



# Road to Sustainability

2020 Sustainability Report



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## Sustainability Magazine

### Sustainability C.A.S.E

1. Clean mobility
2. Advanced technology
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## CEO Message



### At the center of Hyundai Motor Company's management philosophy is "humanity".

The same principle applies to "Progress for Humanity", the brand vision we adopted anew in 2019. We have also established "Strategy 2025", an action plan for achieving our vision of the future mobility as a "Smart Mobility Solution Provider".

In 2019, upholding our unwavering commitment, disciplined growth strategy, and technological prowess, we continued to grow in the face of challenging market conditions. In particular, we earned recognition as the most competitive company in the eco-friendly and premium vehicle sectors, to which we have been directing our commitment to excellence. We demonstrated this by recording our No. 1 position in global FCEV sales and maintaining the leading position of the Genesis that was named as the top premium brand in the US Initial Quality Study (IQS) for three years in a row.

In addition to economic value creation, one of our fundamental roles as a company, Hyundai focused our capabilities and passions on generating social values crucial to the betterment of society. We widened the scope of our CSV activities so that our stakeholders can spend quality time with Hyundai and expedited the development of eco-friendly technology so that we can usher in a hydrogen society powered by unlimited clean energy. As a result of these efforts to run our business in an economically, socially, and environmentally responsible way, Hyundai made the coveted Dow Jones Sustainability Index (DJSI) Korea list in 2019.

In 2020, we are facing unprecedented crisis and challenges. The global spread of the COVID-19 pandemic is threatening the stability of the world economy and the cohesion of the global community. Responding to the threat as a mature global player, Hyundai will lead global efforts of progress towards a better future by faithfully executing the following tasks.

#### **We will overcome the crisis together.**

Hyundai will proactively respond to change by reprioritizing crisis management with liquidity at the front and minimize losses by calibrating production and sales to market situations. Furthermore, we will remain close to our stakeholders who are experiencing this difficult time. We will further strengthen the relationship of trust with our customers by offering distinctive financing programs and maintaining glitch-free services, and we will bolster ties with suppliers and dealers with increased support for supplier liquidity and dealer sales. In addition, we will support policy measures that are implemented to fight the COVID-19 pandemic throughout the world, and conduct CSV activities addressing the needs of local communities that are doing their best to overcome the crisis.

#### **We will become stronger.**

Hyundai will implement bold and innovative measures that will change the fundamentals of our cost structure in order to be strong enough to withstand a crisis of any magnitude. We will rationalize the inefficient powertrain and other low-performing lines, reduce production costs through design innovation and manufacturing standardization, and facilitate profit-centric decision-making by improving the flexibility of global production systems. We will also increase our operational efficiency and execution abilities through process innovation. Customers are the driving force as well as the goal of our innovation. Once the crisis is overcome, we will be transformed into a thoroughly customer-centric institution, and by turning this obstacle into opportunity, we will discover a path to new growth.

#### **We will prepare for a new future.**

Hyundai will develop new growth in the future mobility market based on our mid- to long-term innovation plan, Strategy 2025.

To secure a leadership position in the global vehicle electrification market, we will develop electric vehicle-only platforms and further sharpen the competitive edge of our key drivetrain parts. In particular, in the business of FCEVs, where we lead the world, we will expand the business to fuel cell systems and the relevant infrastructure, and play a pivotal role in the global transition into a hydrogen society. In the mobility service area, we will fully launch the business by region, including Korea, India, and Europe, thus laying the foundation for generating quantifiable outcomes. Taking a step further, Hyundai will evolve into a company that offers mobility solutions in a wide range of areas, such as Urban Air Mobility (UAM), robots, and smart cities – all soon to become a reality.

No one can predict what the post-COVID-19 era will be like. Even the amidst of an unprecedented pandemic, Hyundai's goals remain clear. As the corporate environment becomes increasingly complex, Hyundai's innovation points to one direction. We will continue our "Progress for Humanity" with the goal of providing freedom of movement to everyone, connecting people with quality time, and improving the daily lives of all humanity. We will take untrodden paths that are far from easy but worth the effort, and strike out in new directions. I look forward to your continued interest and support as we journey towards a sustainable future.

Thank you.

President & CEO, Hyundai Motor Company

**Won Hee Lee**

## Brand Vision



# Progress for Humanity

In the Fourth Industrial Revolution era, industry boundaries are disintegrating amid a rise of convergence and change. Mindful of such global megatrends, Hyundai is accelerating its innovation drive powered by an advanced technical prowess.

Ever present in Hyundai's 50-year journey has been the notion of the human race. Without aspirations for humankind, our technological innovations would have been impossible. As an extension of our ever-hopeful journey, in 2019 we adopted a new brand vision "Progress for Humanity" as a way to confirm our determination to create more valuable time for all humanity.

Hyundai is now going beyond being an automobile manufacturer to become a mobility solution provider that allows people to easily move and connect with one another, spaces and places, and thus enabling them to make their time more valuable. We will provide mobility services that make every moment of life more valuable than before by more thoroughly understanding people's daily lives, in our journey toward progress for humanity.

## Future Mobility Vision

# Smart Mobility Solution Provider

The essence of future mobility lies in the ability to connect people safe and fast. In particular, mobility freedom is a crucial issue for future cities, as they will soon make up for more than half the world population, for the easier people make use of their time and space the more meaningful tasks they can challenge themselves to.

The essence of future mobility lies in the ability to connect people safely and quickly. In particular, mobility freedom is a crucial issue for future cities, as their population will soon make up for more than half the world population. We believe that this is because the easier people make use of their time and space the more meaningful tasks they can challenge themselves to.

At the Consumer Electronics Show (CES) 2020, Hyundai unveiled its future mobility vision, presenting a blueprint for the vision of helping vitalize human-centered future cities. The smart mobility solutions we envision break down urban boundaries and create new communities by radically reducing travel time. We will provide seamless mobility solutions comprising Urban Air Mobility (UAM), Purpose Built Vehicle (PBV), and Hub – a place for mobility transfer and community activities – all in a bid to contribute to the vitality of dynamic human-centered future cities and as part of our pursuit of “progress for humanity”.



1

### Urban Air Mobility (UAM)

- A mobility solution that combines Personal Air Vehicles (PAV) and UAM services to make airspace available for urban transportation
- The use of electric vertical takeoff and landing (VTOL) vehicles allows runway-free urban air travel
- Connects to the Hub via skyport, located on top of the Hub

2

### Purpose Built Vehicle (PBV)

- An eco-friendly urban vehicle that offers customized services in transit, such as a coffee shop and medical clinic
- Connects to the Hub via docking station, located on the ground floor of the Hub

3

### Hub

- A new mobility space connecting an air-based UAM and ground-based PBV
- Creates new communities by combining multiple PBVs

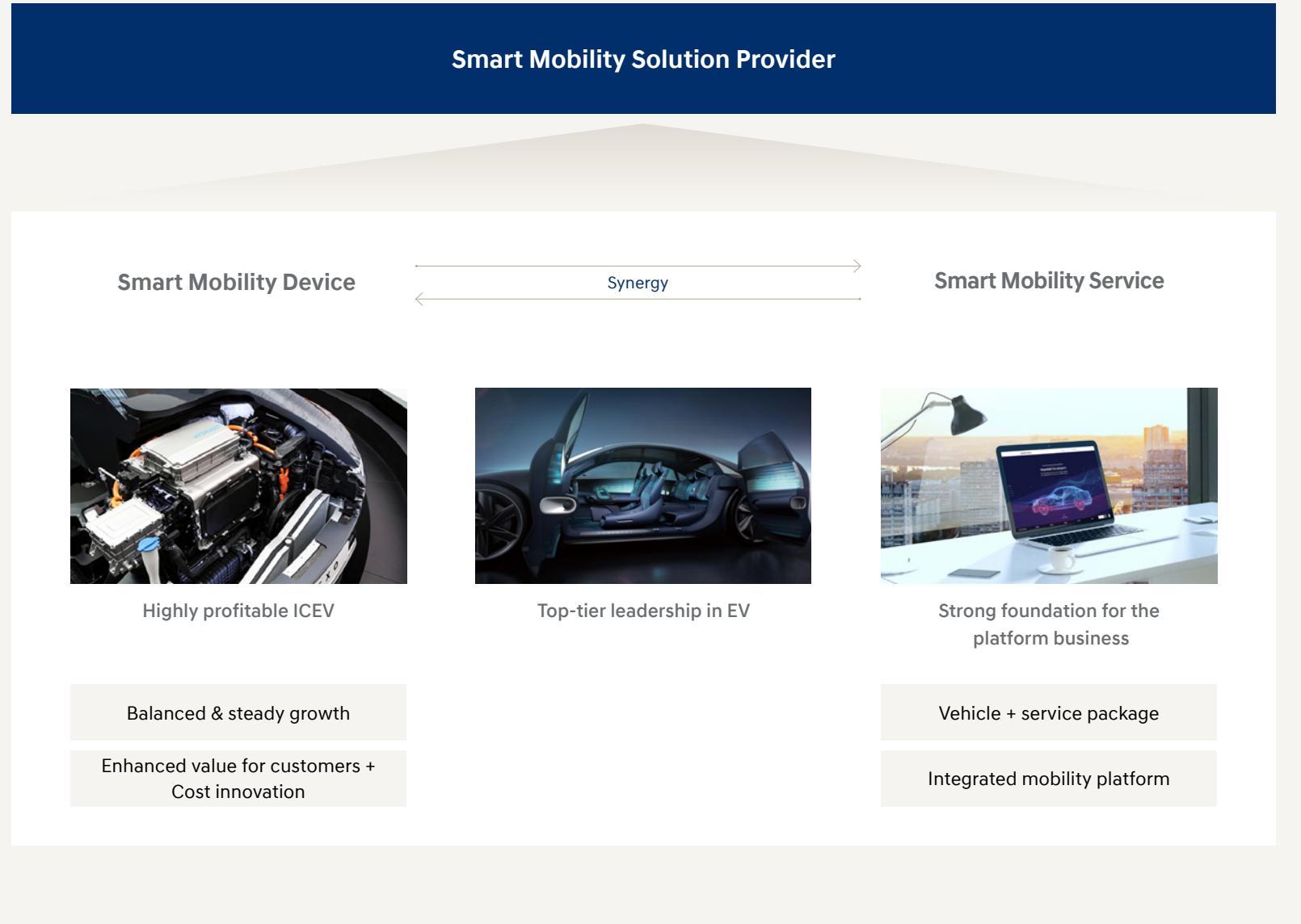
## Strategic Direction

Future Mobility  
Vision

2 Business  
Structures

3 Strategic  
Directions

4 Business  
Strategies



# Smart Mobility Device + Smart Mobility Service

Companies with a creative DNA, advanced in technology and passionate about innovation, prepare for a new future even in the face of uncertainties gripping the global economy and unprecedented challenges shaking the global community. This is why Hyundai has established “Strategy 2025”, a mid- to long-term innovation plan for achieving the goals defined in our brand vision as well as future mobility vision.

Based on Strategy 2025, we have divided our business structure into two – smart mobility device and smart mobility service – and are pursuing three strategic directions – enhancing the profitability of internal combustion engine vehicles (ICEVs), securing top-tier leadership in electric vehicles (EVs), and laying a strong foundation for the platform business. These will enable us to enhance competitiveness in manufacturing as a global automaker and to foster a new platform-based service and content business. Crucial to these methods are thinking from the customer perspective and providing products and services that customers most desire.

As a smart mobility solution provider, we will respond nimbly to changes and thoroughly prepare for the future in line with our innovation plans, and thus present new standards for values of future mobility and achieve sustainable growth.

# Company Overview

Since its establishment in 1967, Hyundai has been making continuous efforts to provide customers with the best products and services possible. In 2019, we exceeded KRW 100 trillion in sales, our highest ever sales figure, and the continuation of a long history of solid performance. We also achieved outstanding results in evaluations of our sustainability as a company. Based on our Strategy 2025 sustainable management, we will fully establish Hyundai as a “smart mobility solution provider”.

## Corporate Information

Total Assets	Sales Revenue
KRW 194,512.2 billion	KRW 105,746.4 billion
<b>Credit Ratings</b>	
Moody's <b>Baa1</b>	S&P <b>BBB+</b>
NICE Investors Service <b>AA+</b>	

\* As of the end of 2019; Based on K-IFRS consolidated financial statements

## Global Production and Sales in 2019

(Unit: Vehicle)

	Production	Sales
Korea	1,783,617	741,842
Overseas	2,701,188	3,734,309
<b>Total</b>	<b>4,484,805</b>	<b>4,476,151</b>

## Sustainability Management Performance in 2019

Institution

MEMBER OF  
Dow Jones  
Sustainability Indices  
In collaboration with  
ESG AM

CDP  
DISCLOSURE INSIGHT ACTION

CSR

	Performance	Institution
Dow Jones Sustainability Indices (DJSI)	Included in DJSI Korea, a testimony to Hyundai as an outstanding company, pursuing sustainable management, in Korea	
Carbon Disclosure Project (CDP)	Joined the Honors Club for the best response to climate change, and Carbon Management Sector Honors (discretionary consumer goods) for the second consecutive year	
Chinese Academy of Social Sciences' CSR Assessment (CASS-CSR)	Ranked No. 1 in the automotive company category for the fourth consecutive year and No. 4 in the overall company ranking in China's Corporate Social Responsibility Development Index Evaluation	

## 2019 Best-selling Models

(Unit: Vehicle sold globally)

Elantra (Avante)



458,881

Tucson



492,165

Accent



304,748

Sonata



256,433

Santa Fe



211,902

**Special Feature****COVID-19 Solidarity and Support**

# We are in this, together.

We can overcome any crisis or fear if we stand together. Even when physically apart, we can stay connected through our hearts. In times of crisis as well as stability, Hyundai moves with you.

The COVID-19 pandemic is threatening the economic and social well-being of humankind. Though the whole world is immobilized in pain and agony, we believe that the solidarity of hope continues because we remain connected.

Hyundai is helping the world overcome the crisis by conducting various activities in support of customers, employees, suppliers and local communities, and other stakeholders. Changing fear into hope and replacing despair with love, we are in this together.



Amid the unprecedented challenges of COVID-19 pandemic, Hyundai is realizing the value of “togetherness” as a responsible community member whose sense of responsibility extends beyond Korea to local communities around the world. From mobility services leveraging our expertise as a global auto company to the provision of funds, medical supplies, and relief food, we will fulfill our social responsibilities as a mobility brand that is loved and trusted by people across the globe.



## Caring for #Humanity

### Korea

Hyundai is putting resources into nationwide efforts at overcoming challenges and crises, brought onto our society by COVID-19, using diverse methods available at the Group level. We have donated KRW 5 billion to the Hope Bridge Korea Disaster Relief Association. Further, we have offered the Hyundai HRD Center and the Global Win-Win Cooperation Center in Kyeongju for use as community treatment centers as well as the Paju Campus of HRD Center as a temporary treatment center for people coming from overseas, in order to help treat mild cases in the Daegu and Kyeongbuk regions that are struggling with a soaring number of confirmed cases. We also are servicing vehicles that are used for transporting children and used by paramedics working at the forefront of the fight against COVID-19. For a month ending mid-May, 5,500 vehicles being used by childcare centers and kindergartens were disinfected and inspected for safety, and some 500 ambulances of the National Fire Agency were given a maintenance service free of charge.

Also provided are snacks for medical staff fighting COVID-19 or caring for patients; free inspection services for ambulances; medical site-tailored supports such as blood donations; masks for the underprivileged of local communities; and food packages for children of needy families. A thoughtful campaign was also carried out at our Jeonju Plant where employees bought flowers from nearby flower farms as a way to revitalize the local economy amid the prolongation of COVID-19.



### Asia

Near the end of January, when COVID-19 began to rage through the city of Wuhan, China, Hyundai announced its humanitarian support plan and delivered funds and medical supplies amounting to KRW 2.5 billion. We also donated 30 commute vehicles to Wuhan for medical staff and workers, soon following up with additional monetary donations and vehicles. The prompt and cross-border acts of empathy touched the hearts of many Chinese and drew a keen media attention highlighting Hyundai being the first among Korean corporations operating in China to respond to a neighboring country under attack by an unknown epidemic. In particular, Chinese media and local sustainability management experts spoke highly of the sincerity of Hyundai's support, praising it as an exemplary case of turning a crisis into an opportunity.

Hyundai Motor India (HMI) has donated medical supplies and relief packages worth KRW 4.9 billion to each of the central government of India and the state government of Tamil Nadu. The relief supplies included globally-recognized Korean COVID-19 diagnosis kits, masks, detergents, other medical items, and hospital waste incinerators. In addition, we plan to produce 1,000 respirators in collaboration with a local medical device company for the government of Tamil Nadu, where HMI is located. In Indonesia, we are in our early market entry phase. Nevertheless, we are exploring better ways to provide support, such as building drive-through test sites, ready to take a step closer to local communities in need, as a true, if unfamiliar, friend indeed.

## Americas

Hyundai is supporting the operation of drive-through sites designed to test people for COVID-19 by donating USD 200 thousand to 11 children's hospitals each through Hyundai Hope On Wheels, a non-profit organization that helps children fighting cancer. In response to a request from the city of Montgomery, we provided Korean diagnosis kits that were enough for 10 thousand people. We donated masks, protective goggles, hairbands, and medical gloves for 150 medical staff in Brazil, which has been struggling with a rapid spread of COVID-19. We also have launched the "Transporte Solidário Hyundai" program to help with the treatment and mobility of people fighting the virus, and provided convenient mobility services to medical staff and seniors aged 60 and older.

## Europe

In the Czech Republic, where Hyundai Motor Manufacturing Czech (HMMC) is located, we donated KRW 500 million, relief supplies worth KRW 160 million, and 20 thousand masks in March 2020. In addition, through the Korean immigrant association, HMMC donated 1,500 masks to local Koreans, as mask-wearing was being enforced outside homes. In a time of acute shortage, when even medical institutions are short of masks and other key supplies, donating essentials has been acknowledged by many as an exemplary case of corporations in community service. In Turkey, Hyundai Assan Otomotiv Sanayi (HAOS) donated to the government around KRW 400 million and medical equipment and supplies for 80 thousand people. In particular, we charted a passenger flight not only to transport over half the donation items from Korea, but also to bring 147 Koreans back home. Regardless of the circumstances, Hyundai will never forget our corporate citizenship, our pride as a representative of the Korean industry, and our relationship of trust with local communities across the globe.

### Major activities supporting global efforts to overcome the COVID-19 crisis by region



- Donating vehicles for transporting medical staff and medical supplies
  - Vehicle support: Spain (58 units), Italy (25 units), Poland (10 units)
  - The Czech Republic, France, Turkey: Funds and medical supplies

Europe

- Donating vehicles for transporting medical staff and the underprivileged, and emergency daily goods
  - 18 units of SOLARIS donated
  - 100 taxis donated for medical staff transport
  - Uzbekistan, Kazakhstan, Belarus: Medical supplies



Russia

- Donating medical supplies, such as medical gloves, gowns, and hats, as well as funds
  - Relief supplies worth RMB 5 million (KRW 840 million)
  - Funds totaling RMB 10 million (KRW 1,690 million)

China



Africa and the Middle East

- Supporting the production of ambulances and donating funds
  - Morocco: 25 specially-equipped ambulances
  - Republic of South Africa, UAE, Saudi Arabia, Iran: Medical supplies and funds



- Donating medical supplies and supporting virus testing efforts
  - Indonesia: 50 thousand protective clothing sets, 20 respirators, one drive-through facility



- Providing Korean COVID-19 diagnosis kits and donating medical supplies and funds
  - 25 thousand diagnosis kits
  - Medical supplies, such as respirators and medical staff protection equipment

- Philippines, Thailand, Nepal, Myanmar: 2,000 protective suits sets each
- Singapore: 10 thousand diagnosis kits

- Providing Korean COVID-19 diagnosis kits and supporting virus testing efforts
  - 10 thousand diagnosis kits
  - 20 drive-through test facilities



North America



Latin America



- Donating vehicles for transporting medical staff and medical supplies
  - Brazil: Medical staff protection equipment, eight vehicles, etc.



## Caring for #Humanity #online

As social distancing continues with an increasing number of people subject to self-quarantine, many are suffering from the fatigue and frustration. For such individuals and other emotional victims of the pandemic, Hyundai is creating entertaining yet meaningful content that can be enjoyed indoors. In particular, "#Thisisus", a video made to cheer people to overcome the fears of COVID-19, exceeded 3 million views in a mere five days of posting. Also, the Hyundai logo of washing and shaking hands while practicing social distancing puts a small-yet-lasting smile on people's faces.



▶ [#Thisisus, Humanity prevails.](#)

↗ [Click images to see the respective online posts](#)



## Caring for #Suppliers & Dealers

Modern history shows each global crisis has brought about changes in the industrial ecosystem of the times. The COVID-19 pandemic in particular has illuminated the importance of a stable supply chain in terms of parts supply and overseas sales.

Hyundai recognizes that partners, the basis of its global production and sales, are crucial to achieving sustainable growth in a post-COVID-19 era, and thus provides its suppliers with management, technological, and other support. Cash-strapped small- and medium-sized parts suppliers are provided with emergency funds totaling KRW 1 trillion. Further, the monthly franchise fee is waived for Bluehands, the auto repair and service franchise, in North Gyeongsang Province, which has been hit hard by COVID-19, and halved for other regions. Franchise fees that had been waived or cut amounted to around KRW 1,410 million, from March to May.

Dealers are another focus of our support. Hyundai Motors America (HMA) is providing various types of financial support to its US dealers, hit by the impact of COVID-19, through its subsidiary, Hyundai Capital America. Accordingly, dealers who are short

of vehicle purchase funds are given 60 days to pay for the new vehicles they receive; while a special three-year loan is given to dealers who have been using Hyundai Capital products and are short of operating funds.

In May 2020, to prevent the spread of COVID-19 and to look for better ways to grow together with our suppliers, Hyundai applied a non-face-to-face approach to developing software and other IT programs. This change enables supplier employees to carry out IT development from the comforts of their home or other places of their choice. By building a contactless IT development platform that increases development efficiencies and even improves job satisfaction among suppliers, Hyundai is expediting its shift to being a smart mobility solution provider and preparing win-win measures in the post-COVID-19 era.

Hyundai employees are not immune to the mental and physical hardships related to COVID-19. Which is why Hyundai is making various efforts to protect its employees.

First of all, we are creating an environment where employees can work with their minds at ease. With telecommuting adopted and the work hours adjusted, the work conditions at Hyundai have become more flexible. By preventing face-to-face meetings and minimizing activities requiring physical contact, we are striving to block the spread of the infectious disease. Mask-wearing has become mandatory for all employees as well as visitors entering our business sites, while all non-business personnel have been restricted from entering the company's business. Moreover, employees are checked for high temperatures whenever they enter a business site. All elevator buttons and escalator handrails in business sites are regularly sanitized, and commute buses get disinfected prior to operation.

Partitions were set up in the company cafeterias to minimize employee-to-employee contact, and special meals were provided to strengthen employee immunity. Fresh flowers were put in the

offices to boost employee morale and to support the local economy where the Yangjae Flower Market is located. New contactless services have also been introduced, including a mobile pickup zone that enables employees to pick up breakfast through an app, and an "untact" robot that serves the joy of having a cup of coffee or tea in leisure.

