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

- CSV Strategy

- CSV Activities by Area

- CSV Activities Around the World

4 Governance

5 ESG Factbook

Traffic Safety

Driving Plus

Hyundai has been operating a virtual reality driving experience social contributions program since 2019. It uses simulators to help inexperienced and timid drivers overcome their fear of driving and develop confidence in their driving abilities. An additional simulator was made in 2020 to provide them with even more training opportunities. However, exhibitions and expositions soon suspended their operations due to COVID-19, making it difficult for the program to operate visiting-style mobile simulators. When this happened, the company began looking for places at which the program could be held in a safe and fixed manner, such as the National Rehabilitation Center operated by the Ministry of Health and Welfare and Hyundai Motorstudios. The National Rehabilitation Center is now using the simulator to train and rehabilitate people who have been in traffic accidents and want to return to driving. Hyundai will continue to move forward to spread a happy driving culture in our society.

Hyundai's Kid's Auto Park

The Kid's Auto Park is the largest road safety experience center targeting children in Korea. Established by Hyundai in Seoul in 2009, and with another one that started in Ulsan in 2019, it is equipped with a wide range of training and related facilities, including a virtual auto experience hall, a license test center, and an auto booth. It provides a variety of programs custom-tailored to the level of children, such as pedestrian safety information, simulated driving using a mini-motorcar, and stereoscopic images promoting road safety.

A total of 6,026 children visited it in 2020. Its professional instructors show children how to avoid traffic accidents and raise their safety awareness. The program plays a pivotal role as a traffic safety experience facility, although its operations have been reduced in 2021 due to COVID-19.

Robocar Poli Traffic Safety Campaign

Hyundai operates a children's program to reduce traffic accidents featuring a popular cartoon character named Robocar Poli. It includes cartoons about road safety, educational programming, and a hands-on experiential space. Some 12,000 people took part in it in 2019. The company's domestic sales branches also run a "Hyundai Poli Traffic Safety Playground" that has attracted about 10,000 visitors in Korea. There are also "Poli Kids Zones" at six of its sales branches in China and Taiwan. Hyundai is planning to take the program online in 2021 because of COVID-19. A new traffic safety animation series will be also produced, in the second half of the year.

Driving Plus



Beyond Your Wildest Dreams | Hyundai's Traffic Safety Program

Hyundai's "Driving Plus" Simulation Program

Traffic Accident Zero for Children Campaign

Traffic accidents involving children continue to occur despite the proposals of relevant bills and their revisions following the passage of the Serim Act in 2015. These accidents need to be approached from various points of view, because they are caused by many different factors, including the carelessness of children, drivers, and passengers, as well as nearby vehicles.

Hyundai has been helping with the provision of safety and convenience devices for children's transportation vehicles and carrying out a wide range of traffic safety education campaigns in cooperation with the Citizens Coalition for Safety and MANO Incorporated since 2016. Although the company focused on donating new commuter vehicles installed with safety and convenience technologies to child-care centers and educational institutions for children until 2018, it began to take a new approach in 2019, providing safety and convenience functions to vehicles being operated by the facilities. The company strives to help reduce traffic accidents involving children. A total of six safety and convenience functions, including door-jamming prevention, around view, front, and rear alarm notifications, particulates filters, seat belt confirmation, and children's seat belts will be provided to about 120 institutions in 2021. Disinfection services will be also offered to them and used in their vehicles.

Hyundai's Traffic Accident Zero for Children Campaign

Traffic Safety Veteran Class

According to Korea's Road Traffic Authority, the number of fatalities due to traffic accidents in the country has been falling while the proportion of the elderly involved in traffic deaths rose from 39.3% in 2015 to 45.5% in 2019. Even worse, seniors aged 65 or more accounted for 57.1% of the pedestrians that died in road accidents last year, with their overall mortality rate reaching 5.99%, 12 times more than the 0.5% occurring in people aged 14 and under. These figures illustrate how traffic accidents involving seniors are becoming an increasingly important social issue in Korea.

In response to this unhappy situation, Hyundai has been teaming up with the Road Traffic Authority, the Korea Association of Senior Welfare Centers, and the Community Chest of Korea since 2016 to offer a Traffic Safety Veteran Class. The classes, which can be accessed by any citizen aged 65 and over, consist of education and training in such topics as safe driving, pedestrian safety, self-diagnoses of seniors' driving skills and cognitive and physical abilities, and measures to be taken in the event of a traffic accident. Over the last five years, some 14,771 seniors have completed the class at 159 seniors' centers across the country. The company held a contest in 2020 to create non-contact traffic safety programs targeting the elderly. Forty-three were delivered over a period of a month. They will be used for both mobile and online traffic safety courses in institutions such as seniors' centers.

Kid's Auto Park



Robocar Poli Traffic Safety Campaign



Traffic Accident Zero for Children Campaign



1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

- CSV Strategy

- CSV Activities by Area

- CSV Activities Around the World

4 Governance

5 ESG Factbook

Future Generation

Hyundai Dream Center

The Hyundai Dream Center is the name of a vocational skills training program that helps young people in developing countries add to their technical skills. Carried out in collaboration with Plan International Korea, it particularly functions as a way for the company to provide advanced-level automobile maintenance skills to international learners. The first facility opened in Ghana in 2013, followed by others in Indonesia, Cambodia, and Vietnam. Another Hyundai Dream Center began offering classes in the Philippines in 2018. Of the 173 graduates that received intensive technical education at it, seventy-three found employment with a local Hyundai dealer. A sixth facility began operations in Peru in April 2019, with an initial intake of forty-three male and twenty female students, all of them from low-income families. A seventh school will soon open in Kenya in 2021, with a plan to enroll 120 low-income young people who will be offered both theoretical and practical training and education for four semesters spread over three years. With the Hyundai Dream Center, the company will continue to help youths from developing nations to hone their talents and skills.

Vision Drive

Vision Drive is a social contributions program offered by the multi-talented human resources at Hyundai's Namyang Technology Research Center that supports education in the community in which it operates. Employees at the Center have been visiting nearby elementary, middle, and high schools since 2012, sharing their experience and expertise with a grand total of about 17,000 students. Although this program was forced to shift to an online format in 2020 due to COVID-19, its goal still remains to assist future generations in gaining a better understanding of the automobile industry in such areas as R&D, manufacturing, design, eco-friendly vehicles, and career choice. The program has been expanded to include such content as a "Hyundai Motorstudio Goyang Tour" and "Special Lectures by Celebrities." It also includes an "H-Junior Orchestra" that provides students with musical training at local children's centers. Its members also donate tablet PCs for use by youth at the Hwaseong Child and Youth Center, and assist with their online lecture fees.

Hyundai Dream Center



Operating the Hyundai Dream Center in the era of COVID-19

(☞ Operating the Hyundai Dream Center in the era of COVID-19)

Future Automobile School

Hyundai's Future Automobile School was launched in 2016 following the signing of an MOU with the Ministry of Education. A specialized career education program that targets middle school students, its goals are to help them come to an understanding and appreciation of the automobile industry and assist them in exploring jobs in it through a combination of theory and practice. In order to meet the challenges of ongoing paradigm shifts in the automobile industry as the future unfolds, it has been continually updating its content to include such topics as mobility services, hydrogen energy, and eco-friendly future cities. The changes have been taking place since 2018. The program has been so well-received by the Office of Education and frontline teachers that a pilot version of it was introduced into elementary schools last year, with plans to extend it even more in 2021. It is proving to be especially helpful in lessening educational inequalities faced by students at isolated, special-education, and low-enrollment educational facilities.

Young Hyundai: Hyundai's Future-Oriented Automobile School

(☞ Young Hyundai: Hyundai's Future-Oriented Automobile School)

Brilliant Kids Motor Show

The Brilliant Kids Motor Show refers to a collection of children's drawings depicting the cars of their dreams. The pictures they make are then turned into actual models and put on display. The exhibition in 2020 was held online due to COVID-19. 8,205 pictures were submitted, with five of them being selected for showing using augmented reality (AR) technology. Other ways of introducing children's imaginings to the public included making real models with 3D printing and creating imaginary fairy tales based on the background stories behind their works.

Fifth Annual Brilliant Kids Motor Show

Future Automobile School



Brilliant Kids Motor Show



1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

- CSV Strategy

- CSV Activities by Area

- CSV Activities Around the World

4 Governance

5 ESG Factbook

Community

Preserving the Petra UNESCO World Heritage Site

Located in the country of Jordan and called a “City of Red Sandstone,” Petra is a UNESCO World Heritage Site and also considered one of the “New Seven Wonders of the World.” Also as the filming location of Steven Spielberg’s movie “Indiana Jones: The Last Grail,” it is a historic and ancient site that attracts about one million tourists a year. Working with the assistance and agreement of a number of Jordanian local government agencies, Hyundai sponsored a variety of activities there from 2018 to 2020 to help preserve the site and rejuvenate the local economy. The first year of the plan was spent making improvements to make the site more tourist-friendly. This included setting up a free Wi-Fi service, enhancing signage, erecting billboards, and creating an app for the site and a map and a scale model of it. The second year consisted of expanding and developing less-well-known tourist routes, such as providing them with eco-friendly electric buses and EV charging infrastructures.

2020 was dedicated to the creation of a new brand logo and the development of a variety of tourist-oriented products to revitalize the tourism industry that had been decimated by COVID-19. Hyundai will continue with its efforts to preserve cultural heritage sites so they can be passed on to future generations going forward.

Sponsoring the Korean Archery Association

Hyundai has been sponsoring the Korean Archery Association since 1985. In addition to providing financial support to ensure the continuing operation of the Association, Hyundai pays for prizes that are given to the national squad, which has achieved outstanding results at many international events, including the Olympic Games. The technological prowess of Hyundai’s research institute was harnessed to develop a shooting machine that identifies defective arrows and rejects them, while a high-precision analytical technique was created to help identify irregularities in their parts. The improvements helped the archers hone their skills and enhanced their performances immeasurably. The company also acts as a sponsor for a number of leading archery tournaments, including the Archery World Cup and the World Archery Championships. It was awarded a commendation from the Minister of Culture, Sports and Tourism at the first Korea Sports Mecenat Awards in December 2020 in recognition of its contributions to the development of archery in the country.

Preserving the Petra UNESCO World Heritage Site



Global Partnership for Arts and Culture

Hyundai plays a lead role supporting a wide range of art exhibitions and programs in partnership with art institutions around the world. Our goal is to ensure that as many people as possible everywhere can enjoy and experience these inspiring events.

- National Museum of Modern and Contemporary Art, Korea (MMCA)

In partnership with the National Museum of Modern and Contemporary Art, Korea (MMCA), Hyundai has been carrying out the ‘MMCA Hyundai Motor Series’ to expand the horizons of Korean art and extend its global reach since 2014. Hyundai support esteemed Korean artists to hold large-scale solo exhibitions every year including hosting seminars and publications in connection with the exhibition. The exhibition titled ‘MMCA Hyundai Motor Series 2020: Haegue Yang - O2 & H2O’ was held last year with online exhibition tour and webinar programs for people who could not visit the museum due to the pandemic. Hyundai also support an innovative contest, ‘PROJECT #’, from 2019 with the goal of discovering and supporting next-generation creators in Korea. MMCA select two teams annually and provide them with a grant of KRW 30 million, a studio and exhibition opportunities. In 2020, ‘PROJECT HASHTAG 2020’ showcase was held at the MMCA Seoul.

- Tate

Hyundai Tate Research Centre: Transnational, launched as part of a long-term partnership with between Hyundai and Tate, continues to explore new perspectives on global art histories by facilitating collective research and discussions around the world. This major initiative reflects a shared vision to transform research and curatorial work and expand beyond Western Europe and North America. Curators and scholars are encouraged to bring in expertise from the field to address shared questions in Hyundai Tate Research Centre: Transnational hosted research events including the annual symposia, held online in 2020 deepening collective research and intellectual exchange about multiple art histories.

- Los Angeles County Museum of Art (LACMA)

Hyundai started a ten-year partnership with the Los Angeles County Museum of Art in 2015 by spearheading The Hyundai Project at LACMA. Through our continuous support for cutting-edge Art+Technology exhibitions and the “Art + Technology Lab”, we hold thought-provoking exhibitions that bring the arts and technology together and inspire visitors through their convergence. In addition to this, Hyundai help artists turn their ideas into reality by offering them advanced-level technical advice in collaboration with Google, Accenture, SpaceX, Snap, and other well-known tech players.



1. ‘MMCA Hyundai Motor Series 2020: Haegue Yang - O2 & H2O’, Sonic Domesticus, 2020 Installation view at MMCA Seoul. © Cheolki Hong. Image provided by MMCA.

2. Hyundai Tate Research Centre: Transnational @Tate

3. Los Angeles County Museum of Art, photo ©Museum Associates, LACMA



1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

- CSV Strategy

- CSV Activities by Area

- CSV Activities Around the World

4 Governance

5 ESG Factbook

H-Local Partner

Hyundai's Ulsan Plant has been carrying out community-based social contribution activities since 2018 after its labor and management members signed an MOU with the Buk-gu Office of Ulsan City. They have been working with people in the city's Buk-gu community to improve its social assistance programs and policies ever since. A volunteer group composed of employees from Hyundai and eight Community Security Councils from the Buk-gu area take part in volunteer work and other support activities through regular communications and discussions. Their activities in 2020 included delivering food, making hand sanitizers, celebrating the birthdays of sole-support seniors, and installing insect-proof window and door screens in the homes of low-income families. In addition, some 2,000 seniors were treated to helpings of samgyetang (chicken soup made with ginseng and other ingredients) to strengthen their immunity against COVID-19, while a traditional market filial piety sharing project was held ahead of the Chuseok holiday to support the area's traditional market and honor the seven hundred sole-support seniors living in the area. Single-parent families were given kimchi refrigerators at the end of the year, while more than 150 low-income seniors were given kimchi purchased from a local social enterprise that supports employment opportunities for older people.

Similar activities are being carried out by Hyundai's Asan Plant employees. In 2020, they include assisting vulnerable populations who have difficulty receiving government subsidies on a regular basis, distributing products that are helpful in countering COVID-19, sharing food during holidays, and improving people's lives while they deal with the effects of the pandemic. More activities to help vulnerable populations are planned using Hyundai employees and the local community to invigorate exchanges among local residents.

Employees at the company's Namyang Technology Research Center have been equally generous with their time and labor. Their efforts have included carrying out socially-distanced volunteer work, making tile murals for 750 families, and constructing birdhouses for placement in treed areas managed by the Hwaseong Urban Corporation. Another 179 people who work at the company's Service Division provided a free lunchbox service, shared locally-produced farm produce, and improved the environments of a number of social assistance facilities.

Employee Volunteer Corps

Hyundai boasts 132 employee volunteer groups at its various worksites. One of them is the weekday volunteer team made up of some 970 technical staff from the Ulsan Plant, who give of their time and talents to help vulnerable populations in their local communities. Another group at the Asan Plant consists of the wives of its employees. It undertakes social contribution activities to support seniors living by themselves. Operating this volunteer group allows the company to assist in deploying social and cultural experience activities to underprivileged seniors in the community in which it operates. Plans are already in the works to extend these services to such needy groups as children being raised by their grandparents.

The basis of the activities being carried out by the company's employees is to give a helping hand to vulnerable and marginalized populations in their communities that reflect the characteristics of their worksites. About 1,465 employees took part in volunteer activities for 5,262 hours in 2020, even despite the inevitable cutbacks in face-to-face activities occasioned by COVID-19. Donations were continuously delivered to the facilities with which they had been twinned but which they could not visit in person. The company will continue to carry out more sharing activities by its employees for people in need of help.

H-Self Sharing Planner

The goal of the H-Self Sharing Planner program is to help the company's employees plan their own volunteer activities. The company had set out its volunteer activity targets and schedules in the past, making it difficult for the ideas of its workers to be reflected. This deficiency has now been rectified by the H-Self Sharing Planner, enabling volunteer activities based on planning by employees themselves.

The advent of COVID-19 in 2020 meant that most of the volunteer activities carried out by Hyundai's employees consisted of virtual "kits" rather than the warm-hearted meetings that both the employees and the recipients of their largesse had become used to. A total of four virtual "kit activities" were conducted by 2,580 employees, who donated 7,740 hours of their own time helping their less fortunate neighbors.