In addition, we have put a crisis response system in place. Accordingly, in the event of a virus infection at any of our business sites, all buildings or worksites exposed to the patient are immediately closed down and completely disinfected. Anyone who may have come in contact with the patient is identified and instructed to self-isolate at home and to get tested for the virus, and the information and results of all relevant measures taken are provided to the Korea Centers for Disease Control & Prevention. This system serves as the framework that goes beyond safeguarding our employees and supports the stability of our society.

# Caring for #Employees



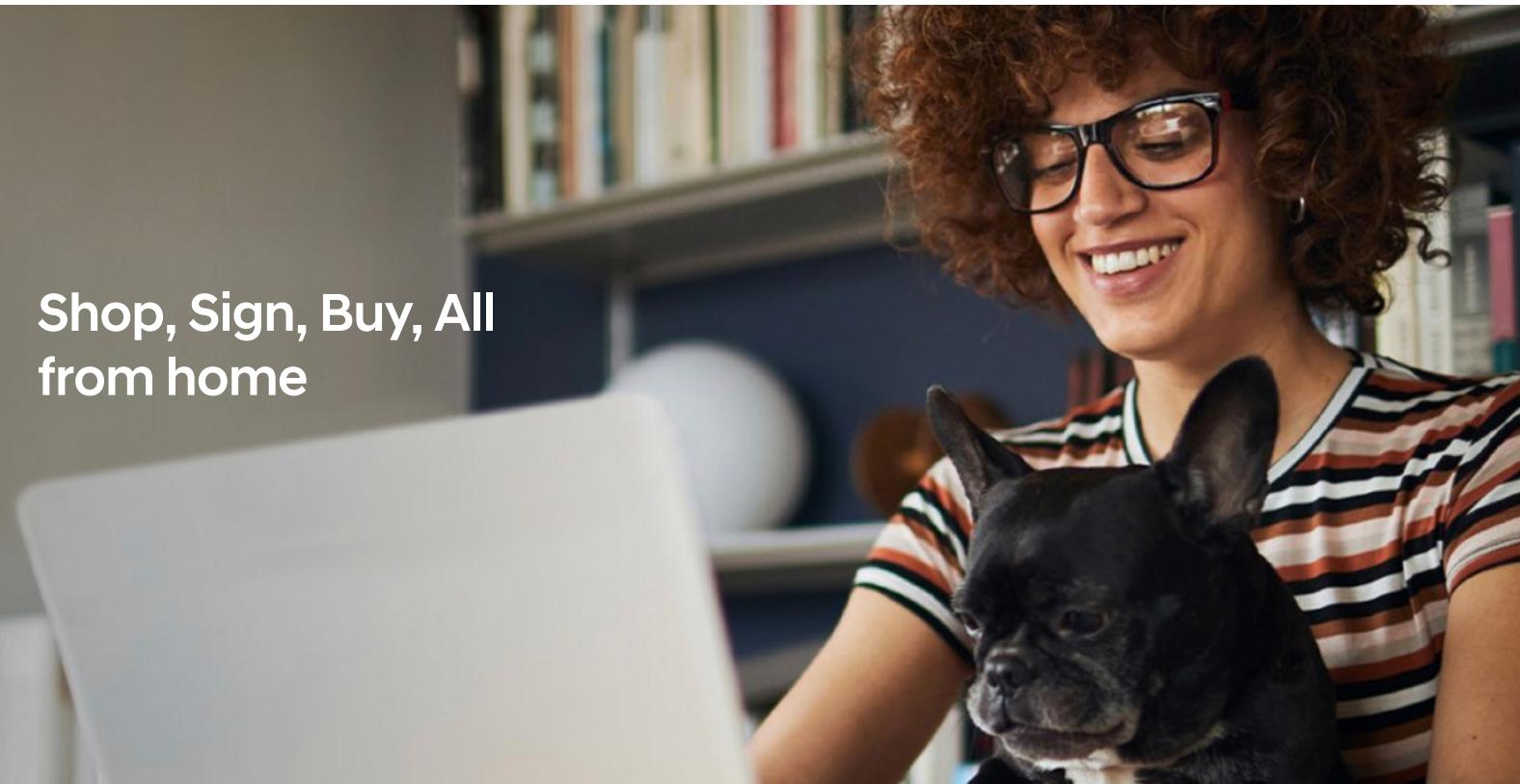
## By Employees

There is an unmanned donation terminal set up on the lobby of the Yangjae-dong headquarters building and the Korea Business Division in Korea. Unmanned but full of the warm-heartedness of people, the terminal is the realization of one of the ideas that employees posted on an online employee community. In support of a growing consensus among employees, Hyundai built an unmanned donation system that enables its employees to make donations in genuine sincerity by simply holding their employee ID cards to the sensor on the terminal or by making donations through the NAVER Happybean, an online donation platform. In the three-week operation of the terminal from mid-March, 3,439 employees donated over KRW 250 million, and the company added a matching fund to raise a total of KRW 515.8 million, which will be used to help the underprivileged affected by COVID-19. Hyundai was also on the forefront of nationwide blood drives in support of medical sites struggling with patients in need of blood transfusions. The original eight-day blood donation campaign was extended to a 10-day campaign due to the growing number of participants. Over 1,000 employees took part in the campaign, spreading the spirit of "Team Hyundai" far and wide.

<sup>1)</sup> Including Hyundai headquarters, worksite employees, and the labor union

<sup>2)</sup> Sum of employee donations and funds matched by the company

## Shop, Sign, Buy, All from home



↗ "Click to Buy" digital platform



↗ "We are safe" campaign

A pandemic, brought on by COVID-19, is sweeping through the entire world, leaving trails of fear and chaos. Fears of contracting, suffering from, and dying of the virus, compounded by the psychological effects of a long forced self-isolation, are morphing into types of social anxiety modern society has never experienced. In addition, as shutdowns continue across the many industrial sectors, both the global and household economies are in a dire situation.

## Caring for #Customers

To dissipate such emotional pain and economic hardships, Hyundai is fully engaged in forming the powers of solidarity. First of all, we are sparing neither resources nor efforts in caring for customers whose well-being is the basis and goal of our being. The digital sales platform "Click to Buy" is an example of our efforts to create a safe customer contact point and to prevent the spread of the infectious disease. As of April 2020, customers in India, the U.S., the UK, and Australia can purchase Hyundai vehicles online, and the one-stop purchase program will be extended to Italy and Indonesia. Hyundai Motor India (HMI), a first to adopt the Click to Buy service in January, is also conducting the "We are safe" campaign that emphasizes keeping employees and vehicles sanitized at sales and service points and highlighting the benefits of online purchases as part of our pledge to safe transactions.

Further, our customers across the globe will have their coverage extended up to three months. This program extends the warranty period of 1.21 million vehicles with the warranty ending between March and May 2020. We are looking into expanding the period and target vehicles as the COVID-19 crisis is expected to last longer than first projected. Our fight against COVID-19 also takes the form of a special customer care service centering on vehicle interior disinfection and the replacement of air-conditioner filters to kill bacteria and prevent mold. This service is available for some 170,000 Hyundai vehicles in 27 countries as of June 2020.

As a friend in need is a friend indeed, we will be a partner that our customers can always rely on by keeping in mind the support and trust which they have given us.

# 2 Sustainable Performance

In 2019, Hyundai sought to improve the conditions of life for all humankind, in the areas of establishing a smart mobility ecosystem, pursuing eco-friendly value throughout the product life cycle, creating a sustainable supply chain, building a healthy corporate culture, and contributing to the development of local communities. In addition, based on our unique strategy for creating shared value (CSV), we generated distinctive values and continued our innovation drive toward a sustainable future.

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# Sustainability Management Materiality Analysis

## Materiality Analysis Process

In 2019, Hyundai conducted a 5-step sustainability management materiality analysis to identify potentially material issues, to examine the content of each issue, and to reflect them in the list of materiality goals. Next, we formed and prioritized a pool of material topics. The resulting report contained issues that were identified as potentially material and addressed in connection with the company's mid- to long-term goals.

**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 32 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 business relevance**

- Internal status analysis  
Analyze publicly disclosed materials, including the CSV strategy, newsletters, and the Corporate Governance & Communication 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 social impacts**

- 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 33,231 articles from major media outlets in Korea that were published in 2019
- Past reports  
Analyze reported issues and the content of reports that were published in the last five years

**Step 03.****Stakeholder survey**

Priority level of each issue was determined by business relevance (financial, strategic, operational impacts) and social impacts (reputational impact).

**Overview of stakeholder survey**

Period	Feb. 10, 2020 – Feb. 21, 2020
Method	Online survey
Target	Hyundai employees, sustainability experts from outside the company
Details	<ul style="list-style-type: none"> <li>• Select material topics related to Hyundai's sustainability management</li> <li>• Determine the priority of the material topics</li> </ul>

**Step 04.****Selecting material issues**

Priority level of each issue was determined by business relevance (financial, strategic, operational impacts) and social impacts (reputational impacts).

**Step 05.****Materiality analysis results**

In relation to the topics that were identified through the materiality analysis, major activities and outcomes are reported in detail throughout this report. For the three issues that were chosen as material issues, we have provided in-depth information, including the direction of issue management, key outcome and goals, thereby disclosing our efforts and activities in sustainability management.

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#### Sustainability Management Materiality Analysis

Mid- to Long-term Goals

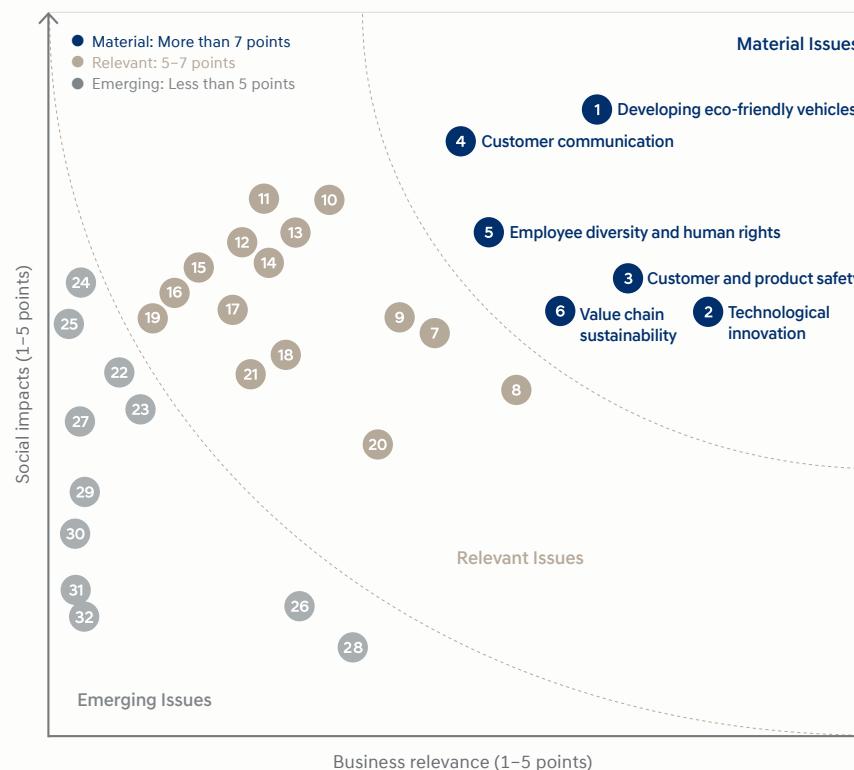
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## Materiality Analysis Results



Grouping by Issues of Sustainability Management		
Material Issues	Others	
2. Technological innovation 3. Customer and product safety 4. Customer communication	18. Brand reputation 19. Financial performance	20. Entering the global market 21. Production quality management 28. Risk management
1. Developing eco-friendly vehicles	8. Reducing air pollution 11. Reducing wastewater and waste 13. Improving fuel efficiency 14. Reducing greenhouse gas 16. Health and safety in the workplace 17. Energy management	27. Hazardous substances in products 29. Raw and subsidiary materials management 30. Water resources management 31. Protecting biodiversity 32. Hazardous substances in the workplace
6. Value chain sustainability	12. Win-win growth 16. Health and safety in the workplace (value chain)	32. Hazardous substances in the workplace (value chain)
5. Employee diversity and human rights	7. Anti-corruption and ethical management 10. Labor-management relations 15. Developing human resources 16. Health and safety in the workplace	23. Corporate governance 24. Job creation and retention 25. Employee compensation 26. Flexible corporate organization 32. Hazardous substances in the workplace
	9. Social contributions	22. Building infrastructure

### 5 Areas of Sustainability Management

#### 1 Smart Mobility-based Customer Experience Innovation

#### 2 Pursuing Eco-friendly Value throughout the Product Life Cycle

#### 3 Creating a Sustainable Supply Chain

#### 4 Building a Healthy Corporate Culture

#### 5 Contributing to the Development of Local Communities

## Material Issue Management

Material Issues	Direction for Issue Management	2019 Outcome	Mid- to Long-term Plan
1. Developing eco-friendly vehicles	<ul style="list-style-type: none"> <li>Reduce GHG emissions at the user stage through the development of eco-friendly vehicles</li> <li>Embrace global environmental regulations regarding the automotive industry and meet consumer needs</li> <li>Monitor vehicle electrification strategy trends within the industry and preoccupy the global EV market</li> </ul>	<ul style="list-style-type: none"> <li>Kona EV won 2019 North American Utility Vehicle of the Year, and included in the WardsAuto 10 Best Engine List for 2019</li> <li>Launched new models: 3 HEVs and 1 EV (including Kona HEV, compact SUV, and Porter EV, Hyundai's 1st compact commercial model)</li> <li>Sales of eco-friendly vehicles in 2019: 183,000 vehicles</li> <li>Sales of FCEVs in 2019: 5,000 vehicles (4,194 in Korea, 711 overseas, based on shipment)</li> </ul>	<ul style="list-style-type: none"> <li>Operate over 26 eco-friendly vehicle models (by 2025)</li> <li>Sell over 1.03 million units of eco-friendly vehicles (by 2025)</li> <li>Produce 500,000 units of FCEVs per year (by 2030)</li> <li>Develop and apply a new architecture for EVs (by 2024)</li> </ul>
2. Technological innovation	<ul style="list-style-type: none"> <li>Expand smart mobility devices and services through Strategy 2025</li> <li>Spread human-centered values by commercializing autonomous driving vehicles and expanding the mobility business</li> <li>Enhance social values, such as customers' freedom in mobility and solving urban traffic issues</li> </ul>	<ul style="list-style-type: none"> <li>Applied the Highway Driving Assist II (HDA II) system to the new Genesis SUV (GV80)</li> <li>Established smart mobility solution companies (Mocean in Korea, Moceanlab in the U.S.)</li> <li>Developed the AI-based SCC-ML<sup>1</sup> technology for the first time in the world</li> </ul>	<ul style="list-style-type: none"> <li>Mass-produce Level 3 autonomous vehicles capable for highway driving (by 2021)</li> <li>Mass-produce Level 4 autonomous vehicles capable of urban driving for fleet operations (pilot robo-taxi service) (by 2023)</li> <li>Fully commercialize Level 4 autonomous vehicles (commercialization of a robo-taxi service) (by 2030)</li> </ul>
3. Customer and product safety	<ul style="list-style-type: none"> <li>Identify and respond to new risk factors associated with technology changes, aging population, etc.</li> <li>Increase safety by applying 3rd generation platform and advanced driver assistance system (ADAS)</li> <li>Obtain outstanding performance results in automobile collision safety evaluations and raise public awareness</li> </ul>	<ul style="list-style-type: none"> <li>Completed the development of the 3rd generation platform, and applied it to the 8th generation Sonata</li> <li>Applied state-of-the-art infotainment system, equipped with augmented reality (AR) navigation and ADAS sensors, to Genesis</li> <li>Tied for the most IIHS<sup>2</sup> awards</li> </ul>	<ul style="list-style-type: none"> <li>Win IIHS awards (2020), and receive the high rating at the Euro NCAP (Every year)</li> <li>Increase the number of models to which the 3rd generation platform and ADAS are applied</li> </ul>

<sup>1</sup> Machine learning-based smart cruise control

<sup>2</sup> Insurance Institute for Highway Safety

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# Mid- to Long-Term Goals

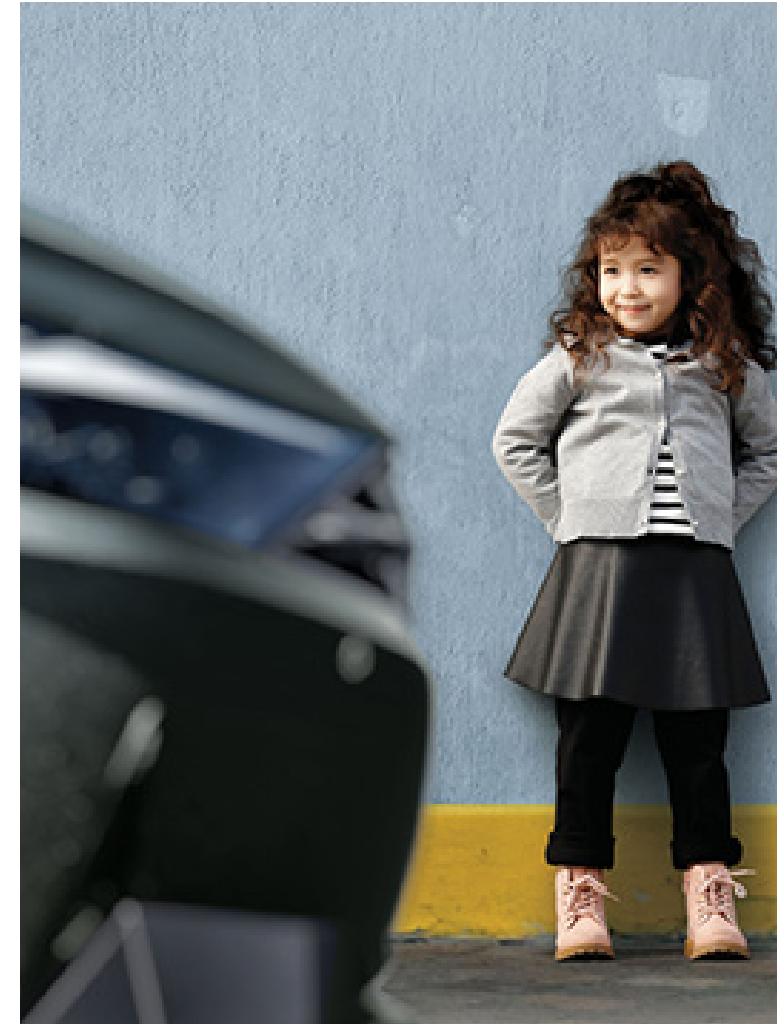
Hyundai has set five areas of sustainability management, based on the materiality analysis, and developed five commitments accordingly, in order to achieve sustainable growth. In addition, we have defined our strategic goal as "smart mobility-based customer experience innovation" based on our new "Strategy 2025". We have also set a number of additional goals for environmental and social change across the entire value chain, including business sites and suppliers. Hyundai will therefore focus on "pursuing eco-friendly value throughout the product life cycle", "creating a sustainable supply chain", and "building a healthy corporate culture". In addition, by "contributing to the development of local communities", we will generate social value for more people across the community and continue to expand our social contributions as a global automaker.

5 Areas of Sustainability Management	5 Commitments	UN SDGs	Main Achievements in 2019
1 Smart Mobility-based Customer Experience Innovation	Improve user convenience and accessibility through car-to-life technologies	 	Smart mobility service Smart mobility technology Customer experience innovation
2 Pursuing Eco-friendly Value throughout the Product Life Cycle	Become a leader in creating environmental value by developing eco-friendly vehicles and reducing the level of greenhouse gases in production processes	 	Eco-friendly vehicles Eco-friendly business site
3 Creating a Sustainable Supply Chain	Establish a sustainable business ecosystem by managing ESG risks throughout the supply chain	  	Supporting win-win growth Supply chain risk management
4 Building a Healthy Corporate Culture	Create a work environment which strikes the right balance between work and personal lives at all business sites, and manage related ESG risks	  	Building a flexible workforce Attracting and nurturing talents Protecting employee rights
5 Contributing to the Development of Local Communities	Fulfill social responsibilities as a mobility solution provider by actively contributing to local communities	  	CSV strategy CSV activities by area Global CSV activities

## Our Commitment 01

# Smart Mobility-based Customer Experience Innovation

Hyundai is building a society in which everyone can enjoy the true freedom of smart mobility. With autonomous vehicle-based transportation services playing an important role in the development of people-centered cities, we will use big data and AI technologies to create new and innovative customer experiences.



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# Smart Mobility Service

## Last Mile Mobility Solutions

### Pilot service for Shucle, a community-type mobility service

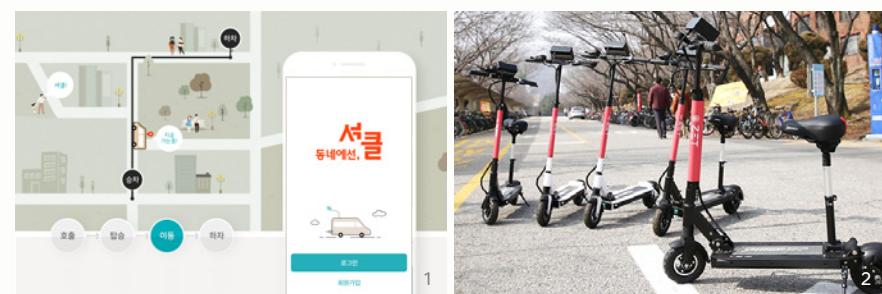
Hyundai, in partnership with KST Mobility, launched "Shucle", Korea's first on-demand ride-pooling service<sup>1)</sup> equipped with Hyundai's AI platform. When a user calls a vehicle from anywhere within a service area with a radius of around 2 km, a large van (modified 11-passenger H350 SOLATI) drives along an optimal route generated in real time in order to pick up and drop off passengers at their desired locations. When a new call is generated, a car sharing algorithm is used for real-time route re-calculation and vehicle allocation, so that passengers with similar routes and destinations can share a ride. Once the Shucle service is facilitated, residents in the region will enjoy greater mobility convenience, while unnecessary short-distance driving will be reduced and local communities will be revitalized. We also anticipate that the service will contribute to addressing parking shortages in the future.

### I-MOD, an on-demand bus service

Pilot services for "I-MOD" were successfully completed in January 2020, followed by its final selection for the "Main Project for Smart City Challenge". Leveraging this as an opportunity, Hyundai will launch multi-mobility services that enable the convenient use of various means of transportation using a single application and will push on with its transformation into a "smart mobility solution provider".

### ZET, an open type last mile mobility platform

Hyundai has developed "ZET" and launched last mile mobility sharing services together with small- to medium-sized enterprises (SMEs) specializing in sharing services. Beginning with Jeju Island, we are expanding the scope of services by using electric scooters and electric bicycles. We will focus on active cooperation so that a greater number of SMEs can provide last mile sharing services through ZET by operating the open service in which Hyundai Motor Group builds a service platform, while multiple service-operating companies use it to offer services to customers.



## Autonomous Driving Verification and Pilot Service

### BotRide, an autonomous ride sharing service

A trial run of "BotRide", a ride sharing service that uses Hyundai's autonomous driving vehicle, was recently conducted in Irvine, California. Using the BotRide app, riders can hail an autonomous vehicle directly from their smartphone, and the app directs passengers to nearby stops for pick up and drop off in order to share a ride. With this pilot run, we will secure data on user experiences in preparation for a future without drivers, in addition to autonomous driving technologies, thereby upgrading autonomous driving services.

### Development of downtown autonomous driving technologies with the Seoul Metropolitan Government

In November 2019, Hyundai and the Seoul Metropolitan Government signed a memorandum of understanding (MOU) to develop the world's best autonomous driving mobility platform city. Based on this MOU, Hyundai will demonstrate autonomous driving in the Gangnam area of Seoul, beginning with six autonomous driving fuel cell electric vehicles (FCEVs) and then increasing to as many as 15 vehicles by January 2021. This partnership with the Seoul Metropolitan Government is significant in that an ecosystem for public-private collaboration is being created for the future of the automobile industry.

<sup>1)</sup> A service that transports passengers with similar routes/destinations together

1 Pilot service for Shucle, a community-type mobility service

2 ZET, an open type last mile mobility platform

3 BotRide, an autonomous ride sharing service

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## Collaboration Ecosystem and Strategic Investments

### Establishing Mocean, a smart mobility solution company in Korea

Mocean, the new subsidiary of Hyundai Motor Group, is supplying “Mocean Smart Solution”, an in-house developed integrated fleet management system. The new solution is an integrated solution designed to enhance the operational efficiency of rental car companies based on terminals and management systems for vehicle control. By establishing a new cooperative model with rental car businesses, major mobility business entities, we aim to facilitate the mobility industry in Korea.

#### MOU on the future mobility business (Dec. 2019)

- Signed an MOU with the Korea Rent-A-Car Association for future mobility business cooperation
  - Provide Hyundai Motor Group's integrated rental car management system, the Mocean Smart Solution, and alliance services; and build a mobility collaboration system

### Strategic investment in and collaboration with KST Mobility, a taxi platform company in Korea

Hyundai invested in KST Mobility, a member of the taxi transportation association established in 2018, thereby laying the foundations for a system that will support diverse mobility service innovation within the taxi system. We plan to upgrade taxi mobility services through cooperation on R&D in such areas as mobility, and mutual cooperation on mobility platforms. In 2019, we conducted a pilot project for an on-demand shuttle service in collaboration with KST Mobility, targeting the Eunpyeong New Town region, as a special case project for the ICT regulation sandbox demonstration. Our plan for 2020 is to identify various models of cooperation aimed at advancing the taxi mobility market in Korea, such as developing and applying a taxi-only telematics platform.



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### Establishing Moceanlab, a subsidiary in charge of mobility demonstrations in the U.S.

Hyundai established Moceanlab, a subsidiary specializing in mobility that offers car sharing services in LA. Beginning with car sharing services, we will move forward with cutting-edge mobility service demonstration projects, including robo-taxis and Urban Air Mobility (UAM). In November 2019, Moceanlab launched subway station-based car sharing services, using as its base four transfer parking lots near major subway stations in downtown LA. Moceanlab plans to expand this into a free-floating car sharing service without limitations on parking location, in downtown LA, Koreatown, and Hollywood. It will continue to provide various next-generation mobility services as a global test base that will take the lead in future mobility innovation.

#### Launching of the mobility business in the U.S. (Nov. 2019)

- Unveiled, for the first time, Hyundai Motor Group's US mobility business through CoMotion LA, a mobility event held in LA
- Signed an MOU with the city of LA for comprehensive mobility business cooperation
  - Participated in car sharing organized by the city of LA and explored mobility cooperation

### Investment in and collaboration with Ola, a car hailing company in India

Hyundai made a strategic investment in Ola, the largest car hailing company in India. Accordingly, the two companies will cooperate on carrying out a vehicle-based fleet solutions business, developing local service-specialized vehicles and building an ecosystem, and identifying new mobility services. We will continue to expand our business areas to include the overall mobility value chain, ranging from fleet management to mobility services, in addition to the existing vehicle development and sales markets, and thus expedite our transformation into a smart mobility solution provider.

#### Strategic investment in Ola, India's No. 1 car hailing company (Mar. 2019)

- Signed an agreement for investment and strategic business cooperation
  - Aim to provide an integrated fleet solution, including the development of service-specialized vehicles and vehicle management and maintenance, through mutual collaboration

1. Establishing Mocean, a smart mobility solution company in Korea

2. Investment in and collaboration with Ola, a car hailing company in India

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# Smart Mobility Technology

## Cutting-edge In-vehicle Technology, Enabling Seamless Connectivity

Thanks to car-to-home functions that connect vehicles with homes through the Internet of Things (IoT), we can control not only lighting and air-conditioners but also smart plugs<sup>1)</sup> and other appliances inside homes directly from vehicles. Hyundai's Kona Hybrid already provides car-to-home functions, and we have also developed a technology that enables the use of a vehicle as a means of payment. The new payment system uses the method of entering credit card information in an infotainment system, and is applied to our newly developed 6th generation infotainment system. We plan to increase the scope of payment to include services that are more closely connected to daily life, such as coffee chains and electric vehicle stations.

### Automatic over-the-air navigation system update service for the Genesis G90

As automotive software becomes increasingly important, the over-the-air (OTA) software update function is also gaining in importance. This function allows OTA downloading of the latest software for vehicles, including for the navigation system. Drivers of a model that supports the OTA update function can conveniently use their vehicle without having to go through the cumbersome process of visiting a workshop to update each function's software to the latest version or downloading data and connecting it. The Genesis G90, the 8th generation Sonata, and the New IONIQ Electric all offer more convenient services thanks to the OTA updates.

The OTA service for a navigation system was originally adopted for the Genesis brand, beginning with the G90, and its automatic OTA update service will be consecutively implemented according to the timing of the recently distributed navigation system map and software upgrade. The navigation systems of around 2,500 previously sold G90 vehicles will be automatically updated through this service, making Hyundai the first company in Korea to launch the automatic navigation system OTA update service.

### Cutting-edge infotainment system equipped with an AR navigation and in-car payment

Hyundai Motor Group has completed the development of a cutting-edge infotainment system equipped with a navigation system that provides route information based on augmented reality (AR) and an in-car simple payment function. This system has now been introduced to the new Genesis model for the first time. The newly developed 6th generation infotainment system features innovative technologies designed to strengthen the connectivity between passengers and vehicles, including the AR navigation system, in-vehicle payment system, and handwriting recognition. The AR navigation system is a technology that adds accurate virtual driving lines on top of actual driving images while providing route information, in order to help drivers with road recognition. It indicates routes in graphics, thereby delivering intuitive driving information when compared to previous navigation systems that provided route information on top of a map. Furthermore, the system uses the information on traffic lanes, vehicles in front, and distance from pedestrians collected through the sensors of the advanced driver assistance system (ADAS) to determine whether the driver has departed from the lane or there is a risk of a collision, in which case an alarm is activated and the driver is informed of a hazardous situation through the AR navigation system, thereby supporting safe driving.

This is Korea's first in-car payment system and it allows convenient payments to be made from inside one's vehicle. When drivers enter partner gas stations and parking lots, a payment information window is displayed on the navigation system screen. This convenient service enables the driver not only to make a payment, but also to use membership and mileage services by simply touching the window. The system also features a handwriting recognition technology that allows the driver to operate the system by writing letters on a touchpad. By tapping letters and numbers on the touchpad using the fingers, drivers can set a destination or make a phone call without having to use the keyboard on the navigation system screen.

### Building the OS and platform, key technologies for connected car services

Hyundai Motor Group has built a stable connectivity environment and is developing an advanced software platform capable of rapidly processing and handling massive amounts of data. The "ccOS" is a connected car operating system, designed for Hyundai and Kia products to operate efficiently and control the high-performance systems of connected cars. The adoption of ccOS as the basis has made it possible to expand and advance connected car services, including smartphone and smart home connection services, intelligent remote support, complete autonomous driving, smart traffic, and the mobility hub. In addition, compatibility among models has been secured, thus enabling the use of standardized software, which in turn will lead to enhanced stability and economic efficiency. To this end, Hyundai Motor Group has created a dedicated research organization and completed the architecture design. Moreover, it is leading the commercialization through diverse simulation tests.



1 Augmented reality (AR) navigation system

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## Open Innovation Activities and Bases for Open Innovation

### Hyundai's in-house startup program

Hyundai Motor Group has been nurturing in-house startups since 2000 in order to generate new ideas about innovative products and services. The program has produced 53 in-house startups as of March 2020, 13 of which have been successfully spun off from Hyundai. In addition, 10 companies have completed preparations for spin-off so far in 2020.

In the early stage, in-house startups were mainly focused on the auto parts-related business. However, their targets have been widened to include a wide range of future-oriented business fields, such as mobility, blockchain, IoT, and eco-friendly materials. Since 2018, we have expanded the scope and scale of the program by including the employees of Hyundai Motor Group affiliates as target participants, with the goal of developing innovative technologies and fostering the entrepreneurship of our employees.



### ZERO1NE Day, a grand festival of creative talent

Hyundai opened ZERO1NE, a new concept of open innovation platform, in Seoul in March 2018 with the goal of creating an ecosystem for creative talents. In 2019, we held the "ZERO1NE Day", and introduced various creativity programs that are not easily accessible in daily life. In addition, we provided opportunities for the general public to directly participate in the process, enjoy themselves, and fully demonstrate their creativity. Thus, we offered an arena for communication that blurred the boundaries between creators and the general public, a place where everybody came together to try out new ideas and methods. Hyundai Motor Group anticipates that ZERO1NE Day will promote the building of new networks among creative talents and foster opportunities for new open innovation, while contributing to establishing a more mature startup ecosystem.

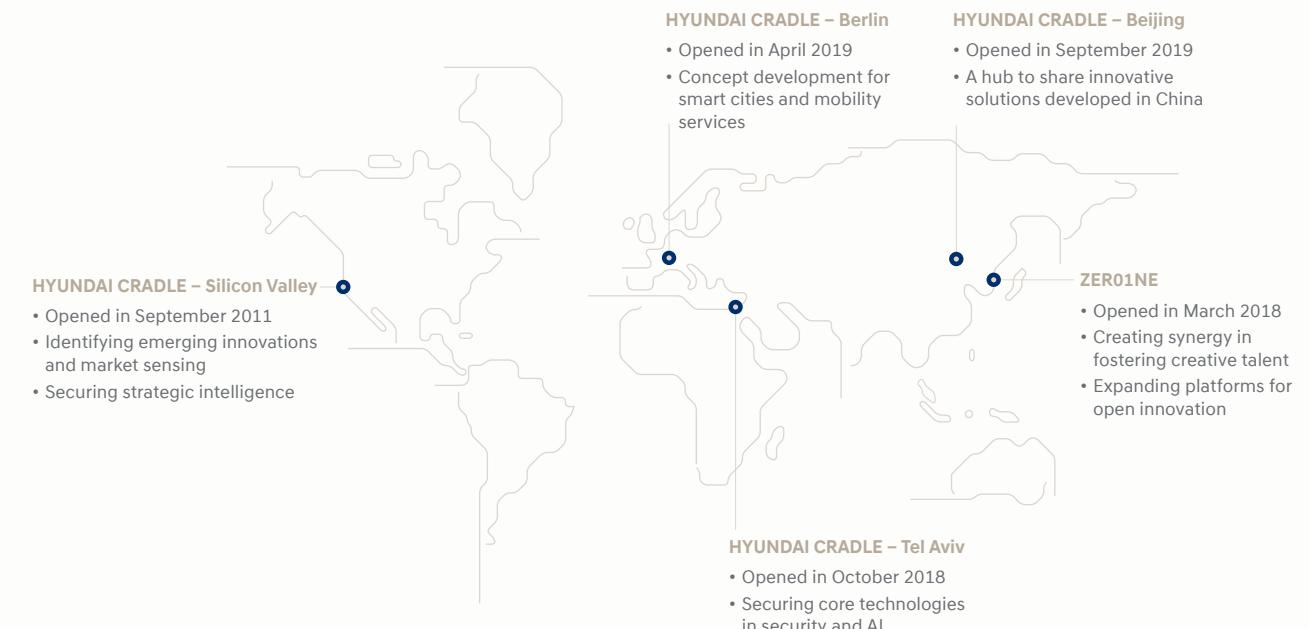


### Official opening of the CRADLE Beijing in China

With the official opening of "CRADLE Beijing" in China, Hyundai has completed five major global innovation bases for open innovation. China is the world's largest automobile market as well as one of the world's top two startup countries. CRADLE Beijing is therefore anticipated to serve as a hub that shares China's innovative solutions with the rest of the world. Moreover, we will discover, invest in, and foster promising startups to take the lead in the dynamically changing automotive industry paradigm through five major global innovation bases. We will also strengthen our collaboration with startups in a way to develop future competitiveness.

### Building a joint collaboration system with Taavura of Israel

In October 2019, Hyundai signed an MOU with Taavura Group, the largest logistics mobility company in Israel, to secure future technologies. Taavura is attracting considerable attention as an innovative company in Israel. Notably, it established the Taavura Innovation Center, which discovers and fosters promising startups, and is focusing its competencies on developing innovative technologies in diverse fields. With the signing of the MOU, we have been able to build a joint collaboration system with Taavura in various areas of innovation, such as discovering new business opportunities, and investigating and evaluating new technology trends.



1, 2 ZERO1NE Day, a grand festival of creative talent

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## Safety and Quality Innovation

Hyundai's quality-centered philosophy is focused on producing "zero-defect vehicles with no breakdowns", and our customer-focused quality management centers on this target. We have created an organization dedicated to safety parts that plays a central role in implementing preemptive quality-oriented activities, beginning with vehicle development. We have strengthened our systems for after-sales, regarding early detection, early improvement, and early measures to be taken, in order to prevent any minor safety issues from becoming serious. These proactive quality services are now an integral part of our commitment to customer satisfaction. We also focus on active safety technology by applying the state-of-the-art advanced driver assistance system (ADAS), which detects objects around the car and alerts the driver to hazardous conditions or potential hazards. In 2019, we completed the development of the 3rd generation platform, and applied it to the 8th generation Sonata. Based upon the strengths of our commitment to safety and quality, we tied for the most IIHS Awards, a well-known collision test in the U.S., in the global automotive industry for two years in a row. Going forward, we will strive to offer vehicles characterized by the highest level of quality and state-of-the-art safety features through our on-going development and application of new safety technologies.

### Lot tracking system

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

### Automated inspection system for electronic systems of ADAS

In November 2018, Hyundai developed the world's first automated facility for the inspection and correction of six electronic systems of ADAS in a single process through continued research and development of production technology, in order to ensure the reliability of products that use the latest cutting-edge technologies. It was set up in 2019, and pilot operation is underway at the Hyundai Dongbu Service Center. It will officially be opened once we receive all relevant safety certifications, which is expected to occur in 2020. Through this technology, customers can see how actual inspections and corrections take place during maintenance of the ADAS. Going forward, we will increase the use of this system at our production sites and service centers, with the goal of enhancing customer confidence in the quality and safety of Hyundai vehicles, and also improving customer convenience.

### Applied automated inspection system for electronic systems of ADAS, using a collaborative robot for maintenance

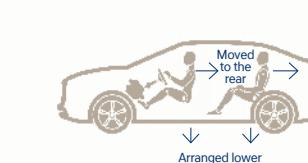
(1st floor of the Hyundai Dongbu Service Center in Seoul)

Sep. 2019	1Q 2020	2Q 2020	After obtaining safety certificates
Completed installation	Began pilot operation	Plan to acquire safety certification in relation to the collaborative robot	Plan to name the inspection system

### 3rd generation platform

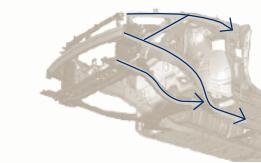
A car platform is a compatibility package for major parts which enables multiple models to be manufactured on a single structure. It is an important foundation in determining a vehicle's fundamentals, including design, driving performance, safety, and interior space. Hyundai developed our 1st generation integrated platform back in 2008, followed by the 2nd generation platform in 2015. Notably, the 2nd generation integrated platform earned recognition for delivering the highest level of collision safety in the automobile industry. Following extensive R&D, we completed the development of the 3rd generation integrated platform in March 2019, with greater safety on the back of energy absorption rate maximization, cabin frame preservation, and stable vehicle posture at the time of collision, compared to the previous platform. This 3rd generation platform has been applied to the 8th generation Sonata, enabling us to offer customers excellence in design, safety, and convenience.

#### 3rd generation platform



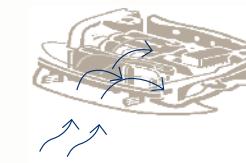
##### Design-friendly Platform

- Engine room, seat, underfloor, luggage room, etc. are arranged lower → More interior space
- The overall height is lowered and the cowl point is moved to the rear compared to the previous platform → More dynamic ratio in design



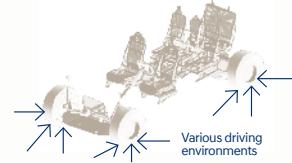
##### Safety-first Platform

- Design optimization to rearrange the body structure → Average strength increase of 10%, average weight reduction of at least 55 kg
- The multi-load path structure for collision energy dispersion
- More use of ultra-high strength steel sheets and hot stamping → Maximized strength of the passenger space



##### Energy-efficient Platform

- Improve power and fuel efficiency by installing the Smartstream powertrain and by using engine room flow control technology
- Improve power and fuel efficiency by positioning the underbody lower and making it flat to reduce air resistance



##### Fun to Drive Platform

- Active driving performance that provides immediate response to the driver's intention and stability in various driving environments

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### Hyundai earns the highest levels of recognition at the 2020 IIHS Awards

At the 2020 Insurance Institute for Highway Safety (IIHS) Awards, known as the world's most stringent evaluation of vehicle collision safety, 11 Hyundai models were officially recognized as safe vehicles. In particular, the Nexo and the Genesis G70 and G80 received the Top Safety Picks+ (TSP+) rating that signifies the safest of vehicles, with the TSP+ only being given to those vehicles which earn the highest grade in every test category. In addition, eight models – the Avante (Elantra), i30 (Elantra GT), Veloster, Sonata, Kona, Tucson, Santa Fe, and Palisade – received the Top Safety Picks rating.

In order to win the TSP+ rating, a vehicle must earn an advanced or superior rating for front crash prevention. It must also receive good ratings in the driver-side small overlap front, passenger-side small overlap front, moderate overlap front, side, roof strength and head restraint tests, as well as headlight categories. These achievements therefore attest to Hyundai's excellent level of safety. We have improved collision safety by applying the latest technologies to the design of our car bodies, and by substantially increasing the application of lightweight and solid steel sheets. We are also applying a wide range of technologies to reduce the risk of injuries caused by a second collision.

#### Top Safety Pick+ Results of Nexo

Crashworthiness	Crash avoidance & mitigation	Child seat anchors
<b>G</b> Small overlap front: driver-side	<b>G</b> Headlights	<b>G</b> LATCH ease of use
<b>G</b> Small overlap front: passenger-side	<b>G</b> Front crash prevention: vehicle-to-vehicle	
<b>G</b> Moderate overlap front	<b>G</b> Front crash prevention: vehicle-to-pedestrian	
<b>G</b> Side		
<b>G</b> Roof strength		
<b>G</b> Head restraints & seats		

Legend: Superior (dark blue), Advanced (medium blue), Basic (light blue), G (green), A (light grey), M (yellow), P (orange)

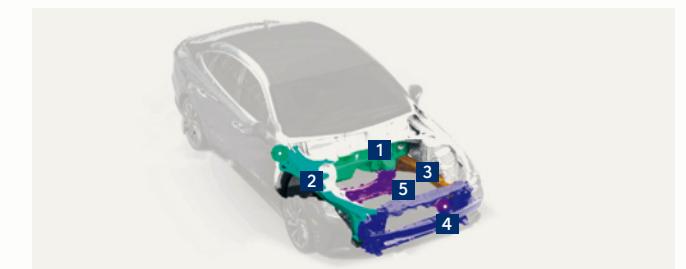


2019 Hyundai Nexo driver-side small overlap IIHS crash test

### Multi load path structure results in outstanding collision safety

Hyundai has adopted a multi load path structural design which effectively absorbs energy in the event of a front crash. This in turn considerably reduces the impact of a collision on passengers. We have increased the width of subframes and strengthened the connections between the side members and the surrounding frame member so that energy impacted on the front of the vehicle is dispersed throughout the entirety of the frontal structure. In addition, the main parts of the car body make extensive use of high strength steel, and many parts are manufactured through hot stamping, thereby maximizing the strength of the cabin frame. Thanks to the multi load path structure, the impact of a collision can be absorbed more effectively, and passengers are afforded even greater safety protection.

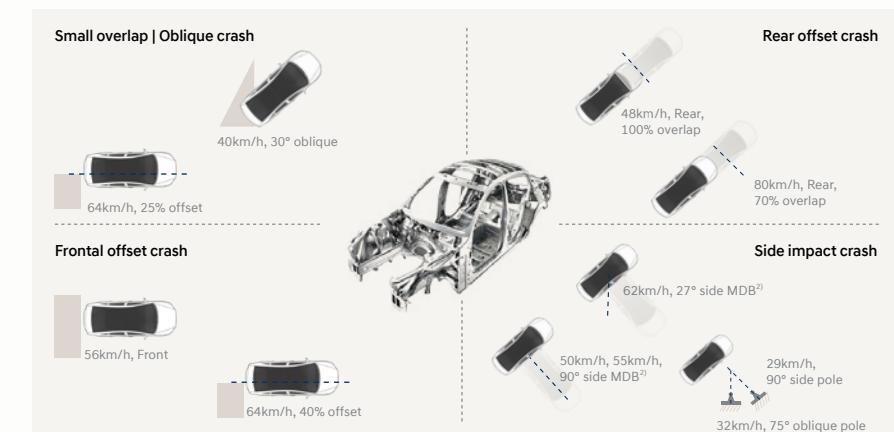
#### Multiple Load Path Structure of the 8th generation Sonata



- 1 Fender apron
- 2 Dash cross member
- 3 Side member
- 4 Radiator support
- 5 Subframe

### Internal collision testing under strict conditions

Hyundai is improving its collision safety further by undertaking internal testing with more numerous and stricter conditions than are imposed by the collision safety evaluations run by external organizations. We verify the design safety of our vehicles by subjecting new models to an average of 150 collision tests or more. In addition, we are adopting a range of the most advanced safety technologies in order to meet the requirements of segmented collision safety tests – the Nexo is equipped with behavior and control technology in order to increase behavioral stability after an accident. Furthermore, we have developed and now apply a "center side airbag" to our vehicles<sup>1)</sup> in order to meet the increasingly stringent requirements of side crash tests.