Santa Claus Expedition

Hyundai's main and regional headquarters team together every year to hold year-end sharing events targeting vulnerable and marginalized populations in their local communities. Funding for the events comes from the company's joint labor-management social assistance budget, with volunteers delivering KRW 400 million worth donations to local community organizations to practice sharing. Workers at the company's headquarters donate their time and labor to little children every year through its "Santa Claus Expedition" event. First established in 2016, they help deliver the sort of gifts that every needy child wishes for, with the employees acting as Santa Clauses. Although it had to be converted into a virtual event in 2020 because of COVID-19, this just meant that the many Santa Clauses had to carry out their activities in new ways, giving gifts to a total of 860 children while also helping to provide indoor playgrounds at six social assistance facilities that open their doors to help disadvantaged children. This year, the company will arrange the event so that more benefits and help can be offered to more children in more ways in response to COVID-19.

H-Local Partner (Sharing event at Chuseok)



H-Local Partner (Supporting traditional markets)



H-Local Partner
(Providing kimchi refrigerators to
low-income, single-parent families)



Employee Volunteer Corps



Photo: Hyundai Motor Group

1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

- CSV Strategy

- CSV Activities by Area

- CSV Activities Around the World**

4 Governance

5 ESG Factbook

CSV Activities Around the World

Americas (North America, Central and South America)



(USA) Assisting with COVID-19 drive-through test stations

Hyundai Hope on Wheels

Hyundai America and its dealers have been partnering in the Hope on Wheels campaign for twenty-two years since 1998. In the U.S., it offers financial assistance to pediatric cancer researchers, aiming for a future in which no child has to suffer from cancer.

The program has rapidly expanded across the country, with total donations amounting to USD 172 million (or about KRW 195 billion) as of the end of 2020. The company also operated twenty-three drive-through stations in 2020 that conducted more than a million COVID-19 tests.

(Brazil) Vocational Education and Training
for Low-income Youth



(Brazil) Mobile Dental Clinic



U.S.

CSV Area	Major Activities
Future Generation	<ul style="list-style-type: none"> • Donate toys to children with employee participation (Toys for Tots Campaign) • Provide school supplies; employees help to clean up schools in Montgomery, Alabama (Pack a Backpack)
Community	<ul style="list-style-type: none"> • COVID-19 supports (Drive-through test stations, test kits, etc.) • Assist with research to fight childhood cancer (Hyundai Hope On Wheels) • Assist with American Red Cross Hurricane Relief activities • Donate to Texas Winter Storm Relief Program

Canada

CSV Area	Major Activities
Future Generation	<ul style="list-style-type: none"> • COVID-19 supports (Gloves, masks, etc. for medical staff) • Make improvements to young people's educational facilities (Youth of the Year Sponsorship)

Brazil

CSV Area	Major Activities
Future Generation	<ul style="list-style-type: none"> • Offer vocational training to youth from low-income families (Professional Training Classes)
Community	<ul style="list-style-type: none"> • COVID-19 supports (Vehicle rentals, respirators, gloves, and masks for medical staff) • Provide dental clinic care (Sorriso Cidadão) • Sponsor cultural and arts events in Piracicaba Region (Piracicaba Symphony Orchestra)

Peru and Chile

CSV Area	Major Activities
Future Generation	<ul style="list-style-type: none"> • Operate Automobile Maintenance Technology Training Program in Peru (Hyundai Dream Center) • Operate Automobile Maintenance Technology Training Program in Chile (Technical and Mechanical Classes)

1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

- CSV Strategy

- CSV Activities by Area

- CSV Activities Around the World

4 Governance

5 ESG Factbook

Asia, Africa and the Middle East (India, Asia-Pacific, Africa and the Middle East)



(Indonesia) Mobile Library

Mobile Library

Hyundai donated three mobile libraries, full of books and hopes, in Bojong Mangu, Indonesia. They visit eighteen villages and twenty elementary schools on their route and have provided books to 2,942 children in partnership with Good Neighbors. 8,288 books have been lent in total. Public health staffers accompany the vehicles to provide health and hygiene education to the children and their teachers and parents.

India

CSV Area	Major Activities
Eco-friendly	<ul style="list-style-type: none"> Tree planting project (OSR Land Improvement)
Traffic Safety	<ul style="list-style-type: none"> Traffic Safety Campaign (#BeTheBetterGuy)
Future Generation	<ul style="list-style-type: none"> Operate specialized automobile industry academy (Hyundai Academy for Technical Skills) Signed MOU for new technology R&D, including EV/FCEV (Research with IIT Delhi) Youth Employment Program (Saksham Employment Generation) Hygiene and health programming at twelve schools (School repairs and renovations)
Community	<ul style="list-style-type: none"> COVID-19 assistance (Test kits, sanitizers, masks, etc.) Helping rural women learn about raising livestock (Income Generation Program for Rural Women)

Asia-Pacific Countries

CSV Area	Major Activities
Future Generation	<ul style="list-style-type: none"> Operate mobile library and offer after-school training and education to children and youth in Indonesia Provide technical automotive training to high schools and vocational schools in Indonesia Hold fundraising events to help with children's medical expenses in Australia (#CarPullforKids)
Community	<ul style="list-style-type: none"> COVID-19 supports <ul style="list-style-type: none"> Indonesia: Provide ventilators, protective clothing, and vehicles for medical staff Vietnam: Donated an ambulance Singapore: Provided test kits

Africa and Middle Eastern Countries

CSV Area	Major Activities
Community	<ul style="list-style-type: none"> COVID-19 supports <ul style="list-style-type: none"> Morocco: Provided ambulances and specially-equipped SOLATI Middle East: COVID-19 assistance (Test kits, sanitizers, masks, etc.) South Africa: Provided vehicles for medical staff Jordan: Supporting conservation of the Petra UNESCO World Heritage Site

(India) Traffic Safety Campaign
#BeTheBetterGuy



(Australia) CarPullforKids



1 Introduction

2 Environmental

3 Social

3.1 Human Rights

3.2 Employees

3.3 Suppliers

3.4 Product Quality

3.5 Customers

3.6 Communities

- CSV Strategy

- CSV Activities by Area

- CSV Activities Around the World

4 Governance

5 ESG Factbook

Europe, Russia, and China



(Europe) Marine Ecosystem Restoration and Upcycling Project

Marine Ecosystem Restoration and Upcycling Project

Hyundai partnered with Healthy Seas to help restore the marine ecosystem in Europe through activities such as recovering lost or abandoned fishing nets from the seas and the coastlines. The nets will be recycled and together with other nylon waste will be transformed into ECONYL®, a regenerated nylon yarn used to make socks, swimwear, carpets, and more. The company will also examine the possibility of various applications to include materials in its vehicles. In addition, it is planning to reduce its carbon footprint and promote eco-friendly CSV activities by using its IONIQ 5s in six major European countries.

(Spain) Automobile and Bicycle Safety Campaign



(China) Employee Volunteer Service (Happy Move)



Europe

CSV Area	Major Activities
Eco-friendly	<ul style="list-style-type: none"> Marine ecosystem restoration and upcycling projects in six European countries
Mobility Innovation	<ul style="list-style-type: none"> Eco-friendly mobility car-sharing service in Spain (VIVE)
Traffic Safety	<ul style="list-style-type: none"> Automobile and bicycle safety campaign in Spain (Juntos en el Asfalto)
Future Generation	<ul style="list-style-type: none"> Help with children's school supplies and computers in Morocco (El desierto de los niños) Training in technology, science and hydrogen for young people in the Czech Republic (Together for Dreams, STEM-Hydrogen Grand Prix)
Community	<ul style="list-style-type: none"> COVID-19 supports (vehicles for medical staff, medical supplies, etc.) Communications support project for children with speech disorders in Spain (As big as you want to be: Local Heroes) Support growth of culture and sports in the Czech Republic (Grant Programme Together)

Russia and the CIS

CSV Area	Major Activities
Traffic Safety	<ul style="list-style-type: none"> Traffic safety education and training in Russia (Safety Road Project)
Future Generation	<ul style="list-style-type: none"> Education and training in music and the arts in Russia (Great Music for Young Generation) Support junior soccer team in Kyrgyzstan (Play with Hyundai)
Community	<ul style="list-style-type: none"> COVID-19 supports (Donating vehicles to transport medical staff and the vulnerable, medical supplies, etc.)

China

CSV Area	Major Activities
Eco-friendly	<ul style="list-style-type: none"> Hyundai Green Zone China Project (Reducing desertification in Inner Mongolia)
Future Generation	<ul style="list-style-type: none"> Educational supplies for elementary schools in underdeveloped areas (Dream Classroom) Improve facilities for children's after-school activities to reduce juvenile delinquency in rural areas Establish youth startup support center
Community	<ul style="list-style-type: none"> COVID-19 supports (Gloves, masks, protective clothing for medical use, etc.) Voluntary employee activities to protect the environment and help children and seniors

Governance

Hyundai Motor Company has established a management method that responds to risks both proactively and preemptively by establishing advanced-level governance as a cornerstone towards its sustainable growth. The company is committed to ethics and compliance management, and endeavors to protect the rights and interests of its shareholders under the aegis and leadership of its highly-qualified and very experienced BOD.

#BoardOfDirectors

#EthicalAndComplianceManagement

#RiskManagement



1 Introduction

2 Environmental

3 Social

4 Governance

4.1 Board of Directors

- BOD-centered Management System
- Composition of the BOD
- BOD Subcommittees
- Operation of the BOD
- Evaluation and Compensation of the BOD
- Shareholder Rights

4.2 Ethical and Compliance Management

4.3 Risk Management

5 ESG Factbook

Board of Directors

BOD-centered Management System

The company's Board of Directors, or BOD, is tasked with providing it with a system of checks and balances to ensure its healthy and sustainable growth and guard the interests of its shareholders and other interested parties. Functioning as the company's top decision-making body, as per the dictates of the company's Corporate Governance Charter of 2016, the BOD brings a diversity of perspectives, experience, and expertise to its deliberations. Operated in accordance with transparent standards and procedures, it is dedicated to helping Hyundai maximize the rights and interests of its shareholders and increase its corporate value.

Composition of the BOD

Hyundai's BOD is made up of eleven directors: five internal, and a majority of six non-executive ones. The non-executive directors boast decades of experience and expertise in such areas as corporate management, accounting, law, finance, and future-based technologies. The BOD welcomes all members regardless of gender, race, religion, age, political background, or culture. Its members are selected through a comprehensive review that includes research into their capacity for independent thought, their professionalism, and their diversity. In addition, the appointment of all directors is presented to the general shareholder's meeting as an individual agenda item.



[Corporate Governance Charter_The appointment of all directors](#)

Independence of the BOD

The BOD is composed of non-executive directors with the proven independence of thought needed to oversee the company's operations. All of them must meet the company's qualification requirements as outlined in its rules and regulations, and possess high standards in terms of ethics, values, and integrity. They should also have no major

Composition of the BOD

(As of May 31, 2021)

Classification	Name	Position/Career	Date of Initial Appointment	Remarks	Gender
Internal Directors	Euisun Chung	Chairman	March 12, 2010	Chair of the Board, Recommendation Committee on Candidates for Non-executive Directors	Male
	Eon Tae Ha	President & CEO	March 16, 2018	-	Male
	Jaehoon Chang	President & CEO	March 24, 2021	Recommendation Committee on Candidates for Non-executive Directors, Sustainability Management Committee	Male
	Albert Biermann	President	March 22, 2019	-	Male
	Gang Hyun Seo	Executive Vice President	March 24, 2021	Compensation Committee	Male
Non-executive Directors	Eun Soo Choi	Legal Advisor, DR & AJU Former President, Daejeon High Court and Patent Court	March 17, 2017	Recommendation Committee on Candidates for Non-executive Directors (Chair), Audit Committee, Sustainability Management Committee (Chair)	Male
	Chi-Won Yoon	Former Vice-Chair, UBS Wealth Management Chair, Diginex	March 22, 2019	Compensation Committee (Chair), Audit Committee, Sustainability Management Committee	Male
	Eugene M. Ohr	Former Partner, Capital International Inc.	March 22, 2019	Recommendation Committee on Candidates for Non-executive Directors, Sustainability Management Committee	Male
	Sang-Seung Yi	Professor of Economics, Seoul National University	March 22, 2019	Audit Committee, Recommendation Committee on Candidates for Non-executive Directors, Sustainability Management Committee	Male
	Dal Hoon Shim	Former Director, NTS Jungbu Regional Office President, Representative, Woorin Tax Partners	March 24, 2021	Audit Committee (Chair), Sustainability Management Committee, Compensation Committee	Male
	Ji Yun Lee	Associate Professor of Aerospace Engineering, KAIST	March 24, 2021	Audit Committee, Sustainability Management Committee	Female

conflicts of interest so as to be in a position to make independent decisions. Any potential conflicts of interest are dealt with by the company's requirement that they cannot carry out any transactions in its line of business or become partners with unlimited liability or directors of another company within the same industry without the prior approval of the BOD. In order to ensure the total and absolute independence of its non-executive directors, Hyundai complies with all relevant governmental rules and regulations, and applies world-recognized guidelines to its selections. The BOD and the Recommendation Committee on Candidates for Non-executive Directors also check the independence of current non-executive directors and non-executive director candidates, based on the same requirements.

Diversity and Expertise of the BOD

The size of the BOD was increased from nine to eleven in March 2019 in an attempt to enhance the diversity and expertise of its members. Its composition was widened further by appointing directors possessing expertise in a variety of fields, such as international business, academia, R&D, finance, and future-based technologies. As a result of these changes, two of the members appointed in March 2019 were non-Koreans: Non-executive Directors Albert Biermann and Eugene M. Ohr. Even more noteworthy was the fact that one of the members appointed in March 2021 was a woman, Non-executive Director Ji Yun Lee, a world-recognized authority in studying the safety of intelligent transportation and autonomous driving systems. Ms Lee's expertise and experience in the area of future and industrial technologies have contributed markedly to the company's transition to a SMART MOBILITY SOLUTIONS PROVIDER through her insightful opinions regarding the company's future direction. In her dual roles as a woman and the youngest member of the BOD, she adds to both the gender and age balance within the BOD while also enhancing the company's management transparency due to her independence from it. In addition, non-executive directors are required to participate in training sessions that add to the professionalism of the BOD. They will also be enrolled in training programs about risks in 2021.

Non-executive Director Training in 2020

Dates	Participating Non-executive Directors	Topics
Feb. 19, 2020	Dong Kyu Lee, Byung Kook Lee, Eun Soo Choi, Chi-Won Yoon, Eugene M. Ohr, Sang-Seung Yi	Current status of the automobile industry and its future prospects
Jul. 23, 2020	Dong Kyu Lee, Byung Kook Lee, Eun Soo Choi, Chi-Won Yoon, Eugene M. Ohr, Sang-Seung Yi	Current status of the urban air mobility industry and its future prospects
Jul. 23, 2020	Dong Kyu Lee, Byung Kook Lee, Eun Soo Choi, Chi-Won Yoon, Eugene M. Ohr, Sang-Seung Yi	Current status of Hyundai's compliance system and future plans

Reasons for Disqualifying Potential Non-executive Directors

[BOD diversity and independence guidelines](#)

- Cannot have served as a company executive during the past five years;
- Cannot have family members who were executives of the company or any of its subsidiaries during the past three years;
- Cannot have been employees of companies whose total transactions with the company during the last three business years was 10% or more of the company's total assets or sales, or corporations that entered into a contract with the company equaling 10% or more of the company's total sales during the past three business years;
- Cannot have had a personal business relationship with the company or its management;
- Cannot have been employed by or had a business relationship with non-executive director of the company;
- Cannot have had an interest relating to any matter dealt with by the BOD;
- Cannot be the largest shareholder in the company or a spouse or a direct lineal ascendant or descendant of same,
- Cannot have served as a director, auditor, executive director, or employee of any corporation whose largest shareholder is also a corporation.



1 Introduction

2 Environmental

3 Social

4 Governance

4.1 Board of Directors

- BOD-centered Management System
- Composition of the BOD
- BOD Subcommittees**
- Operation of the BOD
- Evaluation and Compensation of the BOD
- Shareholder Rights

4.2 Ethical and Compliance Management

4.3 Risk Management

5 ESG Factbook

BOD Subcommittees

The BOD's subcommittees include the Audit Committee, the Recommendation Committee on Candidates for Non-executive Directors, the Sustainability Management Committee, and the Compensation Committee. Their roles and responsibilities are outlined and defined in such a way as to promote professional decision-making and the most efficient operations possible.

Audit Committee

The central government's Commercial Act dictates that an audit committee must be composed of three or more members, and that at least two-thirds of them should be non-executive directors. It should also contain at least one member who is a specialist in accounting and finance. All five members of the Audit Committee at Hyundai are non-executive directors, who stand above the proposed requirements to maintain objectivity in conducting their audits from an independent position from the BOD, the management, and other executive organizations. Three are experts in accounting and/or finance.

Operations of the Audit Committee

The Audit Committee members' attendance rates and details of its agenda items are all fully disclosed. The company's internal accounting manager acts as a full-time registered director, and a separate entity is formed to support him in performing his duties. He is also given whatever training is needed to carry them out. The topic of the training in 2020 was the overview of and trends within the consolidated internal accounting management. All the members of the Audit Committee participated in it as well.

Approval of the Audit Committee and Non-audit services of external audit service company

Hyundai regularly assesses whether any non-audit services that may be performed by its external auditors may affect their independence. Their non-audit services are then restricted to those that have been judged to have no effect on their independence. Details are reported to the BOD and disclosed every quarter.

(Unit: KRW million/hours)

Business Year	Auditor	Content	Compensation	Performance
FY 2020	KPMG Samjong Accounting Corp.	Quarterly and semi-annual reviews and audits of financial statements, Audit of company's internal accounting system	3,050	33,939
FY 2019	KPMG Samjong Accounting Corp.	Quarterly and semi-annual reviews and audits of financial statements, Audit of company's internal accounting system	3,000	36,510

Recommendation Committee on Candidates for Non-executive Directors

The task of the Recommendation Committee on Candidates for Non-executive Directors is to recommend candidates to serve as the BOD's non-executive directors. In accordance with a central government edict stating that a non-executive directors must form a majority of a non-executive director candidate nominating committee, Hyundai's Committee consists of two internal directors and three non-executive directors. Qualified candidates who have been approved to serve as non-executive directors are presented to a general shareholders' meeting by the BOD.

Compensation Committee

The Compensation Committee held its first meeting in 2020, following revisions to the company's Articles of Incorporation in 2019. Composed of one internal director and two non-executive ones, it is also chaired by a non-executive director, ensuring its independence from management.

Sustainability Management Committee

Hyundai established a four-member Corporate Governance & Communication Committee in April 2015, renaming it the Sustainability Management Committee in March 2021. Its membership also grew to seven members, including six non-executive directors and one internal director, to accommodate its expanded duties. The Committee is required to meet before the BOD does. This assists the company in practicing sustainable management and enhancing the transparency of its internal transactions, promoting ethical and ESG management practices, and protecting shareholders' rights. The Committee also engages in a wide range of activities to increase shareholder rights and make the BOD's operations more transparent. The Committee's non-executive director in charge of shareholder rights is Mr. Chi-Won Yoon. He regularly attends investor events in Korea, as well as non-deal road-shows (NDRs) targeting overseas investors. As such, he functions as a vital communications link between the BOD and the company's shareholders. The Committee also holds seminars on various governance issues, such as responsible investment, to increase all the BOD members' understanding and expertise regarding governance issues. In addition to the roles played by the former Corporate Governance & Communication Committee, it also plans to discuss major ESG-related policies and the company's safety and health improvement plans and how it intends to implement them this year.

Governance Enhancement Activities

The Sustainability Management Committee promotes various governance enhancement activities to improve shareholder value. For instance, it established a Compensation Committee to ensure objectivity and transparency in determining the remuneration of the company's BOD members. In addition, when the company's Governance Charter was revamped in October 2019, its principles underlining the appointment and evaluation of both internal and non-executive directors of BOD were strengthened to reflect improvements in the company's governance policies, as well as changes to the central government's rules and regulations. The guidelines regarding the diversity and independence of the BOD were first made public in March 2021. The company also introduced an electronic voting system to facilitate its shareholders' voting rights. It went into effect in 2020. In addition, the Annual Shareholders Meeting was broadcast both live and online in March 2021.

Name	Composition	Roles and Responsibilities
Audit Committee	five non-executive directors	<ul style="list-style-type: none"> • Carries out audits of the company's operations and finances, including the approval of agenda items for submission to the Annual Shareholders Meeting • Communicates with external auditors about audit plans and results of financial statements • Evaluation of internal accounting management system, etc.
Recommendation Committee on Candidates for Non-executive Directors	three non-executive directors, two internal directors	<ul style="list-style-type: none"> • Recommends candidates for non-executive directors • Evaluates candidates in accordance with Recommendation Committee on Candidates for Non-executive Directors Rules and Regulations
Sustainability Management Committee	six non-executive directors, one internal director	<ul style="list-style-type: none"> • Discusses large-scale internal transactions as outlined in the Monopoly Regulation and Fair Trade Act • Creates policies relating to ethical management and corporate social contributions • Establishes regulations governing ethical behavior (including the company's Code of Ethics) and reviews how well they are being executed • Analyzes the company's management direction by collecting shareholders' and other stakeholders' opinions regarding major management issues • Discusses and formulates major ESG policies and improvement plans • Discusses and establishes plans relating to safety and health, and examines their implementation
Compensation Committee	two non-executive directors, one internal director	<ul style="list-style-type: none"> • Reviews compensation system of internal directors • Discusses matters regarding compensation limits for registered directors



1 Introduction

2 Environmental

3 Social

4 Governance

4.1 Board of Directors

- BOD-centered Management System

- Composition of the BOD

- BOD Subcommittees

- Operation of the BOD

- Evaluation and Compensation of the BOD

- Shareholder Rights

4.2 Ethical and Compliance Management

4.3 Risk Management

5 ESG Factbook

Operation of the BOD

The BOD and its subcommittee meet on a quarterly basis. The BOD may also be convened as and when needed if a BOD resolution or a resolution from one of its committees requires it. It deals with issues set forth in relevant central government rules and regulations, as well as matters in the company's "Articles of Incorporation" and other topics relating to the company's management. It also undertakes thorough-going evaluation and supervisory activities. Its non-executive directors are offered every opportunity to participate in the company's management activities and undertakings by participating in a wealth of monitoring and analyzing operations. A BOD meeting is convened by its Chair or another member appointed by the Board. With the exception of cases outlined within the company's rules and regulations, a BOD resolution must be passed by a majority of the members in attendance. Non-executive directors are prohibited from serving as directors, executive officers, and/or auditors of two or more other companies other than the company itself. This allows them to faithfully perform their duties as non-executive directors.



[Corporate Governance Charter_Number of other mandates for non-executive directors](#)

All BOD members are strongly encouraged to participate in all meetings and deliberations of the BOD as actively as possible, and to attend all their committee meetings unless faced with an unavoidable situation.

As of 2020, the average tenure of the eleven members of the company's Board of Directors was four years. Non-executive directors are not allowed to serve for more than six years as per the Commercial Act of Korea.

BOD Activities in 2020

Number of meetings	Number of agenda items for resolution	Number of agenda items for report
9	19	16

BOD Participation in 2020

Average participation rate	Participation rate of Internal Directors	Participation rate of Non-executive Director
92.9%	86.7%	98.1%

Evaluation and Compensation of the BOD

An evaluation of the BOD is conducted by the non-executive directors at the end of each year. The results of it are then reported to all the members, and are also reflected in the operations of the BOD and all its committees in the interest of efficiency. The directors' compensation limit must be contained within the limit approved at the Annual Shareholders Meeting after an objective and transparent review by the Compensation Committee.

Compensation Limit for Directors

(Unit: KRW million, as of 2020)

Classification	Number of Persons	Amount approved	Remarks
Registered Directors	11	13,500	Including non-executive directors

CEO performance and compensation

Hyundai's CEO's pay is based on such management data as sales, profit ratios, net cash liquidity, debt ratios, market shares, the company's stock price, its ESG mechanisms, its brand power, and other considerations, comparing to those of peer companies. His remuneration in 2020 was KRW 1,203 million, 1,367% of the average pay received by each of the company's employees.

BOD Compensation

(Unit: KRW million, as of 2020)

Classification	CEO	Non-executive Director	Board member	Employee*	Ratio of CEO's compensation to an employee's
Average compensation per person	1,203	141	943	88	1,367%

* Employee: All employees, excluding the CEO but including non-registered executives and employees

** Detailed information is available in our 2020 Business Report. It can be accessed on the Data Analysis, Retrieval and Transfer System of the Financial Supervisory Service

Shareholder Rights

Protecting Shareholder Rights

Hyundai protects its shareholders' rights in an effort to build a shareholder-centric corporate culture. For example, they are notified about upcoming Annual Shareholders Meeting's four weeks in advance, rather than the legally required two, so they will have sufficient time to review all the agenda items. This courtesy is even extended to shareholders who own less than 1% of the company's shares. The need for transparency and speedy information disclosure is met by having the report from the auditors released two weeks prior to an Annual Shareholders Meeting, while a formal report is made at the Annual Shareholders Meeting regarding the company's decisions concerning the appointment of external auditors, along with details about the Sustainability Management Committee's activities. Last, but not least, the company initiated a new system in 2019 enabling its general shareholders to recommend candidates for the position of Non-executive Director in Charge of Shareholder Protection.

Hyundai's all common shares carry equal weight of one vote apiece, and the company constantly increases its dividend rate as a means of enhancing shareholder value. Their size is calculated by taking into account the overall investment level, business performance, and cash flow conditions needed for the company's continuing and sustainable growth. In addition, the company allows its shareholders to make decisions regarding the approval of its financial statements and the size of its dividend payments at Annual Shareholders Meeting without first delegating them to the BOD.

Finally, information about matters related to the BOD and the compensation levels of the company's executives are disclosed in its business report, while other vital information of interest to shareholders, such as stock issuances, treasury stock holdings, stock distribution statuses, and dividend payments over the last five years can be found on its website.

[Status of Dividends by Hyundai Motor Company](#)

1 Introduction

2 Environmental

3 Social

4 Governance

4.1 Board of Directors

4.2 Ethical and Compliance Management

- Ethical Management

- Compliance Program (CP)

- Compliance Management

4.3 Risk Management

5 ESG Factbook

Ethical and Compliance Management

Ethical Management

The Hyundai Ethics Charter

Hyundai introduced its Ethics Charter, Employee Code of Conduct, and Guidelines for Ethical Business Conduct in 2001, establishing standards that would allow its employees to make ethical decisions in their workplaces more quickly and easily. The Ethics Charter comprises the basic principles underlying the company's ethical management practices and activities, while the Employee Code of Conduct puts its spirit into practice and the Guidelines for Ethical Business Conduct outline specific procedures and contents that every Hyundai employee must consider when attempting to act ethically and make ethical decisions.

Ethics Charter

Five Guiding Principles of the Hyundai Motor Group Ethics Charter

1. We shall perform our duties based on clear and transparent standards, and do our utmost to fulfill our responsibilities with integrity.
2. We shall compete fairly in the market and conduct business ethically with parties that engage in contractual relationships with us.
3. We shall provide safe products, exceptional services and accurate information, and we rigorously protect personal information to increase customer value.
4. We shall respect our members as independent individuals, and to this end, we provide fair working conditions and safe working environments.
5. We shall contribute to sustainable development by fulfilling our social & environmental responsibilities as a member of society, so that diverse stakeholders may prosper together in harmony.

Code of Conduct

Hyundai includes a Compliance Support Advice Center website as part of its Compliance Management Support System, making it easier to support its compliance operations, receive reports of violations, and analyze how well its employees are putting its Code of Ethics into practice. This analysis is done by investigating complaints and other sources of information regarding employee infractions and violations, hopefully leading to improvements within the system.

Ninety-five reports relating to such actions as the forging of private documents, breaches of the regulations regarding concurrent positions, bribery, information security violations, and workplace harassment were received in 2020, with investigations being initiated on seventy-one of them, excluding false reports. A total of thirty-five cases resulted in disciplinary measures being taken, including outright dismissals, salary reductions, suspensions, and written warnings.

Internalization of the Code of Conduct

Hyundai takes a number of steps to encourage its employees in honoring, accepting, and putting the provisions of its Code of Ethics into practice. They include training sessions, requiring employees to pledge their acceptance of the requirements of the Code, and training and guidelines to educate workers about such topics as combating corruption and dealing with violations of trust, and publishing and distributing e-guidelines dealing with ethical behavior.

Cyber Audit Office

Hyundai is operating a Cyber Audit Office to increase the transparency of its management operations. It receives reports about unfair trade practices, bribery, economic misfeasance, improper solicitations and practices, and violations of the Employee Code of Conduct through various channels.

Reporting Channels



Cyber Audit Office



By Phone



By Fax



By Mail



Reporting

+82-2-3464-3500

+82-2-3464-8813

Hyundai Motor Group Audit Office

Measures to protect whistleblowers

Hyundai's Ethics Charter and its Guidelines for Practice and internal rules relating to workplace ethics regulations contain provisions regarding the protection of whistleblowers. They include guarantees protecting the confidentiality of all informants and ensuring their safety against retaliation and any and all possible disadvantages to their employment. In the event that protection for a whistleblower is violated, such as cases of retaliation against internal whistleblowers, aggravated punishment will be meted out to offenders in accordance with Chapter 3 Article 9 (handling violations of regulations) of the regulations on workplace ethics.

Whistleblower Protections

1. Confidentiality: Prohibition against disclosing the identity of informants without their consent
2. Guarantee of Job Status: Protection against punishment and/or retribution for reporting, making statements, and submitting data
3. Reduction of Liability: In cases where a whistleblower has submitted information either in error or through negligence, any disciplinary action to be taken against him or her will be reduced or put into abeyance

1 Introduction

2 Environmental

3 Social

4 Governance

4.1 Board of Directors

4.2 Ethical and Compliance Management

- Ethical Management
- Compliance Program (CP)
- Compliance Management

4.3 Risk Management

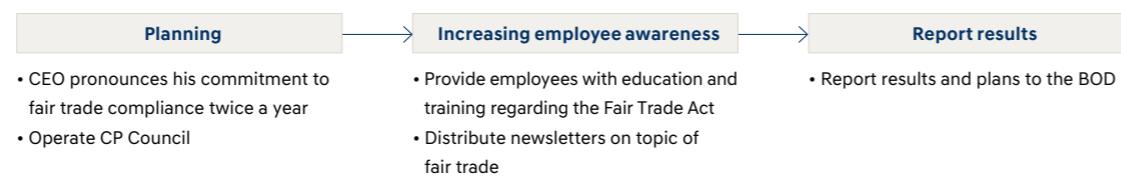
5 ESG Factbook

Compliance Program (CP)

Implementing the compliance program

Hyundai is committed to fair and transparent management. This policy is communicated to all of the company's employees, and guidelines regarding how it is to be implemented are made available to everyone, both through company-wide training on the topic of fair trade and through published reports. The status of the company's compliance program and its future plans for it are reported to the BOD twice a year, continuously strengthening the responsibilities and duties of its each workplace.

CP Implementation Process



Training and education in CP

Hyundai offers training and education on a variety of CP topics every year in a bid to increase its employees' awareness of its scope and importance. Training in fair trade is provided to all new hires as soon as they join the company, while newly-hired executives and staff members whose work will definitely involve work in the area of fair trade receive additional training every year. The company also publishes bimonthly newsletters on the topic of fair trade to assist all its employees in cultivating a "fair trade mindset." It also provides training regarding the importance of protecting technologies owned by its suppliers.

Year	Number of training sessions	Number of participants
2017	12	2,515
2018	13	2,246
2019	8	1,429
2020	3	8,456

* Replaced by online training due to COVID-19 in 2020

Employee Training in Compliance Management



Compliance Management

Compliance guidelines

Hyundai has published a number of guidelines regarding key provisions of various rules and regulations in the area of compliance. They also include the requisite response measures that all its employees are encouraged to be aware of. These steps were taken in a bid to reduce any possible legal risk to the company. Some of the topics discussed in the guidelines include aspects of commercial law both at home and abroad, fair trade law, criminal law, personnel management, labor affairs, and copyrights. In 2020, the company also published a compliance management handbook that encapsulates its compliance support programs and provides information on major legal risks in a number of business areas. This was done in the hope that its employees will be better able to use them in their work.

Compliance training

Hyundai provides compliance training to all its employees to strengthen their compliance capabilities and foster a culture that recognizes its importance. The training is made available to all new hires, newly promoted employees, and any work teams asking for it. In addition, the company offers annual training to all its workers on the topics of corruption and malfeasance, and publishes a newsletter covering such topics as legal trends and risks in the automotive industry, company-wide ethical rules and regulations, and other compliance-related issues.

Fair trade and anti-corruption training for employees and suppliers

Hyundai discusses the ramifications of offering bribes and illegal rebates in its Employee Ethics Charter and its Guidelines for Practice. This is done so that its members and those of its business partners can carry out fair and transparent transactions and prevent such practices from occurring. Any and all possible instances of corruption and other forms of malfeasance must be reported to the BOD's Sustainability Management Committee.