<sup>1)</sup> Applied to the Genesis GV80, and will be gradually applied to other models

<sup>2)</sup> Moving Deformable Barrier

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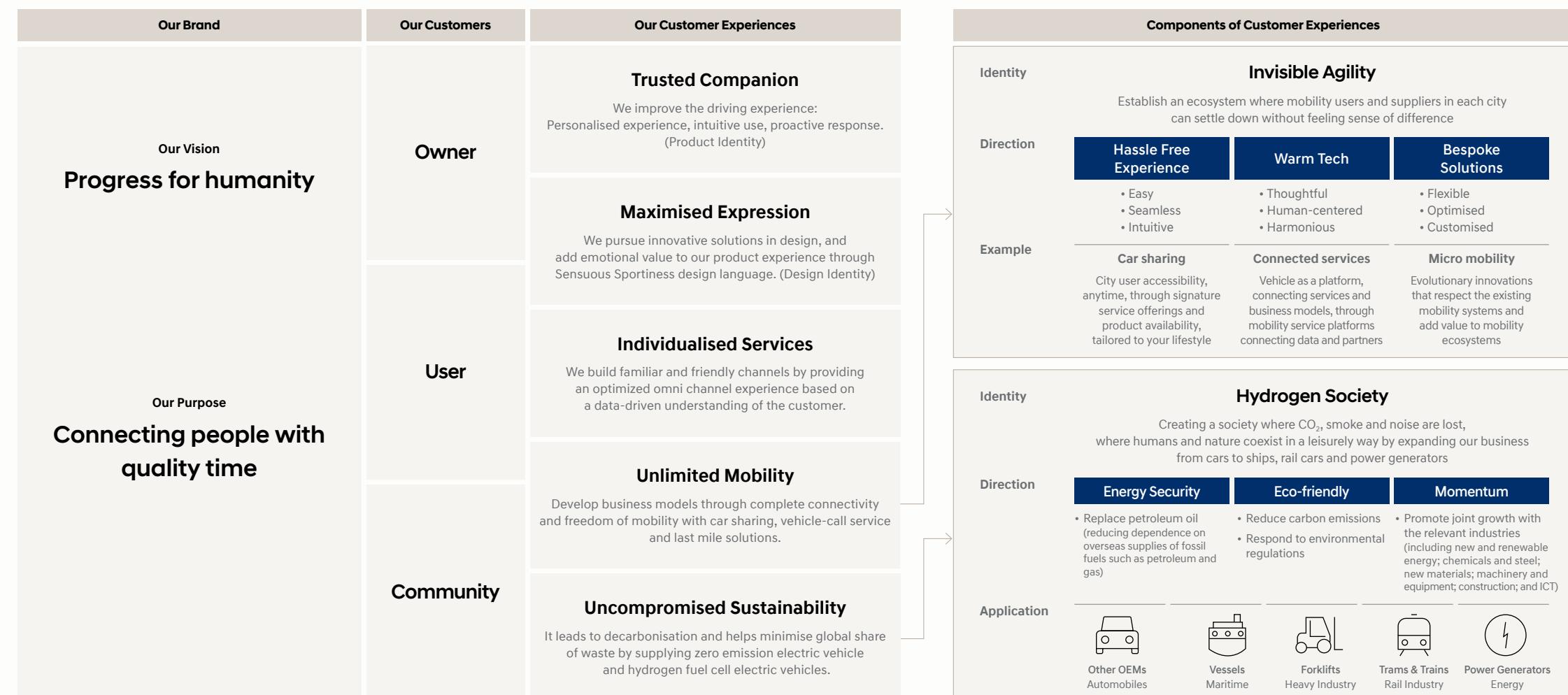
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# Customer Experience Innovation

## Establishment of a Brand Vision for Sustainability

Hyundai has established a new brand vision and system to promote progress in our daily lives and to provide customer experiences with outstanding value. Our customers include not only owners but users and communities as well, and the Hyundai brand will offer distinctive customer experiences in line with the demands of various types of customers at all contact points. In particular, we will present such customer experience factors as "unlimited mobility" and "uncompromised sustainability" to users who intermittently use vehicles even though they do not own one, or to communities that we directly or indirectly impact. This will enable us to create business models that can generate freedom of mobility through such mobility services as car sharing and car hailing services. We will also be able to take the lead in decarbonization by continually developing and supplying EVs and FCEVs that do not generate carbon emissions.



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## Brand Communication Strategy & Campaign

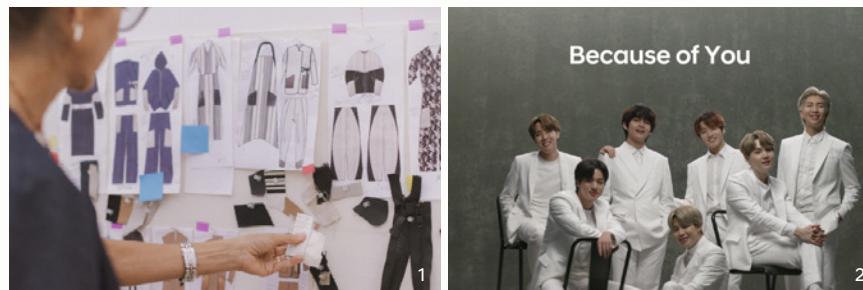
Hyundai has set main communication principles, focused on our brand vision and purpose, with which we aim to form a consensus that adding sustainability to society and the environment is a wise way to enable everyone to enjoy a more enriching life. To this end, we have established three message pillars – clean mobility, connected mobility, and freedom in mobility – and are carrying out diverse forms of brand communication in order to establish a sustainable, innovative, and intelligent brand image.

#### Message Pillar

Clean Mobility	Connected Mobility	Freedom in Mobility
Clean mobility is not a reluctant obligation but an invitation to world that is higher quality in every way.	Reclaiming our time in transit by connecting people back to what shapes and uplifts them.	Freedom in mobility expands our world and the possibilities within it.

#### Brand Image

Sustainable	Innovative	Intelligent
<ul style="list-style-type: none"> <li>Hyundai X BTS</li> <li>Re:Style</li> <li>For Tomorrow (Hyundai X UN)</li> </ul>	<ul style="list-style-type: none"> <li>Redbull Youth "Can you make it?"</li> </ul>	<ul style="list-style-type: none"> <li>H-MEX</li> <li>The Economist / Bloomberg</li> </ul>



#### 2019 Re:Style

"Re:Style" was created to spread an upcycling trend across the globe through a unique collaboration between the automobile and fashion industries. Under the theme of "re-use, re-think, new style", we unveiled clothes that were made by up-cycling disused leather car seats while communicating with global influencers on the issue of sustainability. The event was aired by major global media outlets, attracting more than 420 million views, and also received media exposure on more than 140 occasions in Korean and overseas fashion magazines and traditional media, thereby contributing to publicizing Hyundai's eco-friendly brand image.

#### Because of You campaign together with BTS

After announcing our new brand vision, "Progress for Humanity", we have been making continuous efforts to share our message that the future technologies we aim to develop will be people-oriented, under the theme "Because of You". Particularly through a campaign carried out together with BTS, we are communicating with people regarding hydrogen-based clean mobility as a socially and environmentally responsible brand. We are also planning long-term communication of various methods to inform millennials about hydrogen, a subject they may find to be somewhat unfamiliar.

#### H<sub>2</sub> Economy Today presented by Hyundai and Bloomberg Media Group

Hyundai is taking the lead in building a hydrogen-based society, going beyond an automaker producing FCEVs. As part of this effort, we joined hands with the globally renown Bloomberg Media Group to launch a campaign aimed at raising public understanding and awareness of hydrogen energy and widely publicizing the economic benefits and environmental changes that could result from the shift to a hydrogen-based society. To this end, we are ranking each country's hydrogen power generation status based on facts and data in addition to creating content on cases of change brought about by hydrogen, ranging from daily life to each industry. This will enable customers to understand our vision regarding hydrogen energy, and to actively take part in our efforts to establish a hydrogen-based society.



1. 2019 Re:Style

2. Because of You campaign together with BTS

3. H<sub>2</sub> Economy Today presented by Hyundai and Bloomberg Media Group

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**Our System****3 Sustainability Factbook****Sustainability Magazine****Customer Communication & Experiences Services****Hyundai Selection, a mobility life subscription service**

Hyundai launched “Hyundai Selection”, a monthly subscription program to use vehicles that is the first of its kind in Korea. Hyundai Selection allows users to pay a monthly fee and to change models up to three times per month from among the Sonata, Tucson, and Veloster, without any restrictions on mileage during the usage period. It is expected to reduce the cumbersome process of owning and maintaining vehicles for customers in line with the global sharing economy trend, and to enhance customer convenience. We will make continuous efforts to increase the models and the number of products while also cooperating with various partners to develop the service into a mobility life subscription platform that covers extensive areas ranging from mobility to parking.

**H-ear, an open customer communication platform**

Hyundai is the first company in the industry to operate an open customer communication platform “H-ear” that listens to customer opinions and suggestions online and develops products and services together with customers. H-ear is the result of the expansion and reorganization of “H-Ombudsman”, a customer communication program that we have been implementing every year since 2016, into an online version. We have expanded the area to go beyond the previous approach, whereby selected participants held offline gatherings, and to allow anybody to freely suggest ideas about Hyundai, as well as cars in general, at any time.

**Open Communication Platform “H-ear”**

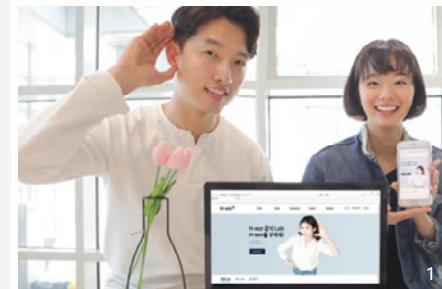
How to become a member and use the platform	Directions for 2020
<ul style="list-style-type: none"> <li>Participate as a “panel” in the Lab, a space where people can share ideas, after signing up for a membership on the website</li> </ul> <p>→</p> <ul style="list-style-type: none"> <li>The Lab is opened on various themes under six categories, and panels suggest their ideas or/and engage in discussions on registered questions</li> </ul> <ul style="list-style-type: none"> <li>- Products (car, new technology, eco-friendliness)</li> <li>- Customer services</li> <li>- Maintenance services</li> <li>- Sales channels</li> <li>- Markets &amp; trends</li> <li>- Others</li> </ul> <p>→</p> <ul style="list-style-type: none"> <li>A membership card is issued to each panel, and membership cash that can be used like cash is awarded to panels who actively participate and who submit outstanding ideas</li> </ul>	<p><b>01 Strengthen survey platform functions</b></p> <ul style="list-style-type: none"> <li>Improve the process for making a suggestion (register, review, feedback)</li> <li>Create a survey-only Lab</li> <li>Enhance customer survey convenience</li> </ul> <p><b>02 Expand the panel pool and increase MAUs<sup>1)</sup></b></p> <ul style="list-style-type: none"> <li>Use internal and external channels and strengthen events according to purpose</li> <li>Improve the reward program</li> <li>Create distinctive content</li> </ul> <p><b>03 Strengthen usability for internal and external users</b></p> <ul style="list-style-type: none"> <li>Develop an app</li> <li>Develop convenience functions and improve UI/UX</li> </ul> <p><sup>1)</sup> Monthly active users</p>

**Driving Experience program**

Hyundai runs the “HMG Driving Experience” program in Inje, Gangwon Province to allow visitors to experience the performance of diverse vehicles available from Hyundai, Kia Motors, and Genesis. We offer a wide range of programs so that a greater number of customers can experience the driving performance of diverse vehicles and the pleasure of driving.

**Hyundai Motorstudio Goyang adopted service robots**

Hyundai Motorstudio Goyang, the largest experiential automotive theme park in Korea, adopted three voice-activated robots with artificial intelligence (AI), and thus introduced a new concept of customer service. The service robot is equipped with an autonomous driving function that enables it to detect obstacles in its surroundings so that it can move around unimpeded. It uses its AI voice recognition function to provide onsite route information as well as facility information to customers. We will use the data collected by the robots to identify consumers' interests, such as vehicle preferences, popular facilities and promotions, with the goal of providing customer-tailored services. The adoption of service robots is expected to offer a new kind of enjoyment and experience to customers who visit Hyundai Motorstudio Goyang, and to enhance operational efficiency at times when there are many visitors.



1 H-ear, an open customer communication platform

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## Customer Services

Hyundai strives to provide the best service possible to our customers. We ensure that our customers use their cars safely by leveraging our customer service infrastructure across the nation, while also making continuous efforts to help them use and manage their cars more conveniently and cost-efficiently.

### Improving service base experiences

Our service bases provide maintenance and other services, and also serve as a customer communication channel. Our nationwide network of some 1,400 bases consists of directly operated service centers and Bluehands, our official service supplier. We also developed a standard model for the customer experience management center and began a pilot run, centering on the Garak office building, in June 2020.

### Strengthening global services

In 2019, we advanced the global service operation system in response to changes in the automotive market and customer paradigm. We adopted a non-face-to-face customer total care service that allows service booking, real-time notification of one's car repair status, and information on close service centers through the "WhatsApp" messenger service, which has a large market share across the globe. In this way, we are saving customers' time as well as offering more convenient services that enable customers to receive maintenance services without having to visit service centers.

We are making continuous efforts to enhance customer satisfaction and improve service quality at our global customer contact points. We held the Global Service & Warranty Conference to give shape to service strategies in line with the direction of the Customer Experience Division, that is in its third year of operations. Service directors from major regions were invited to share our mid- to long-term service and warranty strategies and outstanding cases of each region, with the goal of offering consistent customer experiences in our global operations. We also established a work system to implement specialized strategies that reflect each region's characteristics in accordance with regionalization. In addition, we held the 13th biennial World Skills Olympics in Seoul to develop the competitiveness of our global service sites to the level of the excellent maintenance capabilities of our service sites in Korea. A total of 117 mechanics and managers from 57 countries were invited to Seoul, enabling outstanding mechanics across the globe to come together to review their skills and strengthen ties.

### Special Services for the Genesis Brand

Service system	Details
G90 Customer Satisfaction Inspection	The Genesis G90's unique and distinctive service where a visit is made at a time and location designated by customers, two weeks after vehicle processing
Genesis Butler Service	Exclusive butler service for each Genesis customer
Genesis Visiting Auto Care Service	Make a visit to a location that customers desire and provide a replacement service for engine oil and other consumables
Genesis Airport Service	Offer a valet service free of charge to Genesis customers who use Gimpo International Airport, and provide a replacement service for consumables (Mobility Care) service while traveling
Genesis Home-to-Home Service	Provide high-quality service by a professional vehicle transport company as part of our Genesis Mobility Care service offered free of charge

### Service Brands



Bluehands is Hyundai's official service supplier, and our extensive network enables us to provide efficient services at locations that are close to our customers. Bluehands also makes improvements aimed at enhancing customer safety and convenience.



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



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



Autolink offers Blue Link services to our overseas customers. It provides driver location-based services, such as a gas discount service, and the driving-pattern-big-data-based insurance discount service. It also supports sharing services such as the car sharing and car hailing businesses.

### External Evaluation on Customer Satisfaction

#### National Customer Satisfaction Index (NCSI)



1st place at 6 segments<sup>1)</sup>

#### Korean Standard-Quality Excellence Index (KS-QEI)



1st place at 4 segments<sup>2)</sup> for 9 years in a row

#### Korean Customer Satisfaction Index (KCSI)



1st place at passenger vehicle and RV segments

#### Korean Standard-Service Quality Index (KS-SQI)

1st place in the after-sales service segment

#### China Automobile Customer Satisfaction Index (CACSI)

1st place in the maintenance service segment

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

<sup>2)</sup> Semi-medium, medium, RV, after-sales service

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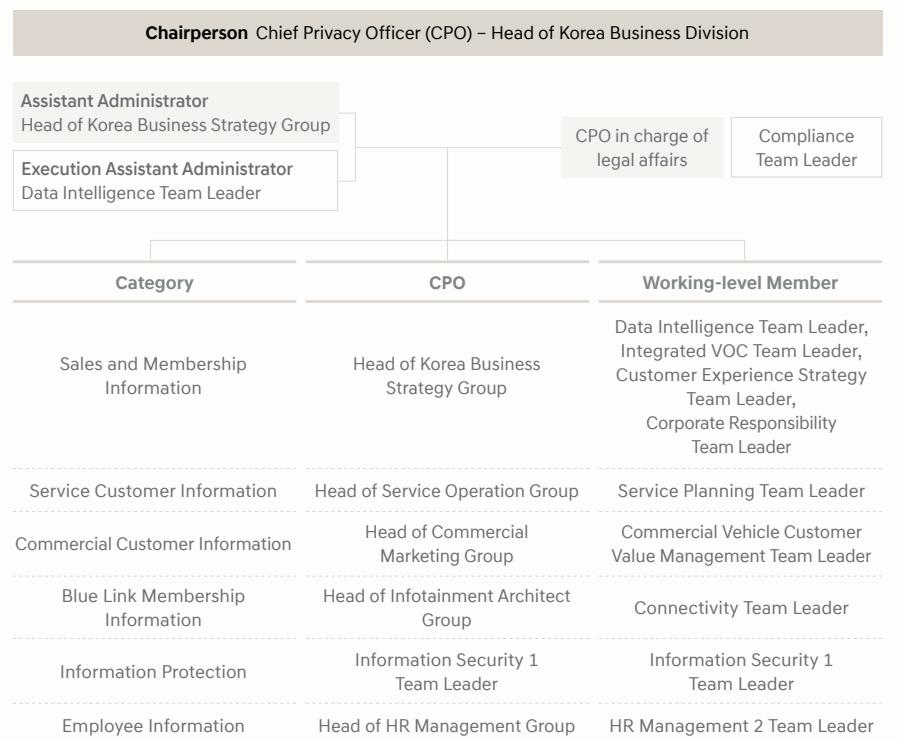
## Protecting the Rights of Customers

## Protecting customers' personal information

Hyundai runs the Personal Information Protection Committee, a company-wide decision-making body whose remit is to establish, execute, inspect, and improve the plans for protecting customers' personal information. It is chaired by the Chief Privacy Officer (CPO), who is also the Head of Korea Business Division. The CPO is responsible for overseeing the personal information management process. The Committee is convened twice a year, while the working-level sub-committee meets four times a year, and ad hoc meetings are also held as and when required in order to respond to issues relating to the protection of personal information.

In addition, we have a series of management and information protection systems in place, designed to secure the safety of customer information processing systems. These include the personal information system (PIS), homepage integrated personal information protection system, personal information monitoring (PIM) systems, image storage system, and security assurance management system (SAMS).

## Organization Chart of the Personal Information Protection Committee



\* As of May 2020

## Marketing communications and product labeling

Hyundai ensures that its customer marketing does not infringe upon stakeholders' privacy, does not include double standards, and does not attempt to influence any vulnerable groups including children. We review our marketing communications in countries around the world to ensure that they conform to all local legal, ethical and cultural standards, and we also take local opinions into full account.

Country	Product labeling obligation
Korea	<b>Product information:</b> ID labeling (year of production, vehicle weight, vehicle identification number, type of car, model name, tire, etc.)
	<b>Fuel efficiency (environmental) information:</b> Fuel efficiency labeling; and exhaust gas-related sign
	<b>Product safety information:</b> Airbag warning labeling, etc.
China	<b>Product information:</b> ID labeling; VIN (Vehicle Identification Number, W/screen); and anti-theft labeling
	<b>Fuel efficiency (environmental) information:</b> Fuel efficiency labeling
	<b>Product safety information:</b> COC labeling; child restraint system (CRS) warning labeling
EU	<b>Product information:</b> ID labeling (vehicle weight, WVTA certification number, etc.); and E-mark for various item certification (lamp, safety belt, horn, tire, mirror, glass, etc.)
	<b>Fuel efficiency (environmental) information:</b> Refrigerant labeling; diesel engine car smoke labeling (corrected absorption coefficient value indication); battery recycling labeling; and fuel labeling
	<b>Product safety information:</b> Airbag warning labeling; temporary spare tire (if provided) speed alert labeling; brake fluid labeling; and ISOFIX CRS anchor labeling
North America (U.S., Canada)	<b>Product information:</b> Manufacturer's suggested retail price (MSRP) labeling (Fuel efficiency, NCAP information, etc.)
	<b>Fuel efficiency (environmental) information:</b> VECI labeling (certified exhaust gas data); and refrigerant labeling
	<b>Product safety information:</b> Tire air pressure information labeling; safety certification labeling; and airbag warning labeling

## Major Activities for Personal Information Protection

## Committee activities

- Hold the Personal Information Protection Committee's general meeting and working-level staff meeting to establish a work plan for each sector, evaluate annual activities, identify areas of improvement, and establish a plan for work improvement according to major amendments to the law

## Assessment

- Review the implementation status of measures aimed at ensuring the stability of the corporate-wide personal information processing system on a regular basis
- Conduct on-site assessments at major business sites and bases, including regional headquarters, branches, service centers, vehicle processing centers, and test driving centers

## Education and training

- Provide compulsory training to the personnel responsible for handling personal information by task and position
- Provide online training to the personnel responsible for handling personal information

## Management of external service providers

- Provide off-the-job training to providers of the personal information processing service (first half of every year)
- Conduct on-site assessments of the providers of the personal information processing service (second half of every year)

## Improvement

- Execute immediate improvements and application to Hyundai's policies, work processes, systems, and forms in the event of amendments to the relevant laws or changes in the relevant organizational policies and guidelines
- Identify areas of improvement through regular internal reviews, followed by making improvements and reaffirming execution

# Smart Mobility-based Customer Experience Innovation

Hyundai's smart mobility solutions are achieving new levels of advancement each day, including autonomous driving vehicles that intelligently connect cars and people, and a mobility business that improves convenience and accessibility for the user. These varied products and services are substantially improving mobility for people who had previously found it difficult to use automobiles. They are also creating social value by helping to resolve problems regarding urban transportation, and giving customers the pleasure of innovative experiences. Hyundai will continue to generate new ideas for customer experience innovation through smart mobility solutions.