Compliance Officer

Hyundai employs a main compliance officer whose task is to ensure compliance in each department and see that they meet with all applicable laws. Since 2017, all department heads are required to act as compliance officers with their respective departments. They are also tasked with ensuring that all their subordinates are made aware of any and all changes in the corporate legal environment so they can perform their duties in compliance with relevant rules and regulations.

Compliance self-assessment

Hyundai conducts compliance self-assessments in each area of possible risk in order to further prevent any possibility of legal harm coming to it. The assessments that were carried out in 2020 covered such problematical areas as improper solicitations, trade secrets, personal information, EU GDPR (General Data Protection Regulation), misappropriations, and intellectual property open sources. The company provides its employees with comment sheets after they have been completed, allowing them to check work-related risks and make improvements.

1 Introduction

2 Environmental

3 Social

4 Governance

4.1 Board of Directors

4.2 Ethical and Compliance Management

4.3 Risk Management

- World-Wide Risk Management System

- Tax Strategies

5 ESG Factbook

Risk Management

World-Wide Risk Management System

The automotive industry is faced with the greatest challenges in its history, due to such rapidly-emerging trends as the growing popularity of electric and autonomous vehicles and increasing demands for enhanced mobility services and connectivity. This makes the importance of an effective risk response system more important every day. Hyundai has established a company-wide risk management system led by its Business Strategy Planning Division to deal with these challenges and changes. It operates under the direct supervision of the company's CEO. The Division is tasked with establishing company-wide, mid- to long-term strategies and determining the key tasks to be performed by each operating division to meet them. It does this by analyzing all the risks and opportunities arising from changes in the company's operating environment and suggesting workable responses to increase the company's competitiveness. This allows the company to preemptively respond to future risk factors, and use opportunity factors as a leverage for new value creation. The company also discusses major risk factors that might significantly impact its businesses, and establishes company-wide response strategies for them at its Hyundai Management Strategy Meeting.

Apart from the company-wide risk management system, other R&D, procurement, production and sales divisions comprising Hyundai's value chains also manage their business and operational risks. The sales division is divided into regionally-based, division-level organizations covering Korea, China, North America, Europe, and India, while legal, policy, labor/quality, information security, and safety risk issues are managed by more professionally-oriented units such as the company's legal office.

Managing emerging risks

Hyundai is always keenly aware of any and all potential risks associated with its automotive and other operations. It is constantly making efforts to respond to all of them proactively.

Examples of Hyundai's Responses to Emerging Risks

Risk of market change due to Korea's car tax introduction based on carbon emission levels

Risk Context | Korea's government presented its target for reducing total greenhouse gas emissions by 24.4% from its 2017 level to raise its NDC (Nationally Determined Contribution) by 2030 in a report to the United Nations last December as a part of its commitment under the Paris Agreement. Most experts expect it to reduce greenhouse gas emissions from transport sector through its tax system, by levying taxes based on a vehicle's carbon emissions. France and some European countries have already imposed such taxes. After doing so, they have seen dramatic changes and disruptions in customer behavior in their automotive markets. It is particularly expected to give negative impact on the sales of Hyundai's Genesis brand and its mid- to large-sized SUVs that are very profitable in the Korean market, since both produce relatively high levels of CO₂ emissions.

Hyundai's Approach | Hyundai is approaching this challenge from two directions. Its first response will be to increase the fuel efficiency levels of its Genesis brand and its medium- to large-sized SUVs to reduce their carbon emission levels. Its second step will be to rapidly add to its number of electric vehicles, which is currently focused on its subcompact vehicle offerings, by including medium- and large-sized cars. In the case of the Genesis brand, it will respond to changes in demand for EVs by building a full lineup of them as soon as possible.

Tax Strategies

Tax compliance and tax risk management are crucial elements governing how Hyundai serves its customers, maximizes its shareholders' returns, and contributes to government finances. They are also a prerequisite for sustainable management. The company is committed to complying with all of its duties as a faithful business enterprise in response to fair and just taxation principles in a cooperative and collaborative manner.

Managing tax risks

The core principle underlying Hyundai's tax risk management strategy is strict compliance with the law. It includes maintaining a close, open, and transparent relationship with all tax authorities, and providing them with all the evidence needed to verify what they are asking for. It also means recognizing the differences between the tax laws of each country in which it operates, and striving to prevent tax risks in all of them in advance. In addition, Hyundai does not use tax structures without commercial substance for the purpose of tax avoidance, nor does it transfer its revenues to any of its overseas subsidiaries located in countries known to act as tax havens. The company also recognizes that there are risks of double taxation arising from competition between tax authorities in its transfer pricing operations, and it conducts its transactions within the arm's length principle in order to address the issue.

Contributing to local communities through taxes

Hyundai makes significant contributions to the economic development of communities in which it operates in its role as a major taxpayer, investor, and job creator. It ensures that all its subsidiaries around the globe pay their fair share of income and other taxes, included VATs and withholding taxes.

Risk of accidents due to hacking

Risk Context | Technologies used in the manufacture of vehicles are becoming more and more complex—especially those used for autonomous driving and state-of-the-art, seamless technologies. This situation has led to the possibility of new types of vehicle accidents caused by hacking. If they were to result in injuries or fatalities, there would doubtless be recalls ordered by the authorities, as well as the possibility of damages and lawsuits, negative impacts on a car manufacturer's corporate image, and possible fallouts in sales. A company could also become prey to further attacks.

Hyundai's Approach | Hyundai is responding to the threat of increased cyber attacks by establishing a task force of socially conscious hackers who can identify vulnerabilities in its security systems and suggest how and where improvements can be made. In addition, the company has strengthened its security infrastructure by investing in Upstream Security, an innovative mobility startup and provider. It has also deployed the V2X technology, which encrypts communications between vehicles and between vehicles and their communications infrastructures in a safe and secure manner. It also conducts security drills that include testing the infotainment systems, communications networks, and other infrastructures used in smart cars.

ESG Factbook

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

About This Report

Hyundai Motor Company has been publishing a sustainability report every year since 2003 in order to disclose both financial and non-financial performance, including its efforts to promote sustainable management, in an integrated manner and to communicate with stakeholders. Hyundai's 2021 Sustainability Report elaborates on its key performances achieved in the areas of ESG management strategy, environment, society and governance, and the issues associated therewith. 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 - Inclusivity, Materiality, Responsiveness, and Impact - of the AA1000APS (Accountability Principles Standard) that includes the obligation to explain sustainability management.

Additional, this report was prepared to align with the information disclosure guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB) and World Economic Forum (WEF).

Reporting Period

This report covers activities undertaken from January 1st, 2020 to December 31st, 2020, including some key activities conducted until the first half of 2021. 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 one year. The previous report was published in July 2020.

Scope and Boundary of Report

This report covers the activities of the headquarters as well as manufacturing plants, technology research institutes, design centers, and sales corporations operated by Hyundai Motor Company in Korea and overseas. Financial information is based on the consolidated financial statements in accordance with the Korean International Financial Reporting Standards (K-IFRS). Nonfinancial data regarding environmental and social performance is based on the separate figures of Hyundai Motor Company, and some performances include those of Hyundai Motor Group. In case the reporting scope differs, the reporting scope of the information is indicated separately in the annotation.

Third Party Assurance

This report has been assured by an independent assurance corporation (DNV) 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.101. 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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Reporting Principle	GRI Standard (Core option)/TCFD/SASB/WEF IBC Stakeholder Capitalism Metrics
Reporting Boundary	Hyundai Motor Company (also include some data and information of Hyundai Motor Group)
Reporting Scope	Economic (based on Korean International Financial Reporting Standards), social and environmental performance
Reporting Period	January 1st, 2020 - December 31st, 2020 (also include some data and information from the first half of 2021)
Reporting Cycle	Annual (last report was published in July 2020)

1	Introduction
2	Environmental
3	Social
4	Governance
5	ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Global Network

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



(As of May 2021)

Asia & Pacific		Europe	North America, Central & South America
1 Namyang Technology Research Center / Namyang Design Center	21 Hyundai Thanh Cong Commercial Vehicle Joint Stock Company	33 Hyundai Motor Europe Headquarters	54 Hyundai Motor North America Headquarters
2 Korea Central Research Institute	22 Hyundai Motor Asia-Pacific Headquarters	34 Hyundai Motor Manufacturing Czech	55 Hyundai Auto Canada Corp.
3 Environmental Technology Center	23 Hyundai Motor Manufacturing Indonesia	35 Hyundai Motor Czech	56 Hyundai-Kia America Technical Center, Inc.
4 Namyang Technology Research Center Proving Ground	24 Hyundai Motors Indonesia	36 Hyundai Motorsport GmbH	57 Hyundai Motor Manufacturing Alabama
5 Hyundai Motor Ulsan Plant	25 Hyundai Thanh Cong Manufacturing Vietnam	37 Hyundai Motor Company Italy	58 Hyundai Motor Central & South America Headquarters
6 Hyundai Motor Asan Plant	26 Hyundai Motor Company Australia	38 Hyundai Motor Deutschland GmbH	59 Hyundai Motor de Mexico
7 Hyundai Motor Jeonju Plant	27 Hyundai Motor Group Innovation Center in Singapore	39 Hyundai Motor United Kingdom	60 Hyundai de Mexico
8 Hyundai Motor Group(China) Ltd.	28 HTWO Guangzhou	40 Hyundai Motor France	61 Hyundai Translead
9 Beijing Hyundai Motor Company	29 Hyundai Thanh Cong Vietnam	41 Hyundai Motor Europe Technical Center	62 Hyundai Motor America
10 Hyundai Motor Technology And Engineering Center(China), Ltd.	Middle East & Africa		63 Commercial Vehicle Latin America & Caribbean Regional Headquarter
11 Hyundai Truck & Bus (China)	30 Hyundai Motor M.East & Africa Headquarters	42 Hyundai Motor Poland	64 Hyundai Motor Company Washington Office
12 Beijing Zingxianmotor Safeguard Service Co	31 Commercial Vehicle Africa & Middle East Regional Headquarter	43 Hyundai Motor Espana	65 Motional
13 Hyundai Top Selection Used Car Co., Ltd.	32 Africa & Middle East Quality Center	44 Hyundai Motor Netherlands B.V.	
14 Hyundai Motor Beijing Office		45 Hyundai Motor Russia & Cis Headquarters	
15 Hyundai Motor Tooling Shandong Co., Ltd.		46 Hyundai Motor Commonwealth Of Independent States	
16 Genesis Motor China		47 Hyundai Motor Manufacturing Russia	
17 Hyundai Motor Japan R&D Center		48 Hyundai Truck & Bus Russia	
18 Hyundai Motor Japan		49 Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	
19 Hyundai Motor India Headquarters		50 Genesis Motor Europe	
20 Hyundai Motor India Engineering Center		51 Hyundai Hydrogen Mobility	
		52 Europe Quality Center	
		53 Hyundai Motor Company Brussels Office	

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Business Performance

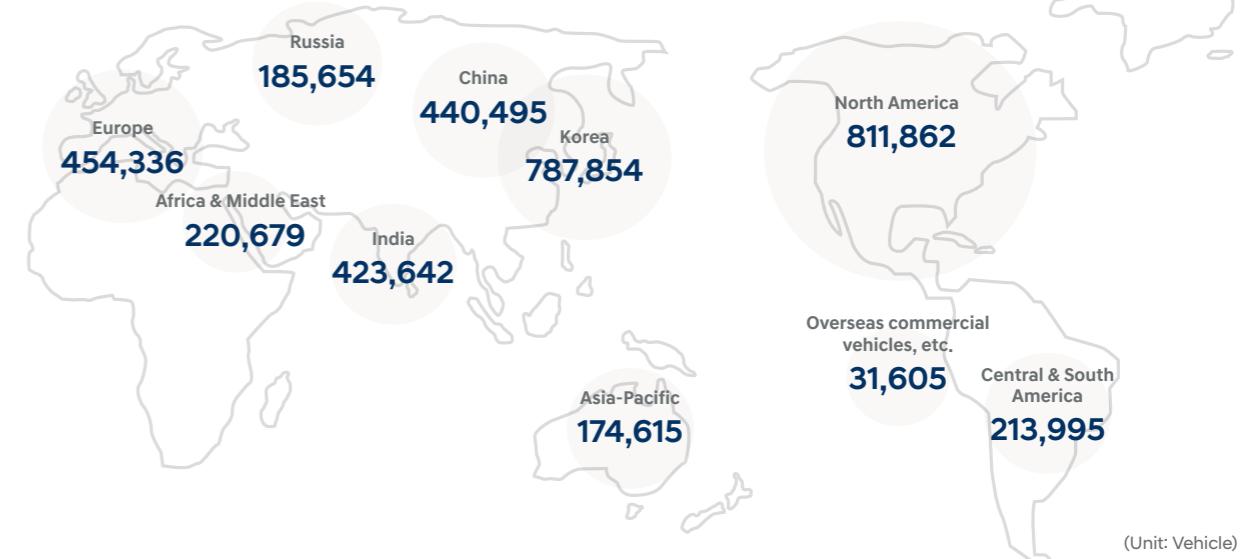
Performance Overview

In 2020, production and sales setbacks caused by COVID-19 and deterioration of consumer sentiments adversely affected the global automobile market, consequently resulting in a significant decrease in sales performance. In the case of the European market, sales revenue sharply declined due to the spread of COVID-19 variants and it was a difficult period in which the entire automobile industry had to suffer from shrinking investment, declining employment rate and a slowdown of consumption.

Notwithstanding the given circumstances, Hyundai Motor Company achieved customer satisfaction management by developing differentiated products and services even under harsh market conditions, and as a result, the outcomes came in a variety of forms.

Notably, Genesis was ranked No.1 in the premium brand category for 4 consecutive years in 2020 US Initial Quality Study (IQS), and was ranked 36th of the overall brand category in 2020 Global Top 100 Brands, becoming the only vehicle in the automobile industry to increase its brand value.

Global Sales in 2020



Global Sales in 2020

(Unit: Vehicle)

Korea		787,854
Passenger vehicles		760,785
Commercial vehicles		27,069
Overseas		2,956,883
North America (U.S., Canada, Mexico)		811,862
India		423,642
Europe (Western, Eastern, Turkey)		454,336
Russia (Russia, CIS)		185,654
Central & South America (Brazil, Other Latin American countries)		213,995
Africa & Middle East		220,679
Asia-Pacific (Other countries in Asia-Pacific region, Australia)		174,615
China		440,495
Overseas commercial vehicles, etc.		31,605
Total		3,744,737

Market Condition and Business Review in Korea

Market Condition

In 2020, despite the impact of COVID-19, Hyundai sold 1.89 million vehicles (including imported cars) up 5.7% from the previous year owing to the individual consumption tax cut policy, key manufacturers' expansion of domestic supply and launch of new cars. Furthermore, although the passenger car market remained at the same level as that of the previous year due to SUV-preference trend prevailing among the domestic customers, overall market sales have increased by approximately 11.8% in line with the steep inclining demand for small and large SUVs in the SUV market.

Business Review

In 2020, Hyundai's sales in Korea increased by 6.2% year-on-year to 790,000 vehicles (retail basis) recording a market share of 41.7% (including imported cars). In particular, the popularity of 9 new models and volume models such as Grandeur and Avante led the sales growth.

Sales in Korea

Market Share in Korea
(Including imports)

788,000
units

41.7 %

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Market Condition and Business Review by Region

U.S. Market

Market Condition

Total automobile sales in the US market decreased in 2020 by 14.6% compared to the previous year, down to 14.57 million vehicles sales due to the setbacks in production and sales amid the pandemic, along with the worsening consumer sentiment. On the other hand, the trend of buying expensive SUVs and pickup trucks utilizing the low interest rates emerged from the upper and middle classes who have been relatively less affected by the COVID-19.

Business Review

In 2020, Genesis ranked No.1 in the premium brand category for 4 consecutive years in the Initial Quality Study (IQS), and following 2019 the G70 again took first place in the compact premium segment, and the Tucson and Veloster ranked No.1 in the compact SUV segment and the compact sporty segment, respectively. Santa Fe, Kona and Kona EV were named in the mid-size SUV (2nd row), subcompact SUV and electric car categories respectively in the 2020 Best Cars for the Money of U.S. News. Additionally, Genesis ranked No.1 as the best premium brand in the U.S. 2020 JDP VDS (Durability Quality Survey), Palisade as the Best of 2020 by car.com and Veloster N was named as the Most Fun-to-Drive Car.