## Performance & Commitment

Area of Implementation		2019 Outcome & Mid- to Long-term Plan
Smart Mobility Service	Smart Mobility Solution Provider by 2025	<ul style="list-style-type: none"> <li>Applied the Highway Driving Assist II (HDA II) system to the new Genesis SUV – GV80 (Dec. 2019)</li> <li>Mass-produce Level 3 autonomous vehicles capable for highway driving (by 2021)</li> <li>Mass-produce Level 4 autonomous vehicles capable of urban driving for fleet operations (pilot robo-taxi service) (by 2024)</li> <li>Fully commercialize Level 4 autonomous vehicles (commercialization of a robo-taxi service) (by 2030)</li> </ul>
Smart Mobility Technology	Urban mobility solutions	<ul style="list-style-type: none"> <li>Conducted a trial run of BotRide, a ride sharing service that uses Hyundai's autonomous driving vehicle, in Irvine, California (Nov. 2019)</li> <li>Began to provide pilot service for Shucle, a Korea's first on-demand ride-pooling (car-sharing) service equipped with an AI platform (Feb. 2020)</li> </ul>
	Last mile mobility services	<ul style="list-style-type: none"> <li>Established Mocean, a smart mobility solution company that offers an integrated fleet management system to rental car companies in Korea (Nov. 2019)</li> <li>Established Moceanlab, a subsidiary in charge of mobility demonstrations in the U.S., aimed at leveraging development and alliance capabilities in the local market (Nov. 2019)</li> </ul>
	Collaboration ecosystem and strategic investment	<ul style="list-style-type: none"> <li>Applied state-of-the-art infotainment system, equipped with an augmented reality (AR) navigation, advanced driver assistance system (ADAS) sensors, and in-vehicle payment system, to Genesis</li> </ul>
Customer Experience Innovation	Cutting-edge in-vehicle technology, enabling seamless connectivity	<ul style="list-style-type: none"> <li>Opened CRADLE Beijing, serving as a hub that shares China's innovative solutions with the rest of the world (Sep. 2019)</li> <li>Completed the development of the 3rd generation platform, and applied it to the 8th generation Sonata</li> <li>Tied for the most Insurance Institute for Highway Safety (IIHS) awards</li> <li>Increase the number of models to which the 3rd generation platform and ADAS are applied</li> <li>Win IIHS awards (2020), and receive the high rating at the Euro NCAP (Every year)</li> </ul>
	Open innovation activities and bases for open innovation	<ul style="list-style-type: none"> <li>Opened CRADLE Beijing, serving as a hub that shares China's innovative solutions with the rest of the world (Sep. 2019)</li> <li>Completed the development of the 3rd generation platform, and applied it to the 8th generation Sonata</li> <li>Tied for the most Insurance Institute for Highway Safety (IIHS) awards</li> <li>Conducted brand vision communication to promote sustainability through Hyundai Re:Style, BTS campaign, and Bloomberg H<sub>2</sub> Economy</li> </ul>
Customer Experience Innovation	Safety and quality innovation	<ul style="list-style-type: none"> <li>Completed the development of the 3rd generation platform, and applied it to the 8th generation Sonata</li> <li>Tied for the most Insurance Institute for Highway Safety (IIHS) awards</li> <li>Strengthen survey platform functions by improving the process for making a suggestion</li> <li>Expand the panel pool and increase monthly active users</li> <li>Improve usability for internal and external users by developing an app, improving UI and UX, etc.</li> </ul>
	Establishment of a brand vision for sustainability	<ul style="list-style-type: none"> <li>Conducted brand vision communication to promote sustainability through Hyundai Re:Style, BTS campaign, and Bloomberg H<sub>2</sub> Economy</li> </ul>
	Brand communication strategy & campaign	<ul style="list-style-type: none"> <li>Launched an open customer communication platform "H-ear" (May 2019) <ul style="list-style-type: none"> <li>Began to operate an open platform that enables the company to develop products and services together with its customers for the first time in the automobile industry</li> </ul> </li> <li>Ranked No. in the after-sales service segment at the Korean Standard-Service Quality Index (KS-SQI) and the maintenance service segment at the China Automobile Customer Satisfaction Index (CACSI)</li> <li>Operated the Personal Information Protection Committee, conduct on-site assessments at major business sites and subcontractors, and provided trainings for each job type</li> </ul>
Customer Experience Innovation	Customer communication & experiential services	<ul style="list-style-type: none"> <li>Strengthen survey platform functions by improving the process for making a suggestion</li> <li>Expand the panel pool and increase monthly active users</li> <li>Improve usability for internal and external users by developing an app, improving UI and UX, etc.</li> </ul>
Customer Experience Innovation	Customer services	<ul style="list-style-type: none"> <li>Ranked No. in the after-sales service segment at the Korean Standard-Service Quality Index (KS-SQI) and the maintenance service segment at the China Automobile Customer Satisfaction Index (CACSI)</li> </ul>
Customer Experience Innovation	Protecting the rights of customers	<ul style="list-style-type: none"> <li>Operated the Personal Information Protection Committee, conduct on-site assessments at major business sites and subcontractors, and provided trainings for each job type</li> </ul>

## 2019 Highlights

### Established a joint venture with APTIV

Autonomous driving offers freedom in mobility and reduces the effort needed to drive. Moreover, it is a barometer for assessing the automotive industry's prowess in cutting-edge technology. In 2019, Hyundai, with its globally recognized capabilities in hardware such as car design and manufacturing, established a joint venture with APTIV, a company that owns the world's most advanced autonomous driving software, thereby emerging as a game changer in autonomous driving. It will increase the level of accuracy for Level 4 and 5<sup>1</sup> autonomous driving vehicles, which operate without driver intervention in an optimal driving environment where the future mobility business environment can be verified. We will also speed up moves towards the mass-production of autonomous driving vehicles.

<sup>1</sup> Levels of driving automation standard for self-driving vehicles set by the Society of Automotive Engineers (SAE). Among the six levels ranging from 0 to 5, Level 4 indicates a high level of automation whereby vehicles do not need driver interaction under certain conditions. Level 5 is full automation whereby vehicles can perform all driving functions under all conditions.

### New concept of mobility for the future

Seamless mobility is the key to future mobility. In 2019, Hyundai expanded the concept of mobility to include regions that are difficult to access using existing means of transportation and broadened the horizons of seamless mobility. These include the "Elevate", which has four robot legs that utilize the latest in robot and electric vehicle technologies, an electric scooter to give customers the best experience in last mile mobility, and the "VEX", a wearable robot to assist overhead working in challenging environments. These new concepts from Hyundai prove the unlimited potential of mobility.



### Tied for the Most Combined IIHS Awards

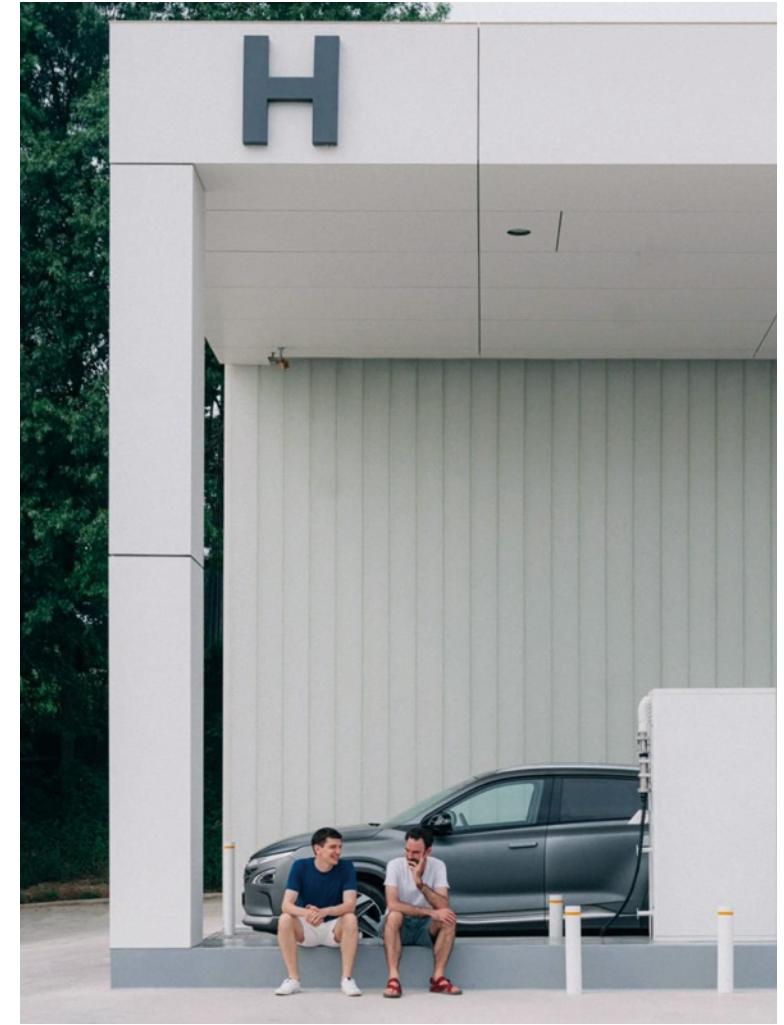
Hyundai's Nexo, Genesis G70, and Genesis G80 models won the 2020 IIHS Awards, organized by the Insurance Institute for Highway Safety (IIHS) of the U.S., by being qualified for Top Safety Picks+ (TSP+), signifying the highest level of vehicle safety. In addition, eight models, including the Avante (Elantra), i30 (Elantra GT), Veloster, Sonata, Kona, Tucson, Santa Fe, and Palisade, were named as Top Safety Picks. TSP+ status is only awarded to products which earn the best possible grades in all test categories, thereby attesting to the outstanding safety of Hyundai products.



## Our Commitment 02

# Pursuing Eco-friendly Value throughout the Product Life Cycle

Hyundai has been making continuous efforts to reduce its ecological footprint by producing eco-friendly vehicles and operating its business sites in an eco-friendly manner. Moreover, we will lead the global industry shift towards hydrogen-powered eco-friendly vehicles while also actively taking action on climate change.



# Eco-friendly Vehicles

## Strengthening Vehicles' Eco-friendliness

### Improving fuel efficiency

Hyundai strives to improve fuel efficiency and applies new technologies in response to the ever-stricter regulations regarding fuel efficiency, and in order to ensure its competitiveness in fuel efficiency. Major markets, including the U.S., Europe and China, are set to reinforce their regulations after the new fuel efficiency regulations go into effect in 2020, including those related to fuel-economy standards and test mode beginning in 2025. Accordingly, Hyundai is changing its specifications to be more optimized to improve fuel efficiency, while also accelerating the pace of developing key technologies.

### Next-generation weight reduction technology

Weight reduction is a technology that improves not only fuel consumption efficiency but also dynamic performance. As the weight of vehicles continues to rise owing to an increase in safety and convenience features as well as the rapid spread of electrification, the development of weight reduction technologies has been gaining importance. In response, Hyundai is striving to reduce the weight of its vehicles by integrating and optimizing the structure of parts, while offering improved functions and performance for each system, including the body, chassis, and electronics. We are also making concentrated efforts to develop new lightweight materials and methods, such as aluminum and carbon fiber reinforced plastic (CFRP), in addition to 3rd generation sheets with improved formability and outstanding performance. As a result, the 8th generation Sonata is around 59 kilograms lighter than the previous generation. We will continue to innovate in order to make our products lighter, thereby enhancing the performance and eco-friendliness of our vehicles and providing customers with distinctive products.

### Technologies that use renewable energy

Renewable energy is becoming increasingly important as a clean, unlimited energy. Against this backdrop, photovoltaic power generation technology has recently become one of the most universal renewable energy-using technologies and can easily be seen in our everyday surroundings. Hyundai has installed photovoltaic power generation technologies in its vehicles in order to reduce their greenhouse gas emissions. The 8th generation Sonata Hybrid features a solar roof which enables the car to run on photovoltaic power for an annual maximum distance of 1,300 km without emitting any greenhouse gases. The adoption of the solar roof has made it possible to reduce a single vehicle's greenhouse gas emissions by approximately 100 kg CO<sub>2</sub>eq per year. We are making active efforts to protect the environment by using renewable energy and are conducting R&D in order to fit subsequent models, in addition to the 8th generation Sonata Hybrid, with a solar roof. Furthermore, we are developing solar cells made with a new material rather than the previous silicon material so as to overcome the performance limitations of solar panels.

### Reducing the use of hazardous substances

Hyundai is committed to developing vehicles that customers can drive safely without worrying about hazardous substances. To ensure that our customers and their families are not exposed to harmful substances within the confined space of a car, we are strengthening the inspection at each stage, ranging from product development to mass-production, and conducting strict prevention activities.

We use our in-house Material Analysis Management System (MAMS) to manage chemicals data per part, and we conduct regular inspections of our suppliers and analyze a real product in order to prevent the use of hazardous substances in the production of parts for Hyundai vehicles. Moreover, in order to manage hazardous substances at our global business sites to the same strict standards as those applied at our business sites in Korea, we have established a hazardous substance regulation response system and are performing inspections accordingly. In addition, we are actively looking into ways of using alternative substances even in vehicles and regions to which the regulations do not apply, thereby preemptively responding to the increasingly strict global chemicals regulations.

### Recycling waste resources

Hyundai is building a resource circulation recycling system to enable the reuse of parts used in our products and to generate added value. Our eco-friendly end-of-life vehicle processing/reusing network is creating a positive resource cycle in which recyclable parts are collected from end-of-life vehicles and subjected to an eco-friendly recycling process so that they can be used in the production of new vehicles. This system is currently limited to iron and non-ferrous metals, but we are extending its scope to include non-recyclable items, including plastics, rubber, glass, and seats, as part of our efforts to reuse as many materials from end-of-life vehicles as possible.

With regard to plastics, we mix pellets produced through recycling with new materials, and then apply the mixture to functional parts, including wheel guards, undercovers, and shrouds. We have also developed a technology that converts seats into materials for parts such as sound absorption and luggage partitions. Going forward, we will further expand the scope of recycling by developing parts recycling technologies, thereby enhancing the value of recycling. In addition, we will continue to support job training and provide field consulting to our suppliers in a bid to strengthen their recycling capabilities. We will also focus on developing technologies for recycling end-of-life vehicles and make concerted efforts to fulfill our social responsibility by building an eco-friendly and circular economy.

### Hyundai's Direction to Improve Fuel Efficiency

#### Improving fuel efficiency and applying new technologies

- Reducing tire friction and air resistance
- Developing electrification technologies, such as 48V mild hybrid injection technology

#### Improving fuel efficiency on real roads

- Applying eco technologies to reduce the power load
  - LED light bulbs, high efficiency alternators, solar panels, etc.
- Applying optimized heating, ventilation & air conditioning technologies
  - Reducing the preheating time of powertrains; and improving the energy efficiency of air conditioning systems and reducing the load

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## Developing Eco-friendly Vehicles

## Increased mileage of the new IONIQ Electric facelift

Hyundai launched a facelifted version of the IONIQ Electric in May 2019 after increasing the capacity of its lithium-ion battery from 28 kWh to 38.3 kWh, and improving its one-time charge range (for mixed use) by 42%, from 191km to 271 km. Engine output was also increased, from 88 kW to 100 kW, and offers more dynamic acceleration. Thanks to these improvements, Hyundai customers can now enjoy eco-friendly vehicles without having to be concerned about performance and range.

## Hi-Charger, a ultra-quick EV charger

Hyundai has developed the "Hi-Charger", a 350 KW ultra-quick EV charger that delivers the optimal EV charging experience thanks to the adoption of an automatic system that enables users to easily charge their vehicles without feeling the weight of a cable. We aim to deliver our innovative brand image through a new EV charging experience, in addition to expanding EV charging infrastructure.

## Recycled EV waste battery ESS

Hyundai has launched a partnership with Korea Hydro & Nuclear Power (KHNP) to set up and jointly operate a recycled EV waste battery energy storage system (ESS) business that will be the largest of its kind in Korea. The two parties signed the agreement in September 2019 and are planning a 100 MWh pilot project by the end of 2021, to be run in conjunction with KHNP's existing new and renewable energy business. Hyundai and KHNP expect that this agreement will create a virtuous cycle for eco-friendly resources, from the production of EVs through to the processing of waste batteries, thus enabling both companies to become leaders in the new and renewable energy market.



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## Unveiling the NEPTUNE, a hydrogen-only concept for a heavy duty truck

Hyundai introduced the NEPTUNE Concept, its first hydrogen-powered heavy duty truck, at the 2019 North American Commercial Vehicle Show. The name NEPTUNE reflects the fact that the planet Neptune's atmosphere is composed of 80% hydrogen, and also delivers the clean, eco-friendly image of hydrogen as a fuel. With an integrated structure that looks both simple and smooth, the NEPTUNE boasts a unique vehicle body which has been created especially for a fuel cell electric truck and runs on a hydrogen fuel cell system. We plan to launch the vehicle, predominantly in the North American market, in around 2024.

## Unveiling a fuel cell-powered high-speed electric bus for the police

Hyundai unveiled a fuel cell-powered high-speed electric bus for the police in Seoul, and also signed a memorandum of understanding (MOU) to expedite the development of fuel-cell electric buses for the police. Because the use of air-conditioning and heating in conventional police buses inevitably results in engine idling in city centers, if conventional police buses are replaced by pollution-free, fuel cell-powered electric buses, that are designed to operate with minimal vibrations and zero exhaust gas emissions, it is expected to reduce passenger fatigue and improve air quality. This new fuel-cell electric bus was developed by equipping an existing police bus with a hydrogen-based fuel cell system. It can accommodate 29 passengers, including the driver, and has been built especially for road conditions in Korea and high-speed driving.

## Automatic performance optimization for commercial EVs

Hyundai became the first company in the world to develop a technology that detects the load weight of a compact commercial EV in real time, optimizes power output to match the driving conditions, and provides precise information on the remaining travel distance. This technology will first be applied in new compact commercial EVs which Hyundai will launch in the near future. It enables power output to be reduced even if the load weight is small, which prevents the wheels from spinning. In addition, by precisely forecasting the distance to empty, it informs the driver when to charge the vehicle. With EVs now even being used as commercial vehicles, Hyundai is responding to global demand by developing a wide range of advanced technologies related to electrification.



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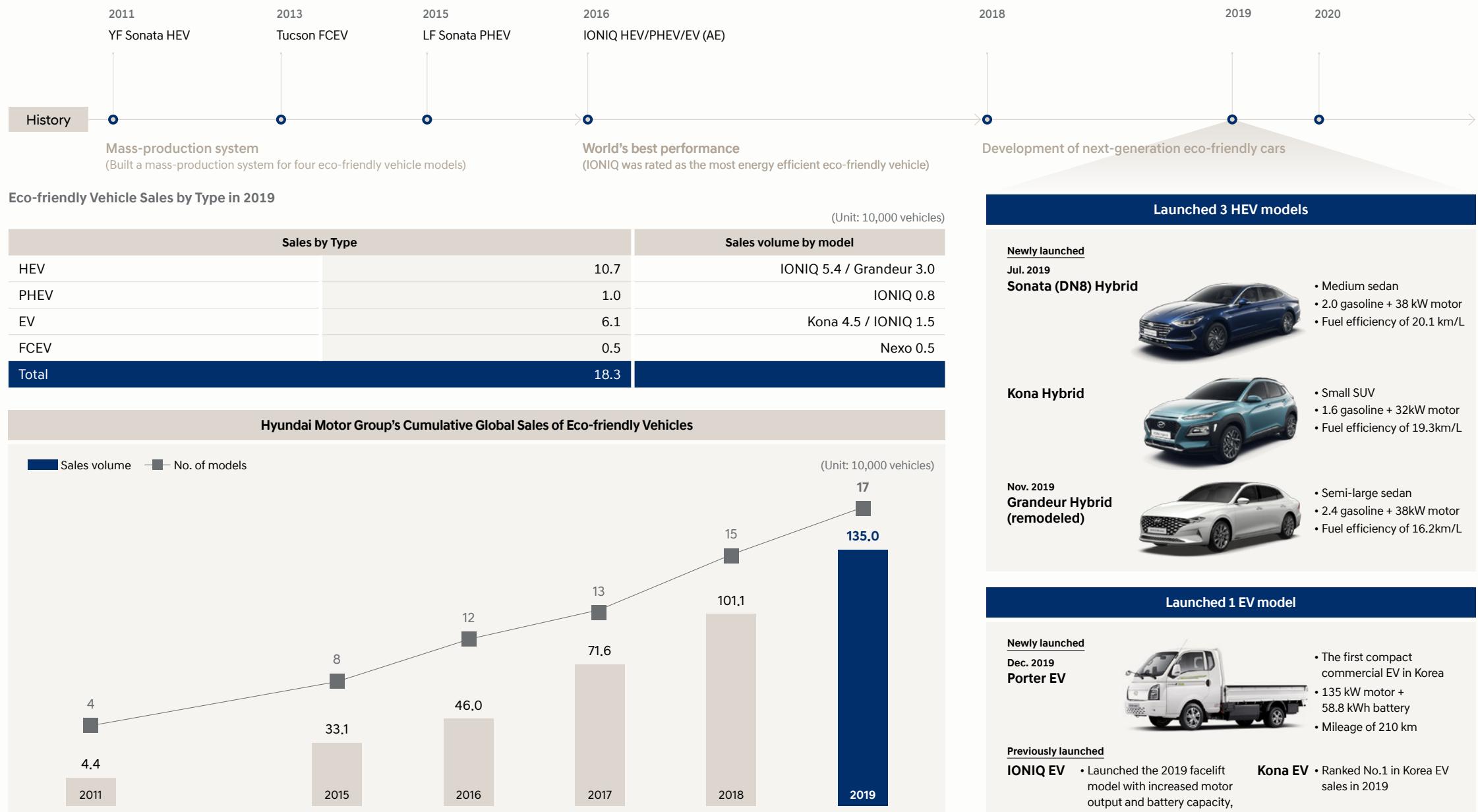
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## Launching Eco-friendly Models



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## Realizing the Hydrogen-based Society

Hyundai has been the first mover in creating a hydrogen society, ever since becoming the first company in the world to begin the mass-production of fuel cell electric vehicles (FCEVs) in 2013. We have also set out our "FCEV Vision 2030" that involves building a production system with an annual capacity of 500,000 FCEVs in Korea by 2030, while also actively establishing FCEV alliances with both Korean and overseas companies. We will widen the use of hydrogen fuel cell technologies from the automotive sector into other industries. This will generate economies of scale and thus improve cost competitiveness, which will in turn lead to ripple effects, including job creation and the expansion of related industries.

### Joint development of key hydrogen fuel cell technologies

Hyundai is working with Impact Coatings, a specialist in fine coating products, on the joint development of key hydrogen fuel cell technologies. The two companies have signed an MOU regarding cooperation on the development of a hydrogen fuel cell and will actively collaborate on innovation in hydrogen fuel cell technologies. In particular, we are commercializing physical vapor deposition ceramic coating, a technology related to fuel cell bipolar plate coating owned by Impact Coatings, and plan to apply it to mass-produced vehicles.

### Joint development of an eco-friendly railroad car

Hyundai has signed an MOU with Hyundai Rotem to develop a railroad car powered by hydrogen fuel cells. We will supply and support the hydrogen fuel cells and related technologies, while Hyundai Rotem will be responsible for the production of the train, as well as the development and verification of the system interface between the hydrogen fuel cells and the vehicle. The two companies have established an organization for technological collaboration and are working in close cooperation on this project. A hydrogen fuel cell train is highly eco-friendly as it only discharges water and emits no pollutants. Furthermore, because it does not require power facilities such as trolley wires or substations, the building and power infrastructure costs are substantially reduced.

### Global cooperation in the production and storage of hydrogen

In order to significantly increase the economic feasibility of FCEVs, Hyundai is cooperating with overseas companies. We are aiming to cut the cost of hydrogen production through a technology and strategic investment agreement with H<sub>2</sub>Pro, an Israeli company which owns a technology that requires 20% less electric energy to produce hydrogen than standard water electrolysis. In addition, we have signed a technology and strategic investment agreement with GRZ, a Swiss company which owns a metal hydride-based compressor technology that has the potential to considerably improve the safety and economic feasibility of hydrogen stations. By making these innovative investments, Hyundai is strengthening the economic feasibility and safety of the hydrogen infrastructure, and thus helping to popularize FCEVs.

### Global partnership to standardize charging for commercial FCEVs

Hyundai is cooperating with five global companies<sup>1)</sup> on the international standardization of large capacity hydrogen charging for commercial FCEVs. In order to efficiently store hydrogen gas in a hydrogen tank with limited space, it is essential to standardize the high-pressure (700 bar) charging technologies, and to develop automobile and charger parts which can withstand high-pressure charging at the standardized pressure. This cooperative agreement will help to popularize commercial FCEVs and will increase the economic feasibility of hydrogen stations.

<sup>1)</sup> Air Liquide, Nel Hydrogen, Nikola Motor Company, Shell, and Toyota

### Hydrogen fuel cell power generation based on independent technology

As part of our efforts to facilitate the hydrogen economy, Hyundai is working with Korea East-West Power and Deokyang on a pilot project for a 1 MW eco-friendly hydrogen fuel cell power generation system. Construction of this modular system is scheduled to begin in the second half of 2020. The system consists of several fuel cell modules for FCEVs installed within a container, making it easy to secure a space for installation, and also increasing capacity. Consisting of two 500 kW container modules, the system can produce around 8,000 MWh of electricity per year, which would be sufficient for approximately 2,200 homes based on a typical monthly household consumption of 300 kWh. Once the pilot project has been successfully completed, this new fuel cell power generation facility, based on independent Korean technology, will be made available to the local fuel cell power generation market. This will not only make hydrogen power generation more efficient but will also promote the hydrogen industry in Korea.