These improved quality, satisfaction and other product competitiveness have led to the increased value of the brand, and in 2020 Hyundai ranked 36th in the top 100 Best Global Brands from Interbrand, a global brand consultant. In a situation where the automobile industry was severely hit by the COVID-19 outbreak, while other automobile brands recorded negative growth, Hyundai was the sole automaker to have grown in brand value. In this respect, we were ranked 5th in the automobile brands, up one notch from the previous year.

Sales in the U.S.

620,000
units

Market Share in the U.S.

4.3%

Asian Market

Market Condition

In China, the representative market of Asia, demand for semi-medium and smaller sedans largely decreased in the aftermath of the COVID-19. The total sales revenue recorded a 6.6% fall from the previous year down to 19.43 million vehicles sales, 1.6% in SUV sales and a noticeable decline by 10.4% in the markets exclusive of SUVs.

Similarly, the Indian market saw a sharp drop in demand for automobiles, resulting in a 17.4% decrease in the number of vehicles sold compared to the previous year, down to 2.44 million vehicles.

Business Review

In 2020, Hyundai's sales volume in China fell by 32.3% year-on-year to 440,000 vehicles (wholesale basis), recording a market share of 2.3%. In particular, sales of semi-medium sedans and SUVs as Avante and Lafesta, the volume cars, dropped significantly.

In India, despite strong sales in Creta and Venue, caused by the impact of COVID-19 Hyundai's sales volume fell by 17% year-on-year to 420,000 vehicles (wholesale basis) recording a market share of 17.4%. Meanwhile, Hyundai's vehicles were selected in 5 categories out of 7 in the India Initial Quality Study (JDP IQS), a study that selects 3 cars for each of the evaluation segments (compact segment: Santro, premium compact segment: Elite i20, mid-size segment: Next Gen Verna, compact SUV segment: Venue, SUV segment: Creta).

Sales in China

440,000
units

Sales in India

424,000
units

European Market

Market Condition

Due to the COVID-19 impact, total sales in Europe in 2020 were 11.96 million vehicles, a year-on-year decrease of 24.3%.

The sales in the UK which suffered a lot from the spread of the COVID-19 variants plunged 29.4% from the previous year.

Business Review

In 2020, Hyundai's sales volume in Europe fell by 24.3% year-on-year to 400,000 units (retail basis), recording a market share of 3.4% in the overall market.

On the other hand, even amid the sluggish sales in internal combustion engine sales, owing to the eco-friendly subsidy policies the sales of eco-friendly vehicles (including HEVs) increased by 74.5% compared to the previous year. Moreover, i30 was selected as the best hot hatch in the UK 2020 What Car Awards, earning recognition for its competitiveness.

Sales in Europe

406,000
units

Market Share in Europe

3.4%

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Facts & Figures

Corporate Profile (Sales and financial information)

	Classification	Unit	2018	2019	2020	Note
General Information	Assets	KRW billion	180,655.7	194,512.2	209,344.2	Consolidated figures basis
	Sales	KRW billion	96,812.6	105,746.4	103,997.6	Consolidated figures basis
	Production	Vehicle	4,635,356	4,484,805	3,733,422	
Global Production*	Korea	Vehicle	1,747,837	1,783,617	1,618,411	
	India	Vehicle	713,108	682,100	521,300	
	China*	Vehicle	806,195	668,105	465,388	
	U.S.	Vehicle	322,500	336,000	268,700	
	Czech Republic	Vehicle	340,300	309,500	238,750	
	Russia*	Vehicle	246,680	245,702	219,491	
	Brazil	Vehicle	192,855	206,038	150,610	
	Turkey	Vehicle	203,000	175,000	137,100	
	Vietnam*	Vehicle	57,681	74,973	71,140	
	Others **	Vehicle	5,200	3,770	42,532	
Global Sales	Total	Vehicle	4,635,356	4,484,805	3,733,422	
	Korea	Vehicle	721,078	741,842	787,854	
	Overseas	Vehicle	3,868,121	3,734,309	2,956,883	
Global Best-selling Models	Total	Vehicle	4,589,199	4,476,151	3,744,737	
	Elantra (Avante)	Vehicle	702,497	458,881	439,194	
	Tucson	Vehicle	577,662	492,165	429,241	
	Accent	Vehicle	362,315	304,748	293,560	
	Sonata	Vehicle	315,507	256,433	217,289	
	Santa Fe	Vehicle	282,682	211,902	221,597	

* Includes production performances derived from the JV (joint venture) subsidiary, apart from those disclosed in Hyundai Motor's Business Report

** Performance of CKD and consigned commercial vehicle production

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

2020 Audit Report of Hyundai Motor Company

	Classification	Unit	2018	2019	2020	Note
Financial Highlights	Statements of financial position (Consolidated)	Total assets	KRW billion	180,656	194,512	209,344
		Total liabilities	KRW billion	106,760	118,146	133,003
		Total equity	KRW billion	73,896	76,366	76,341
	Statements of financial position (Separate)	Total assets	KRW billion	69,743	74,157	78,651
		Total liabilities	KRW billion	17,167	20,238	25,064
		Total equity	KRW billion	52,576	53,919	53,587
	Statements of income (Consolidated)	Sales	KRW billion	96,813	105,746	103,998
		Operating profit	KRW billion	2,422	3,606	2,395
		Selling and administrative expenses	KRW billion	12,720	14,050	16,087
		Net profit	KRW billion	1,645	3,186	1,925
		EBITDA	KRW billion	6,184	7,437	6,580
		Sales	KRW billion	43,160	49,156	50,661
Financial Highlights	Statements of income (Separate)	Operating profit	KRW billion	-59	1,580	769
		Selling and administrative expenses	KRW billion	6,816	7,251	8,885
		Net profit	KRW billion	415	2,832	527
		EBITDA	KRW billion	2,447	4,061	3,550
	Profitability ratio (Consolidated)	Operating profit margin	%	2.5%	3.4%	2.3%
		Net profit margin	%	1.7%	3.0%	1.9%
	Profitability ratio (Separate)	Operating profit margin	%	-0.1%	3.2%	1.5%
		Net profit margin	%	1.0%	5.8%	1.0%

Based on Bloomberg (sum of operating profit, depreciation of tangible assets, depreciation of real estate held for investment, and depreciation of intangible assets)

Based on Bloomberg (sum of operating profit, depreciation of tangible assets, depreciation of real estate held for investment, and depreciation of intangible assets)

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Environmental

	Classification	Unit	2018	2019	2020	Note
Energy Consumption	Electricity (Non-renewable)	MWh	3,675,913	3,629,653	3,273,901	
	Electricity (Renewable)	MWh	61,236	57,170	70,376	
	LNG	MWh	4,059,610	3,716,638	3,184,331	
	Diesel, Kerosene, Gasoline	MWh	153,458	168,576	170,760	
	Liquefied fuel	MWh	1,751	2,710	6,730	
	Steam, Heat	MWh	71,581	104,571	84,205	
	Gaseous fuel	MWh	1,929	1,173	1,365	
	Total	MWh	8,025,478	7,680,491	6,791,666	
Energy Intensity	Energy consumption in producing one vehicle	MWh/Vehicle	1.73	1.71	1.82	
	Scope 1	tCO ₂ -eq	885,653	807,498	716,237	
	Scope 2	tCO ₂ -eq	1,936,902	1,897,885	1,680,079	
	Scope 1+2	tCO ₂ -eq	2,822,555	2,705,383	2,396,316	
Greenhouse Gas (GHG) Emissions	Scope 3	tCO ₂ -eq	124,154,890	115,849,030	93,881,255	For detailed emissions by Scope 3 category, please refer to page 22.
						* Figures may differ from those of the previous year's report as the scope subject to calculation increased, thus 2018-2019 emissions were recalculated.
Raw Materials	GHG Emissions Intensity	GHG emissions in producing one vehicle (Scope 1+2)	tCO ₂ -eq/Vehicle	0.609	0.603	0.642
	Steel (amounts used)	Ton	1,173,455	968,630	940,277	
	Steel (scrap)	Ton	453,788	430,389	357,493	
	Aluminum (amounts used)	Ton	108,399	101,966	90,836	
	Aluminum (scrap)	Ton	27,841	27,661	25,471	
Water Consumption	Withdrawal	Ton	22,214,154	21,420,816	19,040,715	
	Consumption	Ton	11,595,746	11,238,624	9,939,143	
	Discharge	Ton	10,618,408	10,182,192	9,101,572	
Consumption of Refrigerant (HFC, R135a, etc.)	Total	Ton	1,296	1,199	920	
	- Korea	Ton	9	14	19	
	- Overseas	Ton	1,287	1,185	902	
VOC Emissions	Total	Ton	12,493	10,944	9,903	
	- Korea	Ton	6,707	7,397	5,348	
	- Overseas	Ton	5,786	3,547	4,555	

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

	Classification	Unit	2018	2019	2020	Note
Air Emissions	Total	Ton	1,064	1,404	936	
	CO	Ton	276	537	357	
	SOx	Ton	17	14	14	
	NOx	Ton	327	492	334	
	PM	Ton	444	361	215	
	Others	Ton	-	-	16	
	By region	Korea	422	1,576	384	
		Overseas	646	672	552	
	Total	kg	652,757	435,471	289,553	
	By type	COD	198,383	236,217	134,930	
Water Pollutants	BOD	kg	22,743	25,546	13,450	
	SS	kg	42,399	29,070	24,751	
	n-H	kg	364	958	690	
	Others	kg	388,867	143,679	115,732	
	By region	Korea	33,300	34,223	34,752	
		Overseas	619,456	401,247	254,801	
	Total	Ton	573,123	585,744	482,215	
	By type	General waste	528,116	546,408	449,170	
		Designated waste	45,007	39,336	33,045	
	By region	Korea	307,729	338,266	266,703	
Weight of Waste	Overseas	Ton	265,395	247,478	215,512	
	Total	Ton	558,578	581,108	465,382	
	- Landfill	Ton	14,491	9,494	854	
	- Incineration	Ton	39,859	35,666	30,378	
	- Recycling	Ton	496,992	528,687	427,261	
	- Biodegradation	Ton	818	835	708	
	- Others	Ton	6,418	6,426	6,181	
Weight of Harmful Chemical Substances	Total	Ton	4,731	3,170	2,781	
	- Korea	Ton	463	314	177	
	- Overseas	Ton	4,268	2,856	2,604	
Environmental Costs	Costs and investments for environmental protection	KRW billion	206	337	563	Electrified vehicle development expense and facility investment costs for improving business environment are included (However, facility investment costs included the investments on domestic business sites only)

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Social

	Classification	Unit	2018	2019	2020	Note
Number of Employees	Korea	Persons	69,755	70,421	72,020	As of the last business day; and based on the number of directly employed staff
	Overseas	Persons	54,166	50,716	49,383	
	- North America	Persons	11,332	11,191	10,304	
	- Europe	Persons	9,745	9,951	10,014	
	- China	Persons	18,132	14,638	13,159	
	- India	Persons	9,323	9,353	10,106	
	- Others	Persons	5,634	5,583	5,800	
	Ratio of employees working overseas	%	43.7%	41.9%	40.7%	
	Total	Persons	123,921	121,137	121,403	
	Management	Persons	442	450	470	
Number of Employees by Duty (Korea)	Research fellow	Persons	22	24	23	Advisor, specially appointed staff for special duties, temporary staff, etc.
	Research	Persons	10,889	11,232	11,716	
	Office work	Persons	12,512	12,559	12,716	
	Technical/Production/Maintenance	Persons	35,983	36,295	36,385	
	Sales	Persons	6,095	5,968	5,798	
	Others	Persons	3,812	3,893	4,912	
	Total	Persons	69,755	70,421	72,020	
	Korea	Persons	69,755	70,421	72,020	
	- Male	Persons	66,178	66,668	68,014	
	- Female	Persons	3,577	3,753	4,006	
Number of Employees by Gender/Region	Overseas	Persons	54,166	50,716	49,383	
	- Male	Persons	48,271	44,593	42,977	
	- Female	Persons	5,895	6,123	6,406	

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

		Classification	Unit	2018			2019			2020			Note
				2018	2019	2020	2018	2019	2020	2018	2019	2020	
Number of Female Employees by Region	Female employees	Korea	Persons	3,577	3,753	4,006							
		North America	Persons	1,504	1,698	1,811							
		Europe	Persons	1,419	1,436	1,479							
		China	Persons	2,131	2,025	2,040							
		India	Persons	177	200	214							
		Others	Persons	664	764	862							
		Total number of female employees	Persons	9,472	9,876	10,412							
	Female executives	Korea	Persons	2	5	14							
		North America	Persons	5	9	11							
		Europe	Persons	1	1	2							
		China	Persons	8	7	8							
		India	Persons	-	-	-							
		Others	Persons	-	-	2							
Number of Female Managers	Number of Female Managers	Total number of female executives	Persons	16	22	37	Females account for 5% of total 688 executives in 2020						
		Percentage of female employees	%	7.6%	8.2%	8.6%	Total number of female employees / Total number of employees						
		Total number of female employees	Persons	9,488	9,898	10,449							
		Number of managers in Korea	Persons	14,115	14,736	15,534	The scope of managers includes managerial level and higher office, research, and special staff, and executives except for the Executive Vice Chairman and advisors						
		Number of female managers in Korea	Persons	461	558	710							
		Number of managers overseas	Persons	3,042	3,491	7,013							
		Number of female managers overseas	Persons	493	552	822							
		Total number of managers	Persons	17,157	18,227	22,547							
		Total number of female managers	Persons	954	1,110	1,532							
		Percentage of female managers	Persons	5.6	6.1	6.8	Total number of female managers / Total number of managers						
Number of Female Managers	Number of Female Managers	Number of female low level managers	Persons			1,084	Low level manager: Defined as G2 level						
		Percentage of female low level managers	%	-	-	7%	(*Data on low level managers are collected/reported from 2020)						
		Number of female employees in revenue-generating departments/positions	Persons	-	-	8,500	Revenue generating departments: Product/R&D/Purchasing/Quality Division, Pilot Center, Production and Development Division, Ulsan/Asan/Jeonju Plant, Global Business Management Division, Domestic Business/Customer Experience/Commercial Business/ICT Division, Innovation Division, AIRS Company, UAM Division, CDO, SF Innovation Center, EV Division, Genesis Division						
		Percentage of female employees in revenue-generating departments/positions	%	-	-	7%	(*The employee data on revenue generating department is collected/reported from 2020)						
		Number of female employees in STEM positions (STEM: Science, Technology, Engineering and Mathematics)	Persons	-	-	509	STEM employees: R&D division, Innovation division, UAM division, TaaS division, Ulsan/Asan/Jeonju factory, Advanced Technology Institute, production development/quality/purchasing/India regional headquarters, CDO, EV division, pilot center, ICT division						
		Percentage of female employees in STEM positions	%	-	-	4%	(*STEM position employee data is collected/reported from 2020)						

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

	Classification	Unit	2018	2019	2020	Note
Employees with Disabilities (Korea)	Number of employees with disabilities	Persons	2,055	2,076	2,108	(Total number of employees with disabilities + number of employees with severe disabilities) / number of full-time workers
	Percentage of employees with disabilities	%	2.95%	2.95%	3.12%	
Number of Employees by Age (Korea)	Under 30 years old	Persons	7,602	6,638	7,147	
	30-50 years old	Persons	32,199	32,260	32,114	
	Over 50 years old	Persons	29,954	31,523	32,759	
	Total	Persons	69,755	70,421	72,020	
Labor Union Membership (Korea)	Number of people with labor union membership	Persons	49,554	49,641	48,933	
	Labor union membership percentage	%	68.5%	70.7%	68.2%	
Employee Training (Korea)	Total training expenses	KRW billion	260	263	290	
	Training expenses per employee	KRW 10,000	40	37	37	
	Training expense per employee (by position)	Super administrator	KRW 10,000	-	-	16
		Middle manager	KRW 10,000	-	-	2.3
		New employees and non-managers	KRW 10,000	-	-	0.7
	Training hours per employee	Hour	38	33	17	Total training hours provided to employees / Total number of employees
	Training hours per employee (by position)	Super administrator	Hour	-	-	
		Middle manager	Hour	-	-	
		New employees and non-managers	Hour	-	-	
Parental Leave (Korea)	Number of employees on parental leave (Male)	Persons	93	138	171	
	Number of employees on parental leave (Female)	Persons	122	142	162	
	Return-to-work rate after parental leave (Male)	%	92.5%	91.2%	92.4%	
	Return-to-work rate after parental leave (Female)	%	97.5%	92.2%	98.6%	
	Retention rate after parental leave (Male)	%	100.0%	88.3%	97.3%	
	Retention rate after parental leave (Female)	%	98.3%	93.1%	91.7%	
New Employee Hires (Korea)	Number of people hired	Persons	4,154	4,805	7,096	(Job group) Excluding dispatched workers, (Position) Excluding RPA Data on the status of new hires (gender, age, nationality) is collected and reported from 2020.
	Gender	Male	Persons	-	-	
		Female	Persons	-	-	
	Age	Under 30 years old	Persons	-	-	3,820
		30-50 years old	Persons	-	-	1,983
		Over 50 years old	Persons	-	-	1,293

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Classification		Unit	2018	2019	2020	Note
New Employee Hires (Korea)	Nationality	Korea	Person	-	-	7,076
		France	Person	-	-	2
		Canada	Person	-	-	2
		China	Person	-	-	4
		Austria	Person	-	-	1
		U.K.	Person	-	-	1
		Belgium	Person	-	-	1
		U.S.	Person	-	-	4
		Germany	Person	-	-	4
		Republic of South Africa	Person	-	-	1
Internal Staffing Level		%	99.4%	99.9%	99.3%	Placement-to-vacancy ratio that reflects internal recruit and transfer
Total Number of Youth Interns Hired	Total number of people		Person	-	-	132
	Full-time conversion rate		%	-	-	30%
	Gender	Male	%	-	-	4.20%
		Female	%	-	-	0.20%
Employee Turnover (Korea)	Age	Under 30 years old	%	-	-	0.60%
		30-50 years	%	-	-	0.40%
		Over 50 years old	%	-	-	3.50%
	Nationality	Korea	%	-	-	4.4%
		Singapore	%	-	-	0%
		Sweden	%	-	-	0%
	Turnover rate		%	3.62%	3.85%	4.42%
	Voluntary turnover rate		%	0.70%	0.66%	0.43%
Culture Survey	Employee engagement rate	%	61.7%	64.0%	66.6%	3,081 persons / 69,703 persons at the beginning of the year 298 persons / 69,703 persons at the beginning of the year Voluntary Turnover: Refers to when employees voluntarily leave their positions for reasons other than retirement, dismissal, etc.

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

	Classification	Unit	2018	2019	2020	Note
Social Contributions by Theme (Korea)	Social welfare	KRW million	48,817	25,062	19,706	COVID-19 support costs increased, accordingly the 'emergency disaster' sector increased whereas other areas have reduced
	Medical and healthcare	KRW million	85	48	182	
	Education	KRW million	11,691	10,780	11,264	
	Culture & Sports	KRW million	11,166	11,545	10,733	
	Environmental protection	KRW million	2,482	1,942	2,028	
	Emergency relief	KRW million	335	972	5,599	
	International exchange	KRW million	1,273	1,536	2,175	
	Others	KRW million	1,425	11,593	10,699	
	Total training expenses	KRW million	77,275	63,478	62,386	
	Cash donations	KRW million	62,663	47,508	50,639	
Employees Volunteering (Korea)	In-kind contributions	KRW million	2,705	1,399	2,739	Reduced face-to-face volunteer activities due to COVID-19
	Employee volunteer	KRW million	3,767	4,408	451	
	Management overhead	KRW million	11,907	14,571	9,008	
	Number of volunteer activities	Case	1,873	2,815	859	
	Number of participants	Persons	17,879	26,933	3,107	
Social Contributions Expenditure by Region	Number of hours participated	Hour	59,508	93,798	10,420	Regions of North America and Central & South America
	Americas	USD	19,888,326	20,021,413	8,861,285	
	Asia-Pacific, Middle East, and Africa	USD	4,642,344	4,764,323	13,839,832	
	Europe	USD	1,438,128	1,596,192	2,756,495	
	China	USD	756,000	881,609	8,654,372	
	Total	USD	26,724,798	27,263,537	34,111,984	
Major Contributed Associations	Contributions to Trade Association	Total	KRW million	7,489	7,081	6,208
	Foundation of Korea Automotive Parts Industry Promotion	KRW million		3,124	3,300	3,300
	Korea Automobile Manufacturers Association	KRW million		2,037	1,948	2,146
	Korea Automotive Technology Institute	KRW million		305	314	328
	H2Korea	KRW million		200	200	237
	Korea Traffic Disabled Association	KRW million		-	110	110
Quality Index (based on the survey conducted by J.D. Power and Associates)	U.S. Vehicle Dependability Study (Hyundai)	Ranking (Score)		3rd (124)	5th (124)	9th (153)
	U.S. Initial Quality Study (Hyundai)	Ranking (Score)		2nd (74)	2nd (71)	7th (132)
	U.S. Vehicle Dependability Study (Genesis)	Ranking (Score)		-	-	1st (89)
	U.S. Initial Quality Study (Genesis)	Ranking (Score)		1st (68)	1st (63)	1st (142)

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

	Classification	Unit	2018	2019	2020	Note
Customer Satisfaction Survey	Quality Management System	Quality Management System Certification Details	%	100%	100%	100% Certification of all domestic and overseas business sites
		Customer Satisfaction Score Hyundai Customer Experience Index (HCXI)	Score	79.1	78.8	71.6
		External evaluation -National Customer Satisfaction Index (NCSI)	Ranking	1st place at all segments	1st place at all segments	1st place at all segments Semi-medium, medium, semi-large, large, RV
		External evaluation -Korean Standard-Quality Excellence Index (KS-QEI)	Ranking	1st place at all segments	1st place at all segments	1st place at all segments Luxury sedan E-segment, medium-sized, mid-size SUV, electric vehicle
		External evaluation - Korean Customer Satisfaction Index (KCSI)	Ranking	1st place at all segments	1st place at all segments	1st place at all segments Passenger vehicle, RV
		Domestic Maintenance Service Satisfaction (HCXI)	Score (Rank)	82.2	81.4(3rd place)	69.7(1st place) Change of survey method (face-to-face survey → online non-face-to-face survey)
		Overseas Sales Customer Satisfaction (SSI)	Score (Country of Implementation)	88.4 (23 countries)	89.7 (22 countries)	90.3 (26 countries)
		Overseas Maintenance Service Satisfaction (HCXI)	Score (Country of Implementation)	89.1 (23 countries)	90.1 (23 countries)	90.3 (29 countries)
	Occupational Accidents	Number of employees involved in occupational accidents (Korea)	Person	286	377	351
		Accident rate (Korea)	%	0.71%	0.93%	0.85%
		Number of employees involved in occupational accidents (Overseas)	Person	32	18	17
		Accident rate (Overseas)	%	0.09%	0.08%	0.05%
		Number of employees involved in occupational accidents (Total)	Person	318	395	368
		Accident rate (Total)	%	0.42%	0.64%	0.50%
Lost Time Injuries Frequency Rate (LTIFR)	Employees (Korea)			2.39	3.18	3.07
	Employees (Overseas)			0.33	0.33	0.17
	Employees (Total)			1.46	2.09	1.72
	Suppliers (Korea)			2.46	5.16	8.43
	Suppliers (Overseas)			0.10	0.22	0.11
	Suppliers (Total)			0.67	0.92	0.93
Occupational Injuries Frequency Rate (OIIFR)	Employees (Korea)			0.86	1.29	1.19
	Employees (Overseas)			0.11	0.02	0.01
	Employees (Total)			0.52	0.81	0.64
Support for Foundation of Korea Automotive Parts Industry Promotion	Quality and Technology Volunteer Group	Company		108	106	93
	Supplier Support Group	Company		54	52	46
	Cumulative Number of Suppliers in Joint Expansion Partnership	Number of suppliers	Company	800+	700+	700+
Suppliers in Joint Growth and Fair Trade Agreements	Number of suppliers in the agreements	Company		273	272	270
						Integrated figure of Hyundai and Kia; 14 tier 1 suppliers and 79 tier 2 and 3 suppliers
						Integrated figure of Hyundai and Kia; 21 tier 1 suppliers and 25 tier 2 suppliers
						Integrated figure of Hyundai and Kia; 114 small-sized suppliers and 156 medium-sized suppliers

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Governance

	Classification	Unit	2018	2019	2020	Note
Ethics Standard Training	Number of training sessions (Korea)	Case	26	41	8	
	Number of participants (Korea)	Person	24,959	22,362	22,928	
	Number of training sessions (Overseas)	Case	4	2	1	
	Number of participants (Overseas)	Person	988	842	816	
Non-compliance with Regulations and Voluntary Codes	Legal sanction against the violation of fair trade	Case	-	-	-	
	Penalty and fine for non-compliance with environmental regulations	KRW billion	-	-	-	
	Violation of advertising regulations	Case	-	-	-	
	Number of personal information breaches	Case	-	2	-	
Distribution of Economic Value (Consolidated figures basis)	Dividends (Shareholders and investors)	KRW billion	1,066	1,054	785.5	
	Interest expenses (Shareholders and investors)	KRW billion	307	317	362	Refer to "financial income and financial expense" in the notes to the consolidated financial statement
	Salaries (Employees)	KRW billion	8,894	9,397	9,099	Refer to "classification of expenses by nature" in the notes to the consolidated financial statement
	Raw materials costs (Suppliers)	KRW billion	56,845	62,259	59,085	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	885	978	169	Refer to "income tax" in the notes to the consolidated financial statement
	Donation (Local communities)	KRW billion	85	66	74	Refer to "other income/expense" in the notes to the consolidated financial statement
	Total	KRW billion	68,083	74,070	69,754	
Distribution of Investment (Consolidated figures basis)	Total Capital Expenditure (CAPEX)	KRW billion	3,335	3,903	4,553	Based on head office and overseas business sites
	Depreciation expense	KRW billion	3,761	3,832	4,185	Refer to 'classification of expenses by nature' in the notes to the consolidated financial statements
	Difference	KRW billion	(427)	71	368	
	Treasury stock buyback	KRW billion	455	458	303	
	Total (dividend + treasury stock)	KRW billion	1,521	1,512	1,089	
R&D Expense	Total R&D expense	KRW million	2,756,427	3,038,920	3,108,591	
	Government subsidy	KRW million	(14,049)	(17,237)	(11,530)	
	R&D expense/sales ratio	%	2.8%	2.9%	3.0%	Total R&D expenses/sales of FY X 100
Distribution of Economic Value (Separate figures basis)	Dividends (Shareholders and investors)	KRW billion	1,066	1,054	786	
	Interest expenses (Shareholders and investors)	KRW billion	156	111	124	Refer to "financial income and financial expense" in the notes to the financial statement
	Salaries (Employees)	KRW billion	6,127	6,527	6,190	Refer to "classification of expenses by nature" in the notes to the financial statement
	Raw materials costs (Suppliers)	KRW billion	29,025	32,333	32,803	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	295	358	(0.1)	Refer to "income tax" in the notes to the financial statement
	Donation (Local communities)	KRW billion	64	48	52	Refer to "other income/expense" in the notes to the financial statement
	Total	KRW billion	36,733	40,431	39,955	

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

GRI Index

Universal Standards

GRI Standards			Page	Note
No.	Core	Title		
102-1	Core	Name of the organization	74	
102-2	Core	Activities, brands, products, and services	4	
102-3	Core	Location of headquarters	74	
102-4	Core	Location of operations	74	
102-5	Core	Ownership and legal form	67-69	Business report
102-6	Core	Markets served	76-77	
102-7	Core	Scale of the organization	76-77	
102-8	Core	Information on employees and other workers	82-84	
102-9	Core	Supply chain	47	
102-10	Core	Significant changes to the organization and its supply chain	-	No significant changes
102-11	Core	Precautionary Principle or approach	72	
102-12	Core	External initiatives	4	
102-13	Core	Membership of associations	86	
102-14	Core	Statement from senior decision-maker	3	
102-15		Key impacts, risks, and opportunities	99-100	
102-16	Core	Values, principles, standards, and norms of behavior	Corporate philosophy	Company website
102-17		Mechanisms for advice and concerns about ethics	70-71	
102-18	Core	Governance structure	67-69	
102-21		Consulting stakeholders on economic, environmental, and social topics	98	
102-22		Composition of the highest governance body and its committees	68	
102-23		Chair of the highest governance body	67	
102-29		Identifying and managing economic, environmental, and social impacts	69	
102-35		Remuneration policies	69	
102-38		Annual total compensation ratio	69	

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Universal Standards

GRI Standards			Page	Note
No.	Core	Title		
102-40	Core	List of stakeholder groups	98	
102-41	Core	Collective bargaining agreements	84	
102-42	Core	Identifying and selecting stakeholders	98	
102-43	Core	Approach to stakeholder engagement	98	
102-44	Core	Key topics and concerns raised	98	
102-45	Core	Entities included in the consolidated financial statements	-	Business report
102-46	Core	Defining report content and topic Boundaries	99-100	
102-47	Core	List of material topics	99	
102-48	Core	Restatements of information	-	
102-49	Core	Changes in reporting	-	No significant changes
102-50	Core	Reporting period	74	
102-51	Core	Date of most recent report	74	
102-52	Core	Reporting cycle	74	
102-53	Core	Contact point for questions regarding the report	74	
102-54	Core	Claims of reporting in accordance with the GRI Standards	74	
102-55	Core	GRI content index	89-92	
102-56	Core	External assurance	101-106	

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Topic Specific Standards _ Material Topics

GRI Standards			Page	Note
Issue Name	No.	Title		
Environmental Investment (Developing Eco-friendly Vehicles)	103-1	Explanation of the material topic and its Boundary	6, 23-26, 29-30, 98-100	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
Technological Innovation	103-1	Explanation of the material topic and its Boundary	7-8, 10-11, 15, 24-25, 98-100	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
Supply Chain ESG	103-1	Explanation of the material topic and its Boundary	47-48, 98-100	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
	414-2	Negative social impacts in the supply chain and actions taken		
			48	

Topic Specific Standards _ Non Material Topics

GRI Standards			Page	Note
No.		Title		
201-1		Direct economic value generated and distributed	88	
205-2		Communication and training about anti-corruption policies and procedures	70-71	
205-3		Confirmed incidents of corruption and actions taken	70	
206-1		Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	70-71	
301-1		Materials used by weight or volume	80	
302-1		Energy consumption within the organization	80	
302-3		Energy intensity	80	
302-4		Reduction of energy consumption	80	
303-1		Water withdrawal by source	80	
305-1		Direct (Scope 1) GHG emissions	22, 31, 80	
305-2		Energy indirect (Scope 2) GHG emissions	22, 31, 80	
305-3		Other indirect (Scope 3) GHG emissions	22, 80	
305-4		GHG emissions intensity	80	
305-5		Reduction of GHG emissions	22-25, 27	
305-7		Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	81	

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Topic Specific Standards _ Non Material Topics

GRI Standards		Page	Note
No.	Title		
306-1	Water discharge by quality and destination	81	
306-2	Waste by type and disposal method	81	
306-3	Significant spills	-	No spills occurred
307-1	Non-compliance with environmental laws and regulations	88	No cases of violation of laws
308-1	New suppliers that were screened using environmental criteria	47	
401-1	New employee hires and employee turnover	84-85	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	37-38	
401-3	Parental leave	37, 84	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	87	
403-3	Workers with high incidence or high risk of diseases related to their occupation	-	Overviewed on-site risk factors by operating Hyundai-Safety Assessment Tool (H-SAT)
404-1	Average hours of training per year per employee	84	
404-2	Programs for upgrading employee skills and transition assistance programs	41-43	
406-1	Incidents of discrimination and corrective actions taken	-	No incidents of discrimination occurred
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	No business sites and suppliers at significant risk identified
408-1	Operations and suppliers at significant risk for incidents of child labor	-	No business sites and suppliers at significant risk identified
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	No business sites and suppliers at significant risk identified
411-1	Incidents of violations involving rights of indigenous peoples	-	No incidents of violations occurred
412-2	Employee training on human rights policies or procedures	34, 41	
413-1	Operations with local community engagement, impact assessments, and development programs	86	
415-1	Political contributions	-	No political contributions made
416-1	Assessment of the health and safety impacts of product and service categories	50	Vehicle collision safety evaluated by Insurance Institute for Highway Safety in 2021
417-1	Requirements for product and service information and labeling	53	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	88	Received one complaint from regulatory authorities (was finalized by agreement between the parties before proceeding mediation), no other complaints from outside institution
419-1	Non-compliance with laws and regulations in the social and economic area	88	