### Strategic cooperation with Saudi Aramco to promote the use of hydrogen energy

Hyundai is strengthening its strategic cooperation with Saudi Aramco, a global energy and chemical company of Saudi Arabia, regarding the promotion of hydrogen energy and the development of advanced carbon fiber materials. Hyundai is striving to expand the hydrogen charging infrastructure in Korea while also working to increase sales of FCEVs in Saudi Arabia. We have therefore established a system of collaboration aimed at producing stronger hydrogen tanks and reducing the weight of vehicles. Through this cooperation on expanding the hydrogen infrastructure and developing advanced carbon fiber materials, Hyundai and Saudi Aramco are together working towards their common goal of establishing a global hydrogen economy. They are also planning active collaboration to develop the technologies needed in the parts of the vehicles of the future.

### Development of an electrified powertrain based on a hydrogen fuel cell system

Hyundai is partnering with Cummins of the U.S., a company specializing in engines and generators, to supply electrified powertrains based on hydrogen fuel cell systems to the North American market, based on which, new powertrains are being developed by combining Hyundai's fuel cell systems with Cummins' electric powertrain parts technologies. The new powertrains will be sold to commercial vehicle companies in North America, including intra-city bus, school bus and truck manufacturers. The two companies are also working together to expand their sales network to include manufacturers of commercial vehicles and data center construction companies in North America. In addition, Hyundai signed an MOU with Cummins to strengthen strategic cooperation on hydrogen fuel cells, in order to further improve our competitive position in next-generation powertrains.

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# Eco-friendly Business Site

## Eco-friendly Processes



Above. Concentrated RTO at the paint shop 1 of the Ulsan Plant  
Below. Replacement of dust collectors at the paint shop of the Asan Plant



Above. Dissolved Air Flotation installed at the paint shop 52 of the Ulsan Plant  
Below. EVs installed at the industrial water treatment facility of the Asan Plant



Replacement of CWS waste paint sludge collection facility  
at the paint shop of the Asan Plant



Schematic diagram of the CWS waste paint storage  
of the Ulsan Plant

## Minimizing air pollutant

In 2019, we installed paint shop evaporation equipment and reduced the odor intensity to around 1/5, thereby resolving civil complaints about the overpowering odor of paint from residents in the surrounding areas. We also reduced the amount of dust generation by 35 tons from the previous year by making improvements to the casting machine dust hoods at material plants and installing more dust collectors. As we need to further reduce the amount of dust generation by 50 tons by 2022 in order to comply with the enforcement of the Air Management Zone Act, in 2020 we will check the dust collector flow every quarter and make improvements to less efficient dust collectors and aging facilities, and take any other necessary measures to strengthen our emissions management.

## Managing water resources

The Ulsan Plant has made significant changes to the previous system, in which sub wastewater treatment facilities of its paint shop 52 directly discharged wastewater into the regional sewage treatment plant, so that an additional water treatment process takes place at the comprehensive wastewater treatment facility 2. Improvements were also made to the dissolved-air flotation tanks to stabilize effluents and strengthen the management of pollutant discharge concentration. In 2020, it plans to reduce its wastewater discharge by 300 tons per day and pollutants by 2 tons per year by reusing wastewater and improving its wastewater treatment plant.

The Asan Plant is operating a zero liquid discharge system in which the full quantity of wastewater originating from the plant and residential areas is reused. It also installed two evaporators (EVs), thereby reducing the returned quantity and increasing the efficiency of the facility, in order to improve the quality of wastewater and to stably produce and supply industrial water.

- Increasing the efficiency of air pollution prevention facilities and reducing air pollutant emissions by replacing paint shop pre-treatment dust collection facilities
- Complying with the Clean Air Conservation Act and eliminating foul odors by making improvements to the regenerative thermal oxidizer (RTO) at the paint shop

- Reusing all wastewater originating from the plant and the nearby residential area by operating the zero liquid discharge system
- Increasing facility efficiency and ensuring capacity by installing two EVs; improving the quality of wastewater tanks to reduced returned quantity; and stably producing and supplying industrial water

## Minimizing waste materials

The Ulsan Plant strengthened the separating out of solid incinerated matter in 2019, and also improved the waste synthetic resin recycling rate from 5.6% to 20%, resulting in an overall recycling ratio of 93%. As such, it increased the recycling ratio while reducing waste treatment costs. Its plan for 2020 is to reduce the volume of waste by around 400 tons by installing a CWS waste paint natural dehydration-inducing facility.

- Replacing CWS waste paint sludge collection facility at the paint shop
- Reducing water content by at least 10% and the amount of waste by increasing the efficiency of waste paint sludge collection
- Increasing the recycling rate by reusing certain domestic wastes that previously were incinerated (planned for 2020)

## Managing hazardous chemical materials

In 2019, we replaced the sodium nitrite used at our transmission plant, as well as methanol, boron oxide, and sulfuric acid used at our material plant with unregulated materials, thereby reducing our year-on-year volume of using hazardous chemical materials by 45 tons. We will actively continue replacing hazardous chemical materials with unregulated materials in 2020. In addition, we will build a chemical materials monitoring system that notifies employees via short message service (SMS) in the event of a leakage to prevent accidents, in our efforts to establish a safe hazardous chemical materials management system.

- Replacing methylethylketone in the assembly glass installation process
- Reducing the amount of chemicals used by 220 tons from 2018 (28.5%)

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## Taking Action on Climate Change by Business Sites

Hyundai's efforts to reduce GHG emissions to counter climate change are manifested by investments for GHG reduction at its business sites and adoption of innovative technologies. We are investing in renewable energy facilities such as photovoltaic power generation facilities, while developing and applying new technologies that can reduce energy consumption. We are also making continuous efforts to better respond to the 2030 national GHG reduction roadmap of Korea and to build a carbon neutral operation system by 2050.

### Strengthening GHG Emissions Management (Including Scope 3)

For efficient management of GHG emissions to counter climate change, it is becoming important to calculate Scope 3 emissions that are generated outside corporate boundaries. Hyundai received third-party verification of Scope 3 emissions that arise outside corporate boundaries, such as from logistics, use and disposal of products sold, and employee commute. The increase in development and sales of eco-friendly EVs and FCEVs, such as the IONIQ Electric, Kona Electric, and Nexo FCEV, is contributing to reducing GHG emissions in the usage phase compared to internal combustion engine vehicles.

Hyundai is striving to calculate GHG emissions that occur outside corporate boundaries and to reduce the emissions, in its efforts to systematically manage GHG emissions generated by its business activities. We are continually taking part in carbon information disclosure through the CDP (formerly the Carbon Disclosure Project) and making other efforts to communicate with stakeholders of climate change.

### Ulsan Plant

Hyundai's Ulsan Plant is currently building a photovoltaic power generation facility on a finished vehicle lot. This project is the first case in Korea of a joint investment with Korea Hydro & Nuclear Power, a public power generation company. It began to build the first-phase 9 MW facility at its finished vehicle lot in the proving ground in April 2019, and as of December 2019, 6 MW of electricity are being produced. The remaining construction was completed in April 2020. We plan to set up power generation facilities with a total capacity of 27 MW at the Ulsan Plant, and all of the electricity produced there will be transmitted and sold through KEPCO (Korea Electric Power Corporation) electric power systems.

The Ulsan Plant installed an eco-friendly once-through boiler system, which can respond quickly to changes in the load of steam-using processes, at its Maeam engine plant, by replacing the fire tube boiler facility. As such, we eliminated unnecessary energy loss by reducing the preheating loss that occurs at the time of initial operation. We comply with the government's environmental regulations and policies, and thus reduced nitrogen oxide (NOx) emissions to less than 25 ppm, in our efforts to protect the atmospheric environment. In addition, we have built remote and real-time monitoring systems so as to ensure the efficient and stable management of the facilities.



Photovoltaic power generation facilities at the Ulsan Plant



Air compressors at the Jeonju Plant

### Jeonju Plant

Hyundai's Jeonju Plant is developing and applying construction methods designed to minimize the amount of energy used at its production facilities in order to reduce greenhouse gas emissions. In addition, it is replacing low-efficiency facilities with high-efficiency ones, and engaging in diverse activities, such as expanding the application of automation facilities connected with production, to minimize the consumption of standby energy.

In 2019, it replaced the hangers at its large vehicle washing site of the truck paint shop with detachable hangars, and optimized the setting temperature, thereby reducing greenhouse gas emissions by 100 tons. In addition, the air compressors that supply compressed air throughout all the plants were replaced with high-efficiency equipment, reducing greenhouse gas emissions by 234 tons. The circulating pumps of the water treatment facilities at the bus paint shops were also replaced with high-efficiency equipment, reducing greenhouse gas emissions by 116 tons. Thanks to these efforts, we have reduced our CO<sub>2</sub> emissions by a combined total of 1,039 tons.



Roof-type photovoltaic power generation facilities at the Asan Plant

### Asan Plant

Hyundai's Asan Plant makes continuous efforts to minimize the operation of equipment during non-production hours and to supply high-efficiency facilities, aimed at reducing energy consumption, with the ultimate goal of reducing greenhouse gas emissions. In 2019, it invested KRW 740 million in installing a heat pump at its paint shop and applied a power-saving operation program to the concentration tank of the production line at the new engine plant, further reducing greenhouse gas emissions. It also engages in various other activities to reduce energy consumption, thus reducing greenhouse gas emissions by 6,000 tons per year.

# Pursuing Eco-friendly Value throughout the Product Life Cycle

Processes throughout the automotive industry, from production to vehicle usage to end-of-life, have a significant impact on the environment. Hyundai is rapidly expanding its range of eco-friendly vehicles, helping to ensure that the usage phase of the product life cycle is as environmentally friendly as possible. In addition, we are reducing our environmental impact and managing climate change risks through eco-friendly operations at all our business sites, ranging from the procurement of raw materials and parts through to assembly and end-of-life product disposal.

## Performance & Commitment

Area of Implementation		2019 Outcome & Mid- to Long-term Plan
Eco-friendly Vehicles	Strengthening vehicles' eco-friendliness	<ul style="list-style-type: none"> <li>Kona EV won 2019 North American Utility Vehicle of the Year, and included in the WardsAuto 10 Best Engine List for 2019</li> </ul>
	Developing eco-friendly vehicles	<ul style="list-style-type: none"> <li>Launched new models: 3 HEVs and 1 EV (including Kona HEV, compact SUV, and Porter EV, Hyundai's 1st compact commercial model)</li> <li>Sales of eco-friendly vehicles in 2019: 183,000 vehicles</li> <li>Sales of FCEVs in 2019: 5,000 vehicles (4,194 in Korea, 711 overseas, based on shipment)</li> </ul>
	Launching eco-friendly models	<ul style="list-style-type: none"> <li>Operate over 26 eco-friendly vehicle models (by 2025)</li> <li>Sell over 1.03 million units of eco-friendly vehicles (by 2025)</li> <li>Produce 500,000 units of FCEVs per year (by 2030)</li> <li>Develop and apply a new architecture for EVs (by 2024)</li> </ul>
	Realizing the hydrogen-based society	<ul style="list-style-type: none"> <li>Supported demonstration projects for fuel cell electric bus (major cities, including Busan and Changwon) and taxi (Seoul) in Korea</li> <li>Signed an MOU with Saudi Aramco to collaborate on hydrogen energy (Jun. 2019)</li> <li>Signed an MOU with Cummins to jointly develop and commercialize electrified powertrain based on a hydrogen fuel cell system for the North American market (Sep. 2019)</li> <li>Made strategic investment in overseas innovative hydrogen companies to jointly develop technologies (Oct. 2019)</li> </ul>
Eco-friendly Business Site	Eco-friendly processes	<ul style="list-style-type: none"> <li>Lowered the odor intensity of exhaust gas to around 1/5 and reduced dust generation by 35 tons year-on-year</li> <li>Improved the wastewater discharge system at the Ulsan Plant, and operated the zero liquid discharge system at the Asan Plant</li> <li>Worked with more end-of-life vehicle recycling companies within the resource circulation network to improve the overall recycling rate</li> </ul>
	Taking action on climate change by business sites	<ul style="list-style-type: none"> <li>Reduce the amount of dust generation by 50 tons by 2022 in order to comply with the enforcement of the Air Management Zone Act (by 2022)</li> <li>Reduce wastewater discharge by 300 tons per day and pollutants by 2 tons per year at the Ulsan Plant (2020)</li> <li>Continue to improve resource circulation capabilities for end-of-life vehicles in line with the adoption of extended producer responsibility (EPR)<sup>1)</sup> program</li> <li>Establish an uninterrupted power system by linking an internal power plant with combined heat and power generation</li> <li>Replace production lines with eco-friendly products in line with the increase in producing eco-friendly vehicles</li> </ul>
		<ul style="list-style-type: none"> <li>Reduce the emissions of GHG in a phased manner and contribute to the global initiative aimed at reducing GHG emissions</li> <li>Reduce GHG emissions by 26% compared to 2017 (by 2030)</li> </ul>

<sup>1)</sup> A system whereby a producer or product user is required to recycle a certain amount of packaging waste material, with a payment exceeding the recycling costs to be levied on the producer or user if they fail to recycle properly

## 2019 Highlights

### Hyundai's ICE and electric systems named in the 2020 Wards 10 Best Engines & Propulsion Systems

WardsAuto chose two Hyundai models to be recognized among their "2020 Wards 10 Best Engines & Propulsion Systems". The two models were the Smartstream G1.6 T-GDi engine of the Sonata Sensuous, and 150 kW EV propulsion system of the Kona Electric. The fact that both an internal combustion engine (ICE) and an electric system of Hyundai were simultaneously chosen is of great significance. Established in 1924, WardsAuto is an automobile specialist media company of the U.S. with a history of nearly 100 years, and the 10 Best Engines awards which they have given out since 1995 have high global awareness and prestige in the automotive engine sector.

 **WARDS INTELLIGENCE™**

### Winner of the Minister of Trade, Industry and Energy Award at the Korea Technology Awards

Recognized as one of the most prestigious technology awards in Korea, the Korea Technology Awards are presented to companies which contribute to the development of excellent new technologies and new products. The Elect City, which won the Minister of Trade, Industry and Energy Award, is a large electric bus for urban areas, developed by Hyundai over a period of eight years and launched in 2017. We developed the Elect City's electric drive system and the controller for the battery system and were also able to increase the proportion of parts produced in Korea to 97%. Tests confirmed that the Elect City will reduce CO<sub>2</sub> emissions by around 125 tons per year compared to Hyundai's CNG bus.

### Selected for membership in the CDP "Honors Club" for the second consecutive year

In 2020, Hyundai won Carbon Management Sector Honors in the consumer discretionary sector of the CDP (formerly the Carbon Disclosure Project) and also became a member of the Honors Club for the second straight year, proving that we are one of the leading companies in Korea combatting climate change. In particular, we were recognized for our mid- to long-term environmental management, including the development of eco-friendly vehicles such as FCEVs and EVs, the installation of high-efficiency greenhouse gas reduction facilities at every business site, our efforts to recycle waste energy and heat, and the extensive use of new and renewable energy. Hyundai also won the Grand Prize in the CDP water resource management category.

 **CDP**  
DISCLOSURE INSIGHT ACTION

## Our Commitment 03

# Creating a Sustainable Supply Chain

Hyundai is building a sustainable supply chain which encompasses our entire value chain. In support of this goal, we work in partnership with our suppliers in order to establish a safe working environment and a corporate culture that is managed in both socially and environmentally responsible ways.



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Risk Management

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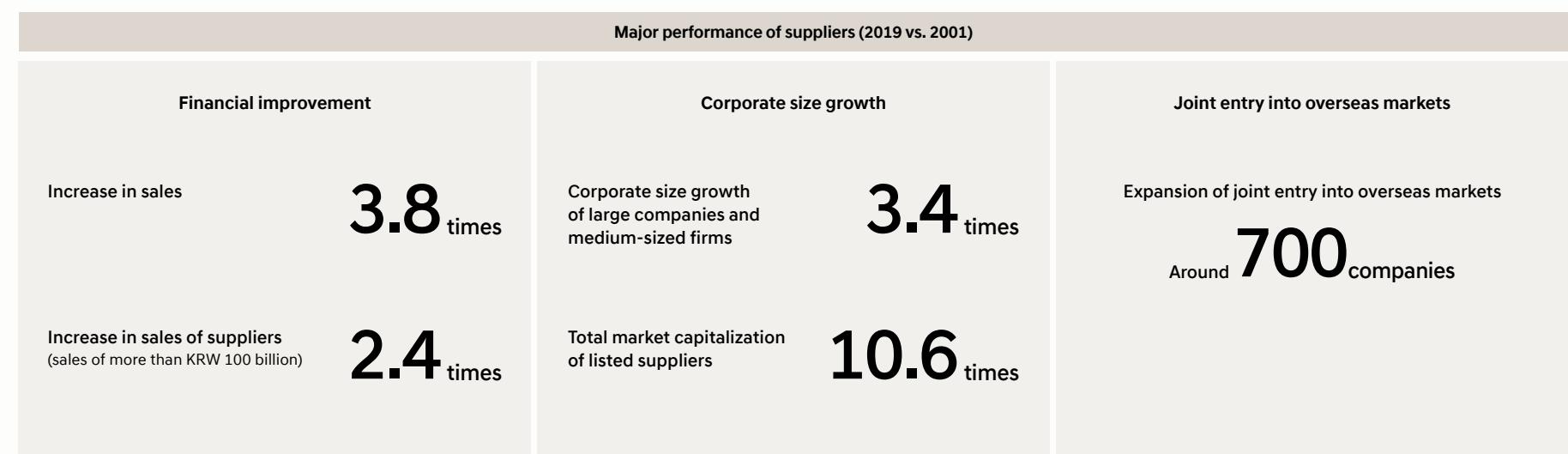
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# Supporting Win-win Growth

Hyundai's suppliers consist of tier 1 suppliers who supply parts directly to us, tier 2 suppliers who supply parts to the tier 1 suppliers, and general suppliers who supply general products. Hyundai's Joint Growth Team spearheads the implementation of policies designed to achieve win-win cooperation and growth with all our suppliers, which also contributes to enhancing the competitiveness of the Korean automotive parts industry. Furthermore, by building a long-term cooperation system, we are actively supporting our suppliers in various areas, ranging from production technologies to R&D. In this way we are raising our own competitiveness together with that of our suppliers and the automotive industry of Korea.

**Effects of Joint Growth through Long-term Cooperation**

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

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Hyundai's strategy for joint growth with its suppliers consists of the following three major axes – first, cultivating suppliers' global competitiveness; second, reinforcing the basis for sustainable growth; and third, establishing a culture of joint growth. To cultivate our suppliers' global competitiveness, we are carrying out a range of activities aimed at fostering quality competitiveness, developing R&D capability, and enhancing productivity. To reinforce the basis for sustainable growth, we conduct activities that are intended to strengthen the suppliers' foundation for sustainable management, build infrastructure for growth, and expand global sales channels. To fully establish a culture of joint growth, we are operating diverse programs designed to strengthen the collaborative network between Hyundai and our suppliers, and we are expanding support for tier 2 and 3 suppliers. Based on these three strategies, we will not only pursue joint growth with our suppliers but also build a virtuous cycle based on strong partnerships.

### Joint Growth Strategy and Programs

		Cultivating Global Competitiveness	Reinforcing the Basis for Sustainable Growth	Establishing a Culture of Joint Growth
	Fostering quality competitiveness	<ul style="list-style-type: none"> <li>Foundation of Korea Automotive Parts Industry Promotion</li> <li>5-star system (product quality/technology/delivery)</li> <li>Operation of a quality and technology school</li> <li>Education on quality by work type</li> <li>Improvements toward confidence in durability</li> </ul>	Strengthening the foundation for sustainable management	<ul style="list-style-type: none"> <li>Cash payment for the purchase of products</li> <li>Adjusting the price of raw materials</li> <li>Financial support programs</li> <li>Making early payments for products on holidays</li> <li>Joint purchases</li> </ul>
	Developing R&D capability	<ul style="list-style-type: none"> <li>R&amp;D Support Group for Suppliers</li> <li>Guest engineers</li> <li>Exhibitions and seminars for new technologies</li> <li>R&amp;D Supplier Tech Day</li> <li>Benchmarking advanced technology</li> <li>R&amp;D Motor Show</li> <li>Protecting patents and technologies</li> </ul>	Building infrastructure for growth	<ul style="list-style-type: none"> <li>Consortium to develop human resources</li> <li>Seminars for future CEOs</li> <li>Helping suppliers recruit outstanding talents</li> <li>Providing education to suppliers' employees</li> </ul>
	Enhancing productivity	<ul style="list-style-type: none"> <li>Industrial innovation campaign</li> <li>Building smart plants</li> <li>Resident technology guidance</li> <li>Resident management consulting</li> </ul>	Expanding global sales channels	<ul style="list-style-type: none"> <li>Joint entry into overseas markets</li> <li>Helping suppliers increase their overseas sales</li> <li>Support for export marketing of tier 2 and 3 suppliers</li> </ul>
				Creating a culture of joint growth
				<ul style="list-style-type: none"> <li>Joint growth agreements</li> <li>Transparent Purchase Practice Center</li> <li>Support for ethical management at suppliers</li> <li>Awarding to best practice joint growth case</li> <li>Socially responsible management</li> <li>Welfare programs for suppliers</li> </ul>

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## Cultivating Global Competitiveness

The competitiveness of a finished car derives from the competitiveness of the suppliers' parts used in its production. Based on the conviction that the quality and technical excellence of our suppliers' parts are directly linked to customer trust, we are systematically conducting a wide range of supportive activities aimed at enhancing our suppliers' quality and technological competitiveness and at improving their productivity, in order to produce finished cars that build customer trust and deliver an emotional experience.

### Fostering quality competitiveness

- **Foundation of Korea Automotive Parts Industry Promotion**

In partnership with Kia Motors and Hyundai Mobis, Hyundai established the Foundation of Korea Automotive Parts Industry Promotion in 2002. Since then we have invested around KRW 6 billion every year in efforts to improve the quality, technology, and management of our suppliers. Our Quality and Technology Volunteer Group and Supplier Support Group are dispatched to provide our suppliers with consulting on matters related to quality, technology and management, thereby helping to improve the quality of suppliers' parts and their ability to enhance and manage technologies.

- **5-star system (product quality/technology/delivery)**

We use a quantitative method to evaluate our suppliers' quality competitiveness, technological development capability, and delivery competitiveness, and provide incentives to outstanding suppliers accordingly, as a means of helping suppliers to enhance their competitiveness in the areas of quality, technology, and delivery.

- **Quality and technology school**

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

### Developing R&D capacity

- **R&D Support Group for Suppliers**

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

- **Guest engineers**

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

- **Sharing patented technology**

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

### Enhancing productivity

- **Industrial innovation campaign**

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

- **Building smart plants**

Hyundai helps its suppliers prevent quality defects in their products by introducing an initial, intermediate, and final product inspection system, a lot tracking and management system, and a foolproof system to their parts manufacturing plants. We also support the development of solutions, such as the digitalization of manufacturing process data. We have supported some 450 companies since 2016, and will increase this number to 700 starting in 2019, so that our tier 2 and tier 3 suppliers can enhance their competitiveness by building smart plants. Hyundai will also provide consulting to assist our suppliers with setting up a smart factory and the necessary facility investments, which will enable them to digitalize their data processing, reduce lead times and failure rates, lower disposal costs, improve rates of delivery, and increase their sales revenues, thereby improving their overall business efficiency.