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

TCFD Index

Disclosure Focus Area	Recommended Disclosure	Page	Note
Governance	Describe the board's oversight of climate-related risks and opportunities.	16, 20	Report to 'Sustainability Management Committee' of the BOD and review thereof (once/semi-annually) CDP 2021 questions: C1.1b
	Describe management's role in assessing and managing climate-related risks and opportunities.	16, 20	Operation of the 'ESG Committee', a small body within the Hyundai Management Strategy Meeting (hosted by the CEO) CDP 2021 questions: C1.2, C1.2a
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	20, 21	CDP 2021 questions: C2.1a, C2.2a, C2.3, C2.3a, C2.4, C2.4a
	Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	21	CDP 2021 questions: C2.3a, C2.4a, C3.1, C3.2a, C3.3, C3.4
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	20, 21	CDP 2021 questions: C3.2, C3.2a
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	20, 21	CDP 2021 questions: C2.1 C2.2, C2.2a
	Describe the organization's processes for managing climate-related risks.	20	CDP 2021 questions: C2.1, C2.2, C2.2c, C2.2d
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	16, 20	CDP 2021 questions: C2.1, C2.2
Metrics and Targets	Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	24, 25, 78, 80	Energy consumption, vehicle production and sales status, vehicle CO ₂ emissions, sales, etc. CDP 2021 questions: C8.2, C8.2a, C8.2b, C8.2c, C8.2d, C11.3a
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	22, 80	CDP 2021 questions: C6.1, C6.3, C6.5, C7.1a, C7.2, C7.3b, C7.5, C7.6b
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	-	Currently in the progress of setting the mid- to long-term reduction targets which will be disclosed through CDP 2021. CDP 2021 questions: C4.1, C4.1a

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

SASB Index

		Accounting Metric	Page	Note
Product Safety	TR-AU-250a.1	Percentage of vehicle models rated by NCAP programs with an overall 5-star safety rating, by region	-	Korea: 100%, U.S.: 70%
	TR-AU-250a.2	Number of safety-related defect complaints, percentage investigated	50	Constant monitoring of customer complaints and 100% voluntary recall to customers of Ministry of Land, Infrastructure and Transport (Korea), NHTSA (U.S. Department of Transportation's National Highway Traffic Safety Administration)
	TR-AU-250a.3	Number of vehicles recalled	50	2020: 32 cases, 6.23 million vehicles (voluntary recall)
	TR-AU-310a.1	Percentage of active workforce covered under collective bargaining agreements	84	2020: 68.2% (domestic basis)
Labor Practices	TR-AU-310a.2	(1) Number of work stoppages and (2) total days idle	-	2020: No strike history of more than 1,000 people taking a break from work (domestic and overseas)
	Fuel Economy & Use-phase Emissions	Sales-weighted average passenger fleet fuel economy, by region	25	EU average passenger fleet carbon emissions, China/U.S. average fleet fuel economy
				2017 2018 2019 2020
				Average fleet carbon emission in EU (g/km) 126.9 124.3 123.5 94.7
Fuel Economy & Use-phase Emissions	TR-AU-410a.1	Sales-weighted average passenger fleet fuel economy, by region	25	Average fleet fuel economy in China (L/100km) 6.47 6.28 6.00 5.61
	Average fleet fuel economy in U.S. (mpg) Passenger car 38.9 38.5 38.5 40.0			
	Light truck 27.3 27.2 27.1 29.4			
	Number of electrified vehicles sold in 2020 and percentage thereof			
Materials Sourcing	TR-AU-410a.2	Number of (1) zero emission vehicles (ZEV), (2) hybrid vehicles, and (3) plug-in hybrid vehicles sold	24	Classification HEV/PHEV EV FCEV Total
	Europe 47,274 units(10%) 60,861 units(13%) 589 units(0.1%) 108,135 units(24%)			
	Korea 66,181 units(9%) 18,612 units(2%) 5,786 units(0.7%) 90,579 units(12%)			
	Global 154,015 units(4%) 98,054 units(3%) 6,600 units(0.2%) 258,669 units(7%)			
Materials Sourcing	TR-AU-410a.3	Discussion of strategy for managing fleet fuel economy and emissions risks and opportunities	23-24	* Excluding commercial vehicles
	Increase sales of electrified vehicles and promote fuel efficiency improvement of internal combustion engines			
	The materials for electric vehicle batteries including rare metals such as nickel, cobalt and lithium have limited reserves in several developing countries, such as Southeast Asia, Africa, and South America, which may trigger risky issues of human rights and environmental violations, not to mention the unstable supply/demand and high risk of price fluctuations. Hyundai asks its suppliers to act with responsibility when sourcing minerals. Furthermore, Hyundai had established the second life EV battery circulation process as part of its risk management of rare metals and is trying to recycle the valuable metals such as cobalt, nickel and lithium through this process.			
	2020: 482,215 tons (total amount of waste from manufacturing), 89% (percentage recycled)			
Materials Sourcing	TR-AU-440b.1	Total amount of waste from manufacturing, percentage recycled	31, 81	2020: Weight of materials reused/used after end-of-life (ton): 209,754 tons, recycling rate: 91.9% (including heat recovery)
	TR-AU-440b.2	Weight of end-of-life material recovered, percentage recycled	29	Recyclability: 85% (95%, when including waste energy recovery)
	TR-AU-440b.3	Average recyclability of vehicles sold	29	
Activity Metric	TR-AU-000.A	Number of vehicles manufactured	4, 78	
	TR-AU-000.B	Number of vehicles sold	4, 78	

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

WEF IBC Stakeholder Capitalism Metrics

Theme	Metrics	Page	Note																																																																																																		
Governing Purpose	Setting purpose	3, 16	Along with creating economic values, the fundamental role of a company, we are also concentrating our capabilities on practicing sustainable ESG management that centers on environment (E), society (S) and governance (G).																																																																																																		
Quality of Governing Body	Governance body composition	67-68	<p>The BOD consists of 5 directors and 6 independent directors (including 1 female director). Among the members of the BOD, the independent director in charge of protecting shareholder rights (Independent Director Yoon Chi-won) participates in meetings with domestic investors and corporate briefings for overseas investors in aim of strengthening communications between the BOD and shareholders, and strives to improve our shareholder values. In order to faithfully perform the duties of the independent director, taking concurrent positions as a director, executive officer, or auditor of two or more other companies is prohibited. In order to prevent conflicts of interest, it is not allowed to engage in transactions in nature of the company's business activities without obtaining a prior approval from the BOD, or to become a general partner or director of other companies in the same industry.</p> <p>Composition of the BOD</p> <p>(As of May 31, 2021)</p> <table border="1"> <thead> <tr> <th>Classification</th><th>Name</th><th>Position/Career</th><th>Date of Initial Appointment</th><th>Remarks</th><th>Gender</th></tr> </thead> <tbody> <tr> <td rowspan="5">Internal Directors</td><td>Euisun Chung</td><td>Chairman</td><td>March 12, 2010</td><td>Chair of the Board, Recommendation Committee on Candidates for Non-executive Directors</td><td>Male</td></tr> <tr> <td>Eon Tae Ha</td><td>President & CEO</td><td>March 16, 2018</td><td>-</td><td>Male</td></tr> <tr> <td>Jaehoon Chang</td><td>President & CEO</td><td>March 24, 2021</td><td>Recommendation Committee on Candidates for Non-executive Directors, Sustainability Management Committee</td><td>Male</td></tr> <tr> <td>Albert Biermann</td><td>President</td><td>March 22, 2019</td><td>-</td><td>Male</td></tr> <tr> <td>Gang Hyun Seo</td><td>Executive Vice President</td><td>March 24, 2021</td><td>Compensation Committee</td><td>Male</td></tr> <tr> <td rowspan="7">Non-executive Directors</td><td>Eun Soo Choi</td><td>Legal Advisor, DR & AJU Former President, Daejeon High Court and Patent Court</td><td>March 17, 2017</td><td>Recommendation Committee on Candidates for Non-executive Directors (Chair), Audit Committee, Sustainability Management Committee (Chair)</td><td>Male</td></tr> <tr> <td>Chi-Won Yoon</td><td>Former Vice-Chair, UBS Wealth Management Chair, Diginex</td><td>March 22, 2019</td><td>Compensation Committee (Chair), Audit Committee, Sustainability Management Committee</td><td>Male</td></tr> <tr> <td>Eugene M. 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1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Theme	Metrics	Page	Note																					
Risk and Opportunity Oversight	Integrating risk and opportunity into business process	20-21, 72, 99-100	By identifying regional/organizational issues on climate change issues, we evaluated the impacts of each factor effecting the company in aim of establishing a decent, company-wide response strategy. In addition, we carried out a materiality analysis to disclose the directions for management directions for each major issue, key performance and mid- to long-term plans.																					
Climate Change	Greenhouse gas (GHG) emissions	22, 31, 80, 103, 104, 106	We disclose the total greenhouse gas emissions occurring from all domestic business sites and 8 overseas subsidiaries. Greenhouse gas emissions (Scope 1+2, tCO ₂ -eq): 2,396,316 Emissions for a total of 11 categories (6 upstream and 5 downstream) are disclosed. Greenhouse gas emissions (Scope 3, tCO ₂ -eq): 93,881,255																					
	TCFD implementation	93	Details of all recommendations in the TCFD Index can be found in the Sustainability Report and the Carbon Disclosure Project (CDP).																					
Nature Loss	Land use and ecological sensitivity	-	Hyundai Motor Manufacturing Russia site is located adjacent to the Biodiversity Area (KBA).																					
Freshwater Availability	Water consumption and withdrawal in water-stressed areas	31	Hyundai Motor India and Hyundai Assan Otomotive Sanayi (Turkey plant) locate in areas of extreme water stress or high water stress as presented by the WRI Aqueduct water risk atlas tool.																					
			<table border="1"> <thead> <tr> <th>Volume of water withdrawal (Ton)</th> <th>Volume of water consumption (Ton)</th> <th>Rate of water withdrawal</th> <th>Rate of water consumption</th> </tr> </thead> <tbody> <tr> <td>1,713,622</td> <td>1,137,763</td> <td>9.0%</td> <td>11.4%</td> </tr> </tbody> </table>	Volume of water withdrawal (Ton)	Volume of water consumption (Ton)	Rate of water withdrawal	Rate of water consumption	1,713,622	1,137,763	9.0%	11.4%													
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Dignity and Equality	Diversity and Inclusion	82-84	Data on employees by age, female employees, employment status of the disabled are disclosed in the Sustainability Report.																					
	Pay equality	69	The average remuneration per person is disclosed in the Sustainability Report.																					
	Wage level	69	BOD Compensation <table border="1"> <thead> <tr> <th>Classification</th> <th>CEO</th> <th>Non-executive Director</th> <th>Board member</th> <th>Employee*</th> <th>Ratio of CEO's compensation to an employee's</th> </tr> </thead> <tbody> <tr> <td>Average compensation per person</td> <td>1,203</td> <td>141</td> <td>943</td> <td>88</td> <td>1,367%</td> </tr> </tbody> </table>	Classification	CEO	Non-executive Director	Board member	Employee*	Ratio of CEO's compensation to an employee's	Average compensation per person	1,203	141	943	88	1,367%									
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	Risk for incidents of child, forced or compulsory labor	92	* Employee: All employees, excluding the CEO but including non-registered executives and employees ** Detailed information is available in our 2020 Business Report. It can be accessed on the Data Analysis, Retrieval and Transfer System of the Financial Supervisory Service There are no business sites or suppliers with a high risk of child/forced labor.																					
Health and Well-being	Health and safety	87	The number of industrial accident victim, industrial accident rate, work loss rate and occupational disease rate are disclosed in the sustainability report.																					
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1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Theme	Metrics	Page	Note
Skills for the Future	Training Provided	84	The status of employee training (training hours by position, training expense) is disclosed in the Sustainability Report.
			Employee Training
			Total training expenses KRW billion 290
			Training expenses per employee KRW 10,000 37
		Training expense per employee (by position)	Super administrator KRW 10,000 16
			Middle manager KRW 10,000 2.3
			New employees and non-managers KRW 10,000 0.7
		Training hours per employee	Hour 17
			Training hours per employee (by position)
			Super administrator Hour 79.2
			Middle manager Hour 21.2
			New employees and non-managers Hour 12
Employment and Wealth Generation	Absolute number and rate of employment	84-85	The number of new domestic employees and the turnover rate are disclosed in the sustainability report.
	Economic contribution	78-79, 88	Sales and financial information, R&D expenses (details of the company's investments and government subsidies), information on economic values distributed are disclosed in the Sustainability Report and the Business Report.
	Financial investment contribution	88	Hyundai Motor Company is committed to improving the organization's successful investment and profitability. Total Capital Expenditure - Depreciation expense: 368 billion won Buyback of treasury stock + dividend payment: KRW 1.89 trillion
Innovation of Better Products and Services	Total R&D expenses	88	Total R&D expense spent is as follows. - Total R&D expenses in 2020: KRW 3.1085 trillion - 2020 government subsidy: KRW 11.5 billion
Community and Social Vitality	Total tax paid	88	Details of corporate income tax are disclosed in the Sustainability Reports and business reports.

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Stakeholder Engagement

Stakeholder Communication

Hyundai makes all efforts to strengthen its communication function across entire areas of business activities. We have categorized our stakeholders into six major groups – customers and dealers, employees, suppliers, local communities, government, shareholders and investors – and continue to identify and reflect their requirements, and provides a detailed, transparent information regarding our sustainability performance which we have achieved and relevant activities carried out.

Category	Customers and Dealers	Employees	Suppliers	Local Communities	Government	Shareholders and Investors
Definition of key stakeholder groups	Dealers deliver Hyundai's products and services to customers, while customers decide on making a purchase based on the delivered product and service.	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 and global citizens who are influenced by our 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 our 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 our business.
Communication channels by key stakeholder groups	Motor show and new car launching ceremony Test driving Before Service Customer satisfaction survey Car club On-line (Social media) Website Sports sponsorship Dealer events	Labor-Management Council Employee satisfaction surveys Meetings and events Grievance handling system Occupational Safety and Health Committee Work-related education and training	Win-win growth portal site HMG Partner System Transparent Purchase Practice Center website Global Win-Win Cooperation Center (GPC Portal) Seminars and training	Social contribution programs Communication with local communities nearby the company's business sites Recruitment Family inviting events	Public hearings Policy-making discussions and briefings	Annual Shareholders Meeting Company briefing IR meetings Sustainability Management Committee Website
Issues of interest by key stakeholder groups	Producing eco-friendly vehicles Improving fuel efficiency Customer and product safety Customer communication Production quality management Brand reputation Minimizing harmful substances in products	Developing human resources Protecting human rights in the workplace Employee compensation Labor-management relations Health and safety in the workplace Greenhouse gas and energy management	Win-win growth Supply Chain ESG	Job creation and retention Social contributions Reducing wastewater and wastes Water resource management Protecting biodiversity Managing harmful substances in the workplace	Anti-corruption and ethical management Establishment of infrastructure Reducing air pollution	Corporate governance Financial performance Technological innovation Risk management

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Sustainability Management Materiality Analysis

Materiality Analysis Process

Hyundai conducted a 5-step sustainability management materiality analysis to identify major reportable issues and to organize the content of each issue.

Step 01.

Forming a pool of topics

We analyzed sustainability management trends by analyzing global economic, social, and environmental issues as well as international standards, and benchmarked sustainability reports in the same industry. We also carried out media research and internal status reviews to form a pool of 34 material sustainability topics that influence our stakeholders.

Step 02.

Analyzing issues

We analyzed documented materials and quantified the results of analysis for each category, in order to determine the priority of the issues in the major sustainability management issue pool.

Analysis of impact on business	Analysis of importance to stakeholders
--------------------------------	--

- **Analysis of internal status**
Analysis of the management instructions and related data thereof including the ESG committee
- **Benchmarking of other companies in the same industry**
Analyze material issues of recent sustainability reports published by competitors
- **Analysis of reports by external experts**
Analyze securities firms' analyst reports and columns published by experts
- **Analysis of international standards**
Analyze major sustainability initiatives in Korea and overseas, including GRI, DJSI, SASB, and UN SDGs, as well as ESG evaluations
- **Media research**
Analyze 9,119 articles from major media outlets in Korea that were published in 2020
- **Past sustainability report (2016~2020)**
Analyze reported issues and the content of reports that were published in the last five years

Step 03.

Stakeholder survey

With respect to the sustainability management issue pool, we were able to identify the sustainability issues of high interest by carrying out a survey under which the target respondents were Hyundai Motor's Sustainability Task Force Team and outside sustainability experts.