Number of Suppliers that Benefitted from the Program to Build Smart Plants  
(Unit: Company)



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## Reinforcing the Basis for Sustainable Growth

To reinforce the basis for the sustainable growth of suppliers, Hyundai offers them a fund support program, professional technology training, and a program designed to expand their global sales channels. We are committed to strengthening the foundation for our suppliers' stable, continuous growth, and will pursue win-win cooperation so that our suppliers can develop into global small giants.

### Strengthening the foundation for sustainable management

#### • Cash payment for the purchase of products

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

Parts for domestic use	Parts for exports
Small and medium-sized suppliers (sales of under KRW 500 billion) Weekly cash payment	Large companies and SMEs Monthly cash payment
Large companies and medium-sized suppliers (sales of more than KRW 500 billion) Weekly payments using electronic bills	

#### • Adjusting the price of raw materials

The prices of raw materials fluctuate frequently and sometimes substantially depending on a number of factors, including global economic conditions, and price increases can make it difficult for suppliers to procure materials. In order to prevent this, Hyundai absorbs the burden of price increases in the raw materials for its suppliers. More specifically, we adjust the prices of such raw materials as steel sheets, noble metals, aluminum, copper, plastics, and lead by referring to the grounds for adjustment for each criterion, including the subcontract, price-volume agreement, and market price change-related adjustment.

#### • Early payments for products on holidays

When more funds are required ahead of national holidays, such as Lunar New Year and Chuseok, we assist suppliers by paying for products earlier. This program has been in place for tier 1 suppliers, but we encourage tier 1 suppliers to subsequently support tier 2 and tier 3 suppliers, and the results of those checks are used to evaluate tier 1 suppliers.

#### Amount of Early Payments for Products on Holidays

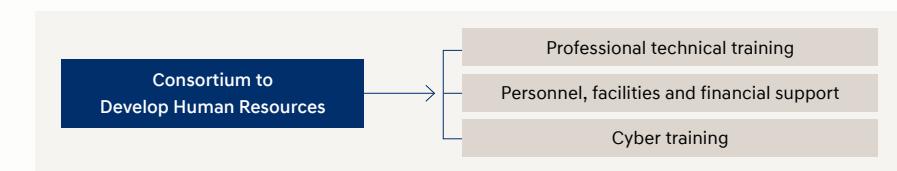
(Unit: KRW billion)

Lunar New Year in 2019	471.3
Chuseok in 2019	555.4
Lunar New Year in 2020	382.8

### Building infrastructure for growth

#### • Consortium to develop human resources

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



### Expanding global sales channels

#### • Joint entry into overseas markets

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



#### • Support for export marketing of tier 2 and tier 3 suppliers

Hyundai actively supports export marketing of its tier 2 and tier 3 suppliers. We support their participation in automotive parts exhibitions held in Korea and overseas, and operate a program that matches suppliers with overseas buyers. We will support 10 companies every year for the next three years to 2021, a total of 300 companies. In Korea, we provide financial support to suppliers on fees related to setting up booths at the Korea Automotive Industry Exhibition (KOAA SHOW), and organize one-on-one meetings with overseas buyers. For overseas marketing, we provide support to cover various expenses, including participation fees for exhibitions and related costs such as airfare and accommodation.

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## Establishing a Culture of Joint Growth

Hyundai is strengthening its collaborative networks to facilitate smooth communication with its suppliers, and supporting various programs to support tier 2 and 3 suppliers, in addition to tier 1 suppliers. We are striving to build a culture of joint growth in a bid to promote transparent and fair trade by signing joint growth agreements with our suppliers.

## Strengthening the collaborative network

## • Chosen by the Ministry of SMEs to sign an MOU for the JaSang Company program

In December 2019, Hyundai Motor Company and Kia Motors signed an MOU to participate in the JaSang Company<sup>1)</sup> program with the Ministry of SMEs and Startups and the Korea Auto Industries Coop. Association. Based on this MOU, Hyundai will help internal combustion engine (powertrain) parts companies develop future competitiveness; newly adopt new types of future cars as part of a project aimed at helping suppliers to build win-win smart plants; dispatch future car experts for afterschool courses at three national vocational high schools; and support technological cooperation by connecting suppliers with startups. In this way, Hyundai will do its utmost to fully establish a culture of joint growth.

## Details of the JaSang Company Program

- Support the efforts of internal combustion engine (powertrain) parts companies to secure future competitiveness
  - Provide support for supplier investment optimization and business conversion
- Create new types of future cars as part of the support project to build a win-win smart plant
  - Provide support for the construction of smart plants to companies that produce parts for future cars and those transforming their businesses into future cars
- Create a specialized afterschool course on future cars at three national vocational high schools
  - Dispatch lecturers to three national and public schools in North Jeolla Province, Busan, and Gumi
- Support technological cooperation by connecting suppliers with startups

## Operating a collaborative council by tier 1 suppliers

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

## Expanding support for tier 2 and tier 3 suppliers

## • Fostering product quality technologies

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

Quality and Technology Volunteer Group	Supplier Support Group
• Composition	Specialists by work type
• Period	Work at the suppliers for 5-7 months to provide guidance free of charge
• Area of guidance	Injection, rubber, painting, electric and electronic, cutting, heat treatment, press, welding, metal plating, cast iron casting, aluminum casting, forging, etc.
• Composition	Consultants with professional experience in the automobile industry as senior executives
• Period	Work at the suppliers for 3-12 months to provide consultation regarding overall management free of charge
• Area of consultation	R&D, production, production technology, quality, business management, overseas marketing, planning, etc.

## Creating a culture of joint growth

## • Joint growth agreements

Hyundai has signed annual “joint growth agreements” with its suppliers since 2008, as part of our commitment to joint growth. In 2019, we signed the 11th agreement which includes such areas as price adjustments in relation to the cost of raw materials, financial support programs, executing four action agendas for subcontracts, and increasing support for tier 2 and tier 3 suppliers.

## • Transparent Purchase Practice Center

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

## • Awarding prizes to the best practice joint growth case

Since 2009, Hyundai has evaluated the efforts made by tier 1 and tier 2 suppliers to generate joint growth, including better payment conditions, and gives awards to suppliers who have shown outstanding win-win efforts. We have awarded prizes to a total of 34 suppliers for their excellence in joint growth initiatives as of 2019.

<sup>1)</sup> Under this cooperation program, large companies share their respective infrastructure, win-win programs, and know-how with their suppliers, as well as with companies with which they do not usually do business, such as SMEs, small businesses and the self-employed. It is an abbreviation of “Ja”baljeok (voluntary) “Sang”saenghyupreok (win-win cooperation).

## 4 action agendas for subcontracts

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

## Transparent and ethical practice suggestion box

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

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# Supply Chain Risk Management

## Establishing a Sustainable Supply Chain

### Supply chain management policy

Hyundai has focused on establishing a fair and transparent trade environment and strengthening its suppliers' competitiveness as its key purchasing policies. We observe fair and transparent procurement ethics by observing the Employee Charter and the Code of Ethics of the Procurement Division, and present the relevant guidelines through the Suppliers' Code of Conduct. It consists of matters that need to be executed for sustainable management, such as ethical management, human rights and labor issues, health and safety, legitimate raw materials, and the management system. In addition, we support collaboration between startup suppliers and tier 1 suppliers and operate a 5-star win-win cooperation system designed to strengthen joint growth with tier 2 and below suppliers.

### Supply Chain Management System

Priority	Quality	Technology	Delivery	Win-win
Managed items (1 Year <sup>1)</sup>	Quality management system, incoming defects ratio, claim cost reimbursement ratio, quality management	Operational failures of production lines, delivery rate for after-sales services, delivery rate for knockdown (KD) <sup>2)</sup> parts	Basic capability, execution capability, future capability	Payment conditions, fairness of contracts, efforts to observe laws, support for win-win cooperation
ESG perspective (Frequently <sup>1)</sup>	Safety management manual, safety management organization/personnel, safety management training, safety accidents, risk management	Safety	Eco-friendly parts	Ethics and human rights
			Preventing harmful substances, providing chemical information (IMDS), establishing an internal eco-friendly system, environmental management	Transparent management (Anti-solicitation/bribery prohibition), observance of trade contracts, labor/human rights/prohibition of discrimination
			Supply chain ESG risk assessment	

### Supply chain status

When defining critical suppliers, Hyundai comprehensively considers the characteristics of parts that are supplied by our suppliers in terms of their potential replacement. Critical suppliers are those which supply key parts (module, powertrain, and electronics) in consideration of the characteristics of a finished car manufacturer. As of 2019, around 100 of Hyundai's 1,880 suppliers fell within the critical supplier category. We have even taken the further step of managing tier 2 suppliers (non-tier 1) in consideration of the volume of trade in cases where there are high barriers to becoming suppliers due to the characteristics and technology of specific parts.

	Classification	Number of companies	Amount of purchase (KRW trillion)
Tier 1	Total part suppliers	1,880	53.3
	Korea	780 <sup>3)</sup>	29.4
	Overseas	1,100	22.9
Tier 2	Critical suppliers	104	37.3
	Critical suppliers	13	-

<sup>1)</sup> Management and assessment cycle

<sup>2)</sup> Exporting a knock-down (KD) kit containing the parts needed to assemble a product in the respective local market

<sup>3)</sup> Including some 400 import companies

<sup>4)</sup> Assessment of the management status, working conditions, human rights, corporate ethics, the environment, and health & safety

<sup>5)</sup> Tier 1 part suppliers in Korea (excluding import companies)

<sup>6)</sup> All tier 1 critical suppliers

### Supply chain assessment

Hyundai evaluates and monitors both new and existing suppliers with regard to quality, delivery, technology, safety management, eco-friendly parts, and win-win cooperation. We encourage suppliers to improve in these areas by reflecting the results of annual supply chain assessment in our procurement policy. In the event of code violations, Hyundai's internal council imposes penalties on the supplier, thereby increasing awareness. In terms of safety management, if suppliers fail to satisfy the assessment criteria, we impose corrective measures and require suppliers to obtain certifications from professional organizations, such as ISO 45001. In particular, starting from this year, we will strengthen the monitoring of our supply chain ESG risk based on the "self-diagnosis of supply chain ESG" and on-site supplier inspections as part of our supply chain ESG policy, and derive measures that will enhance suppliers' ESG levels. We advised improvement measures to high-risk suppliers, such as those that violated transparency/ethical rules, engaged in collusion, and failed to meet safety standards, in accordance with supplier restriction regulations. All of the high-risk critical suppliers completed undertaking corrective measures.

### Assessment Results and Measures Taken

Classification	Index	Number of companies	Evaluation ratio
Supply chain risk management <sup>4)</sup>	Tier 1 suppliers from among those subject to sustainability risk evaluation	378 <sup>5)</sup>	20.1%
	High-risk tier 1 suppliers among those subject to sustainability risk evaluation	53	14.0%
Monitoring of critical suppliers	Critical suppliers from among those subject to supply chain monitoring	104 <sup>6)</sup>	100.0%
	High-risk critical suppliers from among those subject to supply chain monitoring	32	30.8%
Corrective measures	High-risk suppliers that have completed corrective measures	32	100.0%

### Supply Chain Assessment Process



# Creating a Sustainable Supply Chain

Hyundai supports joint growth throughout its supply chain, including by helping suppliers with recruitment, building smart plants, and marketing. We also undertake environment, social, and governance (ESG) assessment and monitoring to assess and manage ESG risks which could potentially arise at our suppliers, and standardize their management systems through system certification.

## Performance & Commitment

Area of Implementation		2019 Outcome & Mid- to Long-term Plan
Supporting Win-win Growth	Cultivating global competitiveness	<ul style="list-style-type: none"> <li>Help suppliers build smart plants <ul style="list-style-type: none"> <li>Supported a cumulative total of around 450 companies from 2016 through 2018</li> <li>Supported 270 companies (2019)</li> </ul> </li> </ul>
	Reinforcing the basis for sustainable growth	<ul style="list-style-type: none"> <li>Help suppliers recruit talents <ul style="list-style-type: none"> <li>Expanded into the Hyundai Motor Group Suppliers Job Fair, and held 5 job fairs in different regions</li> <li>Participated by 264 companies of Hyundai's suppliers, as well as affiliates and their suppliers</li> </ul> </li> <li>Support suppliers' export marketing <ul style="list-style-type: none"> <li>Supported around 100 companies (2019)</li> </ul> </li> </ul>
	Establishing a culture of joint growth	<ul style="list-style-type: none"> <li>Build suppliers' ESG risk management system <ul style="list-style-type: none"> <li>Conduct external assessment on suppliers' ESG risk (since 2019)</li> <li>Conduct monitoring (survey) on suppliers' ESG risk (since 2019, 20.1%)</li> </ul> </li> </ul>
Supply Chain Risk Management	Establishing a sustainable supply chain	<ul style="list-style-type: none"> <li>Strengthen win-win cooperation <ul style="list-style-type: none"> <li>Operate the 5-star system for win-win cooperation (since 2019)</li> <li>Help suppliers make improvement to their win-win relationships through win-win cooperation activities of tier 1 suppliers and sensory level survey of tier 2 suppliers</li> </ul> </li> </ul>
		<ul style="list-style-type: none"> <li>Health &amp; safety, environmental management <ul style="list-style-type: none"> <li>Provide on-site support for suppliers' health &amp; safety management (since 2017), and share health &amp; safety management guidelines and major cases</li> <li>Ban suppliers from using hazardous materials in their production process and products (since 2017)</li> <li>Register data whether hazardous substances are contained in all parts to the IMDS<sup>1)</sup></li> <li>Tier 1 suppliers with health &amp; safety management system certification, such as OHSAS 18001: 98% (2017), 99% (2018), 100% (2019)</li> <li>Tier 1 suppliers with ISO 14001 certification: 87% (2017), 91% (2018), 92% (2019)</li> </ul> </li> </ul>

<sup>1)</sup> International Material Data System: Automobile industry's material data system

## 2019 Highlights

### Win-win cooperation with tier 2 and 3 suppliers

From 2016 to 2018, Hyundai supported the construction of smart factories by 450 of our tier 2 and 3 suppliers in order to help them improve their productivity. We also plan to help 700 tier 2 and 3 suppliers create their smart factories over a three-year period beginning in 2019. In addition, we are supporting their export marketing exhibitions, helping them increase their overseas sales. We will support 100 companies each year between 2019 and 2021, for a total of 300 companies.



### Hosted the 8th Suppliers Job Fair

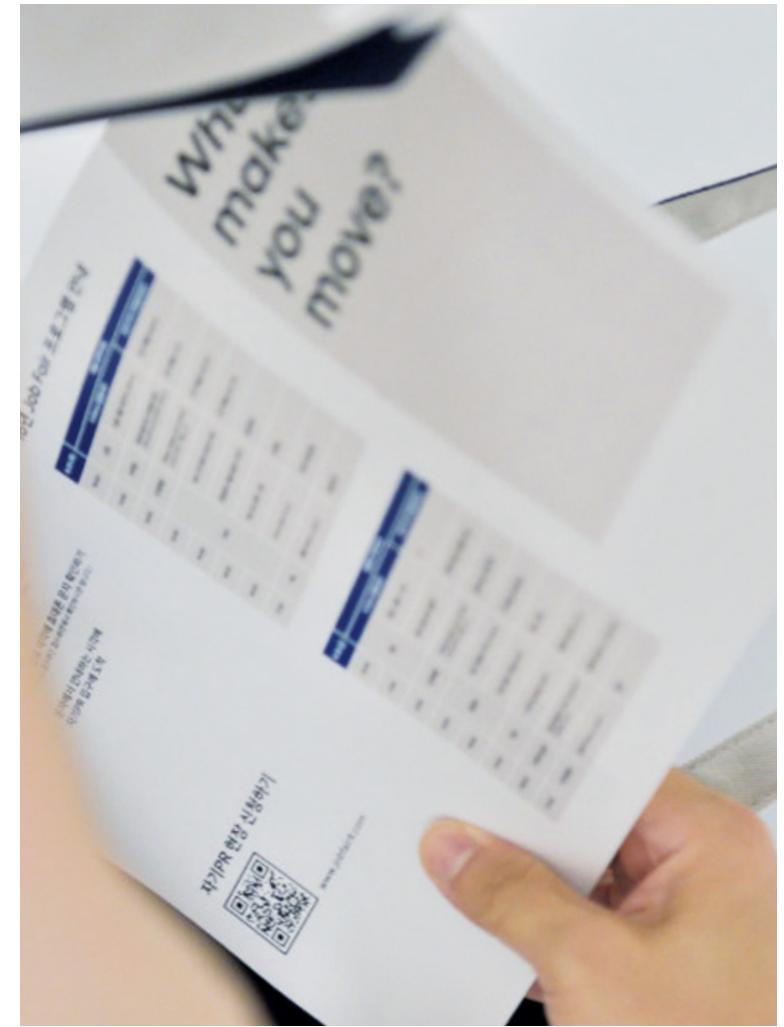
Hyundai launched its Suppliers Job Fair in 2012 to help our suppliers recruit outstanding personnel. In 2019, the eighth job fair was rebranded as the Hyundai Motor Group Suppliers Job Fair, and it was also expanded to increase support for suppliers' recruitment campaigns. The fair was held separately in five regions across Korea, including Seoul, Gwangju, Daegu, Changwon, and Ulsan, and attracted the participation of 264 companies, including Hyundai's suppliers as well as affiliates and their suppliers.



## Our Commitment 04

# Building a Healthy Corporate Culture

Hyundai strives to ensure the right balance between work and personal lives by creating a flexible work environment and utilizing efficient work processes. In addition, we continually upgrade the professional skills of our employees and raise employee awareness about sustainability. This positive organizational culture has enabled Hyundai to build a fully sustainable system of operations.



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- Building a Flexible Workforce
- Attracting and Nurturing  
Talents
- Protecting Employee Rights

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# Building a Flexible Workforce

## Smart Organizational Culture

### Reform of the employee position system

Hyundai has integrated its job positions, including by reducing the number of job titles in order to make its organizational culture more horizontal and ensure that employees are rewarded according to their skills. This will increase opportunities for outstanding personnel, and enable the company and its employees to grow together. In case of executives, the executive director position and positions lower than that have been integrated into one, resulting in a reduction from the previous six steps to four steps – president, vice president, senior executive director, and executive director. As regards managerial positions, the previous post/long service-centered six steps have been reduced to four role-based steps. Thus, Grade 5/grade 4 associates have been integrated into G1, assistant managers into G2, managers into G3, and deputy general managers and general managers into G4. Meanwhile, titles have been further simplified into two steps: G1-G2 denotes “manager” and G3-G4 “lead manager”.

### Adoption of an agile R&D organization

We are increasing our R&D investments in a bid to respond promptly to the market environment and to enhance quality and profitability. In addition, we have substantially restructured our R&D Division, which comprises 10,000 employees, with the goal of enhancing the efficiency of organizational operations. We have also simplified its structure from the previous parallel structure consisting of five areas – project management, design, electronics, vehicle performance, and powertrain – to the current structure consisting of integrated product development, systems, and PM. This is an architecture-based system organization, and its principal strength is that each department can organically collaborate with the others.

#### Position System for Executives

Before	After
President	President
Executive Vice President	Executive Vice President
Senior Vice President	Senior Vice President
Vice President	Vice President
Director	

### Expansion of the flexible working hour system to include plants

The selective working hour system (flextime) has been fully expanded to include office workers R&D staff at the plants. Our selective working hour system designates 10 am to 4 pm as the “concentrated work hours” during which employees must be at work, and enables them to choose when to come to and leave work during their remaining work hours. This system was first applied to headquarters and managerial positions in 2019, and was subsequently expanded to include employees working at plants.

### Innovating the organizational culture

In line with our goal of successfully implementing the “2025 Strategy”, we have built a strategy-led business management system and are striving to innovate our organizational culture. We have adopted a data-based decision-making system, a performance management system, work innovation processes, and next-generation enterprise resource planning (ERP), and we are also building a flexible organizational structure and a communication- and collaboration-centered culture.

Hyundai is fostering a creative and agile organizational culture through the Culture Change Program (CCP)<sup>1)</sup>, a platform for the innovation of organizational culture. In particular, we are focusing on establishing a culture of horizontal communications, further enhancing trust within the organization, and promoting creativity through an active, autonomous work environment. We also operate a wide range of programs to ensure that our employees maintain a healthy work-life balance.

#### Position System for Staff

Before	After (Position/Title)
General Manager	
Deputy General Manager	G4 Senior Manager
Manager	G3
Assistant Manager	G2 Manager
Associate	G1

<sup>1)</sup> Proactive change management process in place since 2017 to enable on-site leaders to manage changes in the organizational culture

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## Building a Foundation for Change and Innovating the Way of Work

In order to innovate its organizational culture, Hyundai is establishing a foundation for change through a top-down approach, while innovating its way of working and pursuing other practical changes through a bottom-up approach based on employee communication.

### Top leaders driving change forward

A top-down approach to change means that the leaders at the highest levels at Hyundai are determined to introduce effective and comprehensive change, and to lead by example. Directors and higher-level leaders regularly meet in person at the Leaders Forum<sup>1)</sup> and the Roundtable Meeting (RTM)<sup>2)</sup>, which are decision-making and information-sharing platforms at Hyundai. Issues discussed include breaking down silos between departments; establishing a culture of collaboration; changing the culture around meetings; and reaching a consensus on a customer-centered flexible organizational culture. In addition, the CCP, our corporate-wide platform for implementing autonomous change at each unit, has enabled employees to cause changes to be made, and then, to feel the direct impact of those changes, with our leaders taking a central role.

### Innovating the way of working based on communication

A bottom-up approach to change at Hyundai means engaging the active participation of its employees. It also means that we must listen to and then reflect their opinions, which is why we have adopted the two-way communication process, with employees strongly encouraged to share their opinions. Leading examples of this are the offline “Town Hall Meeting” and the online “Hyundai Forest” anonymous communication channel.

At the Town Hall Meeting, top management at Hyundai communicate directly with employees about the company's direction, and any changes in policy or systems. To ensure two-way communication, there is also an on-site Q&A session to answer any questions. The Hyundai Forest enables anonymous opinions about the company to be put forward, with the company committing to providing responses to these suggestions. This communication channel attracts participation from around 20% of employees at headquarters. In addition, we conduct a survey twice a year to monitor how employees feel about the changes at Hyundai. This system of two-way communication continues to increase employees' trust in the company, and is encouraging their participation in corporate changes.

### Major Improvement Case

#### Transforming a reporting culture – speedy reporting that dispenses with formality

Hyundai has radically transformed its reporting culture, including the abolition of approval boards and handwritten approvals. This has proved to our employees that the reporting culture will change, backed up by a company-wide announcement on “Speedy reporting that dispenses with formality - no restrictions on report formats as long as efficiency and effectiveness are enhanced”. This transformation, with top management leading by example, has met with a very positive reaction from employees.

### R&D Idea Festival

Hyundai has been hosting the annual R&D Idea Festival since 2010 in an effort to create a voluntary and vibrant R&D atmosphere and to fully establish an R&D culture where challenges are met through mutual cooperation. Researchers' unique ideas for future vehicles are turned into reality and then demonstrated at the R&D Idea Festival, whose scope was expanded to include the participation of employees at the Hyundai Motor Technology & Engineering Center (China) in 2019. Going forward, it will be carried out as a program designed to discover new ideas for mobility solutions, going beyond automobiles.

The 2019 festival was held on the theme of “Lifetime partner in automobiles and beyond”, reflecting Hyundai's future vision, and researchers suggested ideas in three categories – Beyond People, Beyond the Car, Beyond Life – and produced mockups of their ideas for the contest. Ideas were received on a total of four occasions from April to July 2019, and eight teams from the Namyang Technology Research Center and three teams from the Hyundai Motor Technology & Engineering Center (China) were selected for the finals. They transformed their idea into an actual object over a period of around three to five months, and the honor of the grand prize was presented to the “Because I Wanted to Avoid the Sun” Team that came up with the idea of tracking the Sun's location and automatically blocking sunlight.

### Digital Vehicle Development Contest

Hyundai held the “Digital Vehicle Development Contest” from June 24 to 28 in 2019, with the goal of strengthening our comprehensive engineering capability by assessing the ability to use digital vehicle development tools and identifying outstanding cases. A total of 708 participants, including 102 from overseas research institutes and 132 from 51 suppliers, took part in the contest that consisted of the following six categories – planning, design, interpretation, testing, and engineering efficiency tool.



<sup>1)</sup> Top management oversees this forum, at which leaders share information and opinions on the future direction of the company, and discuss other major agenda items as required

<sup>2)</sup> The previous meeting culture has been upgraded to ensure that decision-makers meet quickly and in-person to ensure rapid and efficient decision-making

1 Town Hall Meeting (Oct. 2019)

2 The “Because I Wanted to Avoid the Sun” Team won the Grand Prize at the 2019 R&D Idea Festival for its sunblock system which tracks the Sun's location and automatically blocks out sunlight without using a sun visor

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## Employee-friendly Corporate Culture

### Organizational culture survey

We conducted an organizational culture survey in September 2019 to identify the level of the corporate culture by organizational unit. The assessment consisted of 78 questions, divided into seven categories<sup>1)</sup>, and was participated by about 74.1% of general and research staff. We will continue to carry out assessments to further improve our organizational culture.

### Employee welfare

Hyundai offers various welfare programs to improve the quality of life for our staff. We run the "Child Happiness Travel" program to support childbirth and child-rearing, and an overseas travel program for long-serving employees. Other welfare programs, including on-site childcare centers at headquarters and other business sites, are also enabling our employees to strike the right balance between their work and personal lives.

Categories for the Organizational Culture Survey			
Work	Business	People	
HR system	Organizational effectiveness	Leadership	Infrastructure



### Retirement pension

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

<sup>1)</sup> Business, people, work, leadership, organizational effectiveness, HR system, and infrastructure

### Protecting employee health during the COVID-19 pandemic

Hyundai has set up a Group-level "COVID-19 Comprehensive Situation Room" in order to protect the health of its employees. We conduct one-on-one health checks on our employees and visitors to see if they have a fever, disinfect all our business sites on a daily basis, make hand sanitizers and thermometers available to anyone on-site, and operate thermal imaging cameras. We also require all pregnant employees and those with underlying illnesses to work from home. Moreover, we have taken the step of allowing staff based at our headquarters or in the Seoul and Gyeonggi provinces to work from home if that is their preference.

Employee welfare	
<b>Flexible work system</b>	<ul style="list-style-type: none"> <li>Employees can choose when they come to and leave work, other than regular working hours (10 am to 4 pm) based on the condition that the weekly average of 40 hours is met</li> </ul>
<b>Telecommuting</b>	<ul style="list-style-type: none"> <li>Each business site allowed staff to work from home on their own, due to the spread of COVID-19, in order to ensure employee safety (from Feb. 27 to Mar. 21, in case of the headquarters)</li> </ul>
<b>On-site childcare center</b>	<ul style="list-style-type: none"> <li>Operating on-site childcare centers since 2013 for married female employees and single-parent households</li> <li>Located at 5 locations – headquarters, Ulsan Plant, Asan Plant, Jeonju Plant, and Namyang Technology Research Center</li> </ul>
<b>Maternity leave</b>	<ul style="list-style-type: none"> <li>90 days of maternity leave for single births and 120 days for multiple births (10 days for male employees)</li> </ul>
<b>Parental leave</b>	<ul style="list-style-type: none"> <li>Up to two years for each child aged 8 years or younger, or in second grade of elementary school or below, regardless of the gender of employees; and employee benefits that above legal requirements (shortened working hours are available for childcare by combining with childcare leave)</li> </ul>
<b>Employee travel support programs</b>	<ul style="list-style-type: none"> <li>Overseas traveling for long-serving employees: Cover traveling expenses for long- serving employees and their families</li> <li>Child Happiness Travel: Provide hotel lodging to employees for a certain period before and after pregnancy</li> <li>Offer a customized exercise prescription for employees, swimming lesson program, etc.</li> <li>Located at headquarters and major business sites to allow employees and their families to experience greater convenience</li> </ul>
<b>Gymnasium</b>	

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# Attracting and Nurturing Talents

## Recruiting Talents

### Year-round recruitment system for new employee hires

Hyundai is changing its recruitment systems in order to respond effectively in the Industry 4.0 era. After a successful trial run in 2019, Hyundai fully implemented a flexible year-round recruitment system. The new system is aimed at recruiting the right people for specific jobs, with worksites using their expertise and knowledge of real-life job requirements to play a central role in developing the evaluation questions used in screening and interviews, and in the selection of outstanding personnel. We provide detailed information on job requirements for each individual recruitment drive, which has improved the match between applicants and jobs, resulting in a greater work satisfaction for new employees.

### Recruitment Process for New Employee Hires

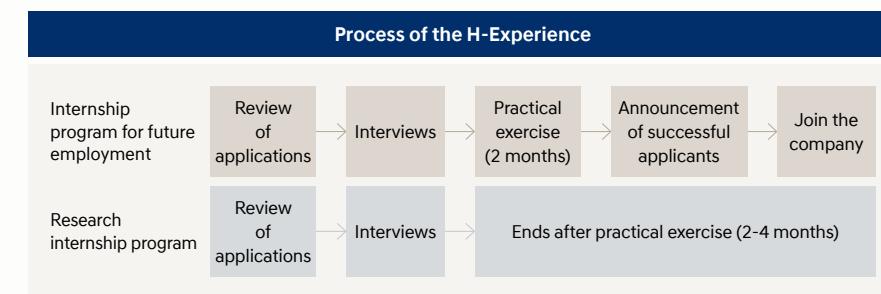
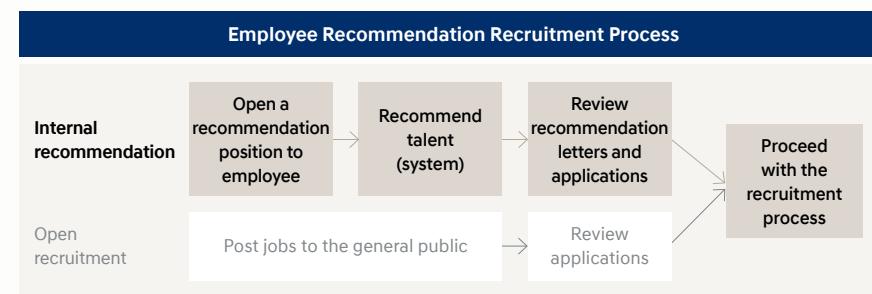
	Regular open recruitment	Year-round open recruitment
Recruitment period	Twice per year – once in the first half, once in the second half	Year-round recruitment per job
Multiple application	Selection of one area per half-year	Multiple application (if the screening period does not overlap)
Selection period	Approximately 6 months	2 months on average
Evaluation criteria	Common capabilities for all jobs	Capabilities related to a particular job
Departmental placement	Placement is based on company circumstances	Placement in job/place of work
New employee orientation	Corporate value training per group of employees who join in the same year	Diversity-centered training per job

### Employee recommendation system

The importance of securing talents is rising sharply in the constantly evolving business environment. However, there are limitations to attracting outstanding talents when using only restricted employment channels that target unspecified individuals. Hyundai therefore plans to strengthen the timely selection of a suitable talent for each job by introducing a recommendation system that actively leverages employees' personnel networks. This will enable us to recruit experts capable of securing key technologies and executing new businesses.

### Overhauling the internship program

In addition to changing the recruitment system for new hires, we have improved our "H-Experience" internship program in order to build a better employer brand and to discover outstanding talent at an early stage. The improved program operates year-round, and the criteria for application have been eased to enable both graduates and undergraduates to have sufficient time to explore their career possibilities.



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## Fostering Talents

### Launching the new employee growth system

Based on the philosophy that the growth of employees equals the growth of the company, Hyundai is building a culture that enables employees to develop into experts. Through hard work, learning, and knowledge-sharing, our employees expand the scope of their expertise to include other areas, in addition to their respective area, while also deepening their expertise, and thus grow into leaders or job experts. To this end, they constantly exchange feedback with their leaders based on the personal growth goal (career plan & capability improvement plan) that each employee has established, thereby achieving progress from a long-term perspective. In addition, the growth support system, which provides customized internal/external learning solutions based on data, will serve as a foundation for individual employees to develop into experts.

### Establishing onsite-driven growth infrastructure

Hyundai has established a wide range of on-site support systems to nurture talent and internalize a culture of personal development. The new system enables employees to check their progress on a dashboard, and also ensures efficient and active feedback between management and team members. In addition, it provides data that can be used to manage each staff member's growth through the integrated management of growth data. In this way, we are creating a unique culture in which the company is able to achieve sustainable growth through the personal development of its employees.

#### Strategies for Nurturing Talents

##### Building a culture where the company's sustainable growth is achieved through employees' growth

Growth through work	Growth through learning	Growth through knowledge-sharing
<ul style="list-style-type: none"> <li>• Improve work-related capabilities through a growth support process, and grow into an expert based on a career plan from a mid- to long-term perspective</li> </ul>	<ul style="list-style-type: none"> <li>• Develop new knowledge and skills through training and learning</li> <li>• Support through constant learning and customized learning</li> </ul>	<ul style="list-style-type: none"> <li>• Grow by sharing know-how and experience, based on expertise, with others</li> <li>• Work as an internal expert, and create professional materials</li> </ul>

#### Growth infrastructure

- Build diverse environments required to support employee growth (system, organization, budget, data, HRD quality management, etc.)

### Disseminating a message on innovation via leaders

Hyundai runs a program designed to disseminate the key future capabilities of leaders who will spearhead innovation. Our leaders must be equipped with "dynamic capabilities" to promptly detect changes, seize new business opportunities, and restructure resources and capabilities to realize such opportunities, in order to flexibly respond to rising uncertainty and the sharply-changing environment. In addition, it is essential that they cultivate a digital mindset, in addition to their technical expertise, aimed at developing into providers of smart mobility solutions. As such, Hyundai provides its top leaders with opportunities to visit major countries that are leading the wave of digital innovation and experience customer lifestyles, thereby supporting the internalization of key future capabilities.

### Nurturing leaders who support the growth of employees

Hyundai provides its leaders with a performance generation program so that the growth of employees leads to enhanced organizational performance. By constantly providing balanced feedback to team members, leaders help them to resolve issues in a timely manner and help them to improve. To this end, we provide various solutions, including guidelines and video clips, so that both leaders and team members can establish effective performance targets and exchange feedback, and also offer support through a performance generation program in connection with the personnel management system.

### Training on sustainability issues

We provide sustainability training for the corporate-wide sharing of issues that may arise within the organization, including human rights, safety, and environmental issues, as well as for the internalization of a more sustainable organizational culture. In addition to job capabilities, employees learn about various sustainability issues, the importance of which is increasingly being emphasized in the business environment as they strive to help establish a more sustainable culture.

#### Training Hours in 2019

Job capability training	47,649	hours
Leadership training	1,658	hours
Sustainability training	6,825	hours

#### Areas of Sustainability Trainings

Human rights	Safety	Environment
Sexual harassment prevention training, etc.	Plant safety training, safety manager training, etc.	Job training in relation to the environment, training on eco-friendly vehicles and fuel cells, etc.

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# Protecting Employee Rights

## Employee Communication

### Communicating with the labor union in Korea

Hyundai fully observes the Korean Constitution and all relevant laws on employee rights, including the right to organize labor unions and the rights to collective action and collective bargaining. Moreover, we run the Collective Bargaining Council and the Labor-Management Council, pursuant to relevant laws. In addition, we formed the Job Stability Committee in order to prepare for the Industry 4.0 era and guarantee the stable employment of our employees.

### Labor union communication at overseas business sites

BHMC and CHMC in China have Chinese Trade Unions; HMI in India and HMMC in the Czech Republic have labor unions; and HMB in Brazil joined the local federation of trade unions in the early stage of its existence according to the local labor laws. The subsidiaries with labor unions not only conduct collective bargaining with labor unions according to local labor laws but also hold regular and irregular meetings with union representatives to make improvements to working conditions and employee benefits. Hyundai carries out collective bargaining with labor unions in a way most employees can concur with its conclusions through reasonable and constructive proposals and discussions between labor and management. Our subsidiaries in the U.S., Russia, and Turkey have no labor unions. Regardless of whether they have labor unions or not, they actively communicate with their employees through various channels.

The headquarters conducts surveys and interviews with Hyundai employees around the world on a biennial basis to continue improving employees' satisfaction with the company. Each overseas subsidiary preemptively resolves employees' complaints and meets their demands through meetings with executives, grievance counseling rooms, and top management's on-site communication. In particular, we offer our field managers various training programs, so that they can enhance their competencies and solve workers' grievances at the work site as they spend most of their time together with on-site workers.

### H-MATE communications app

The "H-MATE" is an app designed to promote closer communication between our employees and to build good labor-management relationships. As of February 2020, some 26,500 employees had subscribed to the app, with an average of 3,600 people accessing it each day in order to use it for a wide range of activities. Its services include company news, work notices, the "I am Curious" Q&A functions for questions related to the company, the "Let's Come Together" function for recruiting club members, and the "Let's Apply" function for conducting surveys. Each of these services is helping to bring our employees together by promoting frequent communication between them. Hyundai's overseas subsidiaries have either developed and are now operating mobile communication apps that reflect the latest trends, or plan to adopt one to facilitate two-way communication with employees. This app is used to provide employees with up-to-date information on matters they are curious about and to enhance convenience. It is also used as a new communication tool to freely listen to the voices of diverse types of people.



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## Improving Safety Leadership

Hyundai is working towards achieving “zero” fatal accidents by strengthening safety leadership under the guidance of top management. Major safety leadership activities are designed to facilitate the implementation of safety policies and to build a culture of safety. They are also making significant contributions to the prevention of safety accidents with all employees performing as safety personnel. In addition, our company-wide safety meetings and overseas video conferences enable us to operate exactly the same safety policies at our Korean and overseas worksites. We also widely promote outstanding examples of business site safety in order to ensure that safety management continues to improve throughout the company.

### Establishing a system to respond to fatal accidents

Hyundai is establishing a system to prevent and respond to fatal accidents by strengthening the inspections of all dangerous processes where there is a possibility of fatal accidents, and by managing frequently occurring accidents. In addition, we identify any safety accident risks that may arise as a result of workers’ unsafe conduct, and eliminate them in advance. Furthermore, by analyzing each type of accident and presenting appropriate solutions, we have achieved “zero” fatal accidents for three consecutive years. We will continue to make workers’ safety and the protection of their lives our top priority, and engage in advanced safety management activities to maintain a record of zero fatal accidents at our business sites.

### Applying H-SAT to plants in Korea

Hyundai has developed the “H-SAT (Hyundai-Safety Assessment Tool)” to assess its health and safety management. In 2019, we applied H-SAT, involving 13 major categories and 322 questions, to 10 sub-divisions at our plants in Korea to assess health, safety and the environment (HSE) management status, and to identify their strengths and weaknesses. Based on the evaluation results, we made improvements and significantly enhanced HSE level at our plants. Hyundai is now building a constant evaluation system which will frequently evaluate major H-SAT categories in order to prevent accidents and thus maximize on-site safety. We will continue to manage both our safety processes and the results thereof so that we can build the best possible safety management systems.

### New technologies to prevent musculoskeletal disorders

Hyundai is continually adopting new technologies at its worksites in order to protect the health and safety of its workers. We have independently developed and run pilot operations for a wearable robot suit “H-VEX”<sup>1)</sup> and a wearable robot chair “H-CEX”<sup>2)</sup> which offer outstanding design and user-friendliness in alleviating the strains on the musculoskeletal system caused by our work processes. These wearable robots give support to muscles in vulnerable parts of the body, such as the neck and shoulders, as a way to prevent musculoskeletal disorders, and also to increase work efficiency. Going forward, we will continue to research and apply new technologies to protect the health and safety of our workers in line with the Industry 4.0.

### H-LWC

Hyundai has introduced the “H-LWC (Hyundai-Lost Workday Case)” safety management index in order to better manage the main indicators of accidents which have led to one or more days of temporary closure. This has enabled us to strengthen activities to reduce the total number of accidents with the goal of preventing serious and fatal accidents. It also has a significant impact on our move towards the preemptive management of safety from the previous follow-up index management focused on the accident rate.

### Comprehensive emergency response drill

We run a comprehensive emergency response drill that is attended by all our internal employees. The drill is intended to minimize personnel/material damages by implementing rapid response measures in the event of an emergency situation. Situations that have a real chance of occurring are assumed for training, such as the initial response and emergency evacuation, as well as extinguishing oil storage tank/RTO fires. In 2019, we conducted two sessions of comprehensive emergency response drills at each plant in the first half and the second half of the year. These activities are exceptionally helpful in getting workers to familiarize themselves with the actions that must be taken in emergency situations.

### Making floor paths safer through design

Hyundai has used design to set up safe paths within its plant buildings in order to prevent collisions and other accidents caused by the unloading and transporting equipment. There are inevitably potential hazards on the floor paths of our plants because they are used both by vehicle-type heavy equipment and by workers on foot. Hyundai has therefore implemented a system of highly visible, easily recognizable colors to mark worker footpaths and crossroads. This has improved the safety of our workers and enhanced the overall worksite environment at plants where it has been put into practice. Going forward, we will standardize the use of this system and make it mandatory at our new plants, as well as applying it to existing plants, thus creating safer workplaces throughout the company.

### Promoting a safety culture

Hyundai is carrying out various safety culture activities. We provide special safety training to safety personnel and supervisors to raise their awareness of their roles as managers, and to improve their attitude regarding safety. In addition, training is provided to various sectors according to their respective characteristics, including the transport department and the maintenance department, where there is a risk of fatal accidents. We are also taking a step closer to production sites with greater familiarity through the annual “On-site Safety Golden Bell”, traffic safety campaigns, anti-smoking campaigns, and other activities to build a safety culture. These activities are also helping our employees to enhance their safety mindset and to improve safety morale at our production sites.

### Designated as a green company

The Ministry of Environment has bestowed the designation of an eco-friendly “green company”<sup>3)</sup> upon Hyundai’s Ulsan Plant and Asan Plant. Our Ulsan Plant was designated as a green company in 1996, followed by the Asan Plant in 1998, and both entities have successfully maintained this prestigious status ever since. We will continue providing considerable support and making investments aimed at protecting both employees’ health and the environment, as well as conducting green management activities.

<sup>1)</sup> Wearable robot that supports the upper body, thus reducing the strain on workers’ arms

<sup>2)</sup> Wearable robot that reduces the burden on the lower body when in a sitting position

<sup>3)</sup> A company that makes a significant contribution to improving the environment by substantially reducing its pollutant emissions, improving its products’ eco-friendliness, and building a green management system

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## Safety Management Activities at Overseas Business Sites

### HMMA

- Improved pedestrian safety and mobile equipment
  - Enhanced workers' safety by setting up LED lights in movement zones to secure movement paths and high visibility
  - Prevented fatal accidents, such as road accidents between workers and pedestrians, by installing a driving light on a tugger (mobile equipment) that is used to show the movement direction

### BHMC

- Applied an AI-based facial/motion recognition safety alert system (first among all Hyundai worksites)

### HMI

- Mounted warning lights on all vehicles to overcome forklift blind spots and secure safe distances
- Developed a forklift fork exclusively for loading and unloading drums

### HMMR

- Prevented fatal forklift accidents by adopting the "SpotME" alert system
- Adopted a measure to strengthen safety management by designating zones by danger grade at each plant

### HMMC

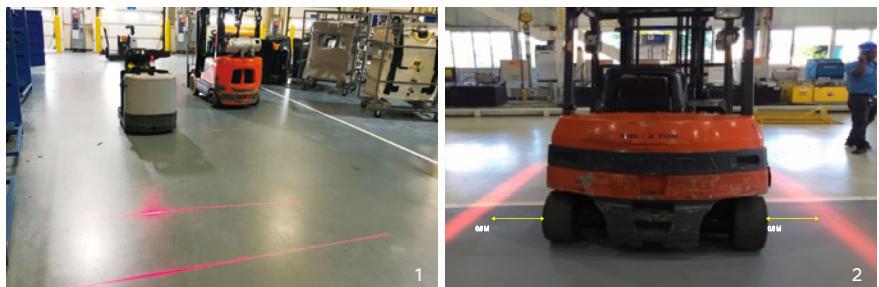
- Conducted a joint safety inspection of the work environment
- Amended the zero injuries award system and applied it accordingly

### HAOS

- Reinforced safety training using high-altitude work platforms
- Enhanced worker safety and prevented fires in dangerous work zones by improving the forklift battery charging room

### HMB

- Made preparations for emergency situations at any time by conducting joint public and private fire drills for all employees
- Conducted fire prevention activities in preparation for the dry season (July-September)



- 1 Improved pedestrian safety and mobile equipment (HMMA)
- 2 Mounted warning lights on all vehicles to overcome forklift blind spots and secure safe distances (HMI)
- 3 Reinforced safety training using high-altitude work platforms (HAOS)
- 4 Made preparations for emergency situations at any time by conducting joint public and private fire drills for all employees (HMB)

# Building a Healthy Corporate Culture

With flexible thinking in business becoming ever more important, Hyundai is creating an organizational culture which is both flexible and innovative. We are improving our work process through more efficient reporting systems and communications, and we have overhauled our job title and recruitment systems. We place the highest priority on workers' rights and job satisfaction, which is why we operate multiple on-site and bi-directional channels of communication.

## Performance & Commitment

Area of Implementation		2019 Outcome & Mid- to Long-term Plan	
Building a Flexible Workforce	Smart organizational culture	<ul style="list-style-type: none"> <li>Reformed the employee position system and expanded flexible working hour system to include plant managerial and R&amp;D staff</li> </ul>	<ul style="list-style-type: none"> <li>Establish an agile HR operation system driven by on-site and improve the HR system to continue to drive work engagement</li> </ul>
	Building a foundation for change and innovating the way of work	<ul style="list-style-type: none"> <li>Established a quick decision-making process with leaders taking a central role (Leaders Forum, Roundtable Meeting)</li> <li>Improved the workplace culture by avoiding unnecessary meetings and reporting, as well as abolishing the approval board and handwritten approvals</li> <li>Established a horizontal communication culture through two-way communication, such as Town Hall Meeting, anonymous communication channel, survey on change management, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Build employee trust towards change; and continue