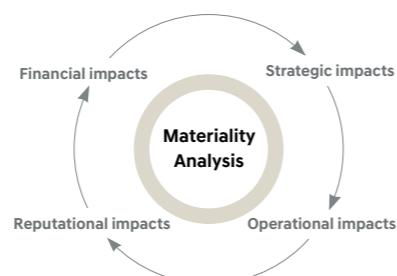
Overview of stakeholder survey

Period	Mar. 25, 2021 ~ Apr. 30, 2021
Method	Online survey
Target	Sustainability experts from outside the company, Hyundai employees
Details	<ul style="list-style-type: none"> • Select material topics related to Hyundai's sustainability management • Determine the priority of the material topics

Step 04.

Selecting material issues

Priority level of each issue was determined by impact on business (financial, strategic, operational impacts) and importance to stakeholders (reputational impacts).



Step 05.

Materiality analysis results

In relation to the major issues that were identified through the materiality analysis, direction of issue management, key outcome and mid-to-long term plans are reported and disclosed.

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Materiality Analysis Results



Grouping of Sustainability Management			
Category	Material Issues	General Issues	
Society	1. Supply Chain ESG	4. Customer Service 9. Customer safety 10. Product quality 12. Labor-Management Relations 13. Workplace Safety and Health	15. Social Contribution 16. Increase of Employment 18. Employee Competencies 22. Employee Human Rights 23. Evaluation Reward 25. Win-win Growth 31. Organizational Culture
Economy and Governance	2. Technological Innovation	6. Economic Profit Generation 11. Business Ethics 17. Corporate Governance 19. Brand Image 20. Infrastructure Investment	21. Strengthening the global market 27. Risk Management 29. ESG Information Disclosure 30. Protection of Shareholder Rights 32. Innovation
Environment	3. Environmental Investment	5. Circular Economy 7. Response to Fuel Economy Regulations 8. Reduction of Carbon Emissions 14. Reduction of Exhaust Emissions 24. Product Life Cycle Assessment	26. Harmful Substances Management 28. Operational Eco-Efficiency 33. Product Environmental Declaration/Labeling 34. Biodiversity

Material Issue Management

Material Issues	Direction for Issue Management	2020 Outcome	Mid- to Long-term Plan	Target year
Supply Chain ESG	<ul style="list-style-type: none"> Set goal for preventing supply chain risk Establish supply chain ESG management policies and process Manage risks associated in areas of ethics, environment, labor/human rights, safety/health and management system 	<ul style="list-style-type: none"> Enact the Code of Conduct for suppliers Achieve 100% safety and health system certification of tier 1 suppliers Complete the development of supply chain ESG assessment indicators Carry out ESG pilot evaluation on suppliers (275 companies) 	<ul style="list-style-type: none"> Achieve 100% safety and health system certification of tier 1 suppliers Achieve 100% supply chain ESG assessment (2019-2023, conducted annually for 20% of tier 1 suppliers) 	2023
Technological Innovation	<ul style="list-style-type: none"> Develop smart mobility device and service based on artificial intelligence/autonomous driving/big data/connectivity, etc. Innovate technologies to improve fuel efficiency and reduce CO₂ emissions 	<ul style="list-style-type: none"> Successfully export hydrogen fuel cell system for the first time in industry Develop customer service robot Dal-e and place at the exhibition hall Prime Minister's Award at the Korea Technology Awards (for connected car computing system technology) Improve fuel efficiency by more than 20% through engine downsizing, aerodynamic improvement, driving resistance improvement, vehicle weight reduction, etc. (3rd generation G80) 	<ul style="list-style-type: none"> Complete construction of hydrogen fuel cell system plant (HTWO Guangzhou) and Singapore Global Innovation Center Apply AI-based connected car operating system (ccOS) for all vehicles Comply with fuel efficiency/CO₂ emission regulations by each country 	2022
Environmental Investment	<ul style="list-style-type: none"> Inevitable to transit from internal combustion engine vehicles to electrified vehicles due to the reinforced vehicle CO₂ regulations and the spread of ban on sales of the internal combustion engine vehicles among the major countries Increase environmental investment to strengthen the lineup of electrified vehicles including electric vehicles 	<ul style="list-style-type: none"> Launch electric vehicle Ioniq 5 based on 'E-GMP' a platform dedicated to electric vehicles Launch first electric vehicle branded under Genesis 	<ul style="list-style-type: none"> Invest KRW 10.8 trillion in developing electrified vehicles by 2025 Release 12 or more E-GMP-based electric vehicle models by 2025 	2025

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Independent Assurance Statement

Introduction

Hyundai Motor Company (“HMC”) commissioned DNV Business Assurance Korea Ltd. (“DNV”), part of DNV Group, to undertake independent assurance of the Sustainability Report 2021 (the “Report”). The directors of HMC have sole responsibility for the preparation of the Report. The responsibility of DNV in performing the assurance work is to the management of HMC in accordance with the terms of reference. DNV’s assurance engagements are based on the assumption that the data and information provided by HMC 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 2020 generated from HMC, we have evaluated the adherence to AA1000 AccountAbility Principles (AA1000AP) 2018 and assessed the quality of sustainability performance information. We have reviewed that the Topic-specific disclosures of GRI Sustainability Reporting Standards 2020 which are identified in the process for defining report content;

No.	Material Topic	GRI Topic-specific disclosures
1	Supply Chain ESG	414-2
2	Technological Innovation	Non-GRI ¹
3	Environmental Investment	Non-GRI

We performed our work using AA1000AS v3², Assurance Standard set for by AccountAbility, and DNV’s assurance methodology VeriSustain™ (Ver. 5.0)³ which is based on our professional experience, international assurance best practices. DNV provides Type 1 and the moderate level of assurance. But some part of performance data has been verified by Type 2. The assurance was carried out from April and till June 2021. 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 process and the result of materiality assessment.

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). 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 nor is prepared in accordance with GRI Sustainability Reporting Standards 2020 (Core option). Further opinions with regards to the adherence to the Principles presented in the AA1000AP (2018) are made below;

The Principle of Inclusivity

HMC identifies customers/dealers, employees, suppliers, local communities, government, shareholders/ investors as internal and external stakeholder groups, and HMC engages with the stakeholders at the company and business unit levels through various channels. The definition of each stakeholders and the approaches to engage with selected stakeholders and relevant organizations are described in the Report, and stakeholder interests are reflected in the materiality assessment process. HMC’s sustainability management activities in each ESG area are aligned with the UN Sustainable Development Goals (UN SDGs).

The Principle of Materiality

HMC has conducted the materiality assessment to prepare the Report. A pool of 34 sustainability issues have been derived by analysing the topics covered in various global initiatives and standards, reviewing industry peers’ reports, analyst reports and media reports. The issue pools were used on internal and external stakeholder survey and evaluation by ESG expert group 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

HMC discloses management approaches, key performance, and mid-long term strategy (including target year) on material topics that reflect stakeholders’ interest and expectations. In particular, ESG-related decisions are being made in connection with the company-wide vision and business strategy based on the newly established ESG governance in 2020 and the results of management activities carried out in each ESG area are reported accordingly.

1. No performance indicators linked to GRI topic-specific disclosures

2. Internationally accepted, freely available standard that provides the requirements for conducting sustainability assurance.

3. The VeriSustain protocol is available upon request at DNV Website (www.dnv.com)

1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

The Principle of Impact

The impact on stakeholders related to material topics should be identified, monitored and assessed. The Report presents direct and indirect impacts of material topics identified by the materiality assessment. HMC selects carbon reduction, climate change risks & opportunities, eco-friendly product life cycles, conflict minerals, human rights, supply chain ESG, and governance as key ESG task areas, and reports on related risks and opportunities, impacts and performance. In particular, as one of the 2025 strategies, HMC is promoting energy shift to hydrogen/electric vehicles in consideration of environmental impact, and strengthened reporting on this.

Reliability of Specific sustainability performance information

DNV conducted a review of compliance with the principles of AA1000AP (2018) of the Report as described above (Type 1 verification). In addition, we have reviewed the reliability of the disclosure data (Type 2 verification) - 'waste generation', 'water consumption' and 'Occupational Injuries and Illnesses rate'. 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 applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - 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 Code of Conduct⁴ 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 was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV has no other contract with HMC and did not provide any services to HMC that could compromise the independence or impartiality of our work.

June 2021
Seoul, Korea



Jang Sup Lee
Country Representative
DNV Business Assurance Korea Ltd.



1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Assurance Statement

Relating to Hyundai Motor Company's Scope 1 & 2 GHG emissions in Korea for the 2020 calendar year

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 2020 (the report) against "GHG emission trading scheme for quantification and reporting of GHG emissions in Korea" and "monitoring plan of the calendar year 2020" using "verification guideline for GHG emission trading scheme in Korea". The report relates to direct GHG emissions, energy indirect GHG emissions and energy consumption.

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 "verification guideline for GHG emission trading scheme in Korea" 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 2020

Level of Assurance & Materiality

Based on LRQA's approach, we believe that the report is prepared in accordance with "GHG emission trading scheme for quantification and reporting of GHG emissions in Korea" and "monitoring plan of the calendar year 2020", and the GHG emissions data in the Table 1 is materially correct.



LRQA's Opinion

Based on LRQA's approach, 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:

Dated: 26 Mar 2021

II Hyoung Lee

Operation Manager

Issued by: Lloyd's Register Quality Assurance (Korea) Ltd. For and On behalf of Lloyd's Register Quality Assurance Limited.

17F, Sinsong Building, 67, Yeoeuinaru-ro, Yeongdeungpo-gu, Seoul, Republic of Korea

LRQA Reference: SEO 6012382

Table1. GHG emissions reported in the Report

Scope (as defined within GHG Target Management Scheme in Korea)	Year 2020
Direct GHG Emissions	484,509
Energy Indirect GHG Emissions	1,037,963
Total GHG Emissions	1,522,472

Data is presented in tonnes of CO₂ equivalent.

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1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Assurance Statement

Relating to Hyundai Motor Company's Scope 1 & 2 GHG emissions of overseas factories for the 2020 calendar year

This Assurance Statement has been prepared for Hyundai Motor Company.

Terms of Engagement

Lloyd's Register Quality Assurance Ltd. was commissioned by Hyundai Motor Company (HMC) to provide independent assurance on its greenhouse gas (GHG) emissions of its overseas factories for the calendar year of 2020 against "GHG Emission Trading System Scheme for quantification and reporting of GHG emissions" using "Verification guideline for GHG emission trading system".

Management Responsibility

LR's responsibility is only to HMC. LR 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

LR's assurance engagement has been carried out in accordance with our verification procedure using "Verification guideline for GHG emission trading system" to limited level of assurance.

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

- Visiting HMC's headquarters located in Seoul and auditing management system to control the data and records regarding GHG emissions
- Interviewing the relevant persons responsible for managing and maintaining data and associated records
- Reviewing the historical data and information through sampling.
- Checking whether the scope 1 from HMMC fabrication plant were transposed correctly from the GHG inventories which were verified by the third-party assurance providers.

Level of Assurance & Materiality

The opinion expressed in this Assurance Statement has been formed on the basis of a limited level of assurance, and at the materiality of the professional judgement of the verifier.

LR's Opinion

Based on LR's approach, except for the effect of the matters described in the Basis for Qualified Opinion as below, nothing has come to our attention that would cause us to believe that the GHG emissions in the Table 1 are not reported in accordance with "GHG Emission Trading System Scheme for quantification and reporting of GHG emissions", in all material respects.



Basis for Qualified Opinion

When HMC determined its organizational boundary by applying control approach, HMC did not exclude GHG emissions of some other entities that operate their own facilities in the premises of HMC's overseas factories from the calculation of its GHG emissions.

Dated: 22 April 2021

II Hyoung Lee

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

LR Reference: SEO6012382

Table 1. Summary of GHG Emissions from HMC's overseas factories in 2020

Unit: tCO₂eq

Plant	HMMA	BHMC 1-3 Feb.	BHMC 4-5 Feb.	HMI	HAOS	HMMC	HMMR	HMB	HTBC	Total
Scope1	28,563	53,329	33,540	24,050	22,755	28,983	31,207	6,611	2,690	231,728
Scope2	139,663	130,913	84,704	148,967	22,312	72,287	27,167	4,177	11,926	642,116
Total	168,226	184,242	118,244	173,017	45,067	101,270	58,374	10,788	14,616	873,844

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1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

Assurance Statement

Relating to Hyundai Motor Company's Scope 3 GHG emissions for the 2020 calendar year

This Assurance Statement has been prepared for Hyundai Motor Company in accordance with our contract.

Terms of Engagement

Lloyd's Register Quality Assurance Ltd. (LR) was commissioned by Hyundai Motor Company (HMC) to provide independent assurance on its Scope 3 greenhouse gas (GHG) emissions of against the assurance criteria below to a "limited level of assurance and materiality" using "CDP Korea verification procedure"¹ and "LR's verification procedure". LR's verification procedure is in accordance with ISAE 3000 and ISAE 3410.

Our assurance engagement covered the Scope 3 GHG emissions related to HMC's operations and activities in Korea and overseas² specifically the following requirements:

- Reviewing whether its Scope 3 GHG emissions inventory has been prepared based on Corporate Value Chain (Scope 3) Accounting and Reporting Standard³
- Evaluating the accuracy and reliability of data and information for only the Scope 3 GHG emissions in selected categories listed in the Table 1⁴

LR's responsibility is only to HMC. LR disclaims any liability or responsibility to others as explained in the end footnote. HMC's responsibility is for collecting, aggregating, analysing and presenting all the data and information for calculating the Scope 3 GHG emissions and for maintaining effective internal controls over the systems from which the Scope 3 GHG emissions are reported. Ultimately, the Scope 3 GHG emissions have been approved by, and remains the responsibility of HMC.

LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe that HMC has not, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable performance data in the Table 1 as all errors that were detected were corrected during this verification engagement

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LR's Approach

LR's assurance engagement has been carried out in accordance with our verification procedure our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Visiting HMC's headquarters located in Seoul and auditing management system to control the data and records regarding the Scope 3 GHG emissions
- Interviewing the relevant persons responsible for managing and maintaining data and associated records
- Reviewing the historical data and information through sampling.

Observations

- HMC should establish more robust and documented data management procedure for reporting the Scope 3 GHG emissions.
- HMC should enhance completeness of the Scope 3 GHG emissions inventory.

1. <http://www.kosif.org>

2. Our engagement for category 1, 11 and 12 covers the overseas subsidiaries.

3. <https://ghgprotocol.org/>

4. GHG quantification is subject to inherent uncertainty.



1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

LR's standards, competence and independence

LR implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases - Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment - Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LR is HMC's verification body for Korean GHG Emission Trading Schemes. The verification is the only work undertaken by LR for HMC and as such does not compromise our independence or impartiality.

Tae-kyoung Kim

LR Lead Verifier

Tae-Kyoung Kim

LR Lead Verifier

On behalf of Lloyd's Register Quality Assurance Limited

17th Floor, Sinsong Building, 67 Yeouinaru-ro, Yeongdeungpo-gu, Seoul, Korea

LR Reference: SEO6012382

Dated: 22 April 2021

Table 1. Summary of the Scope 3 GHG Emissions in 2020

Categories	Tonnes CO ₂ eq	Boundaries
Category 1: Purchased Goods and Services	17,014,155	All car models
Category 2: Capital Goods	22	Purchased computers and monitors
Category 3: Fuel- and Energy-Related Activities (not included in Scope 1 or Scope 2)	93,518	All non-renewable energy sources and purchased electricity
Category 5: Waste Generated in Operations	1,760	Waste (landfill and recycling) and wastewater
Category 6: Business Travel	5,222	Business travels in overseas and domestic
Category 7: Employee Commuting	14,314	Commuter buses
Category 9: Downstream Transportation and Distribution	655,831	Shipping and land transportation
Category 11: Use of Sold Products	75,620,514	All car models (Tank to Wheel)
Category 12: End-of-Life Treatment of Sold Products	102,668	All car models
Category 13: Downstream Leased Assets	3,325	Headquarters building and Gyedong building
Category 15: Investments	369,926	5 affiliates for which HMC has more than 20 percent ownership and of which GHG inventories are available
Total	93,881,255	

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1 Introduction

2 Environmental

3 Social

4 Governance

5 ESG Factbook

5.1 About This Report

5.2 Global Network

5.3 Business Performance

5.4 Facts & Figures

5.5 GRI Index

5.6 TCFD Index

5.7 SASB Index

5.8 WEF IBC Stakeholder Capitalism Metrics

5.9 Stakeholder Engagement

5.10 Sustainability Management Materiality Analysis

5.11 Independent Assurance Statement

5.12 Assurance Statement

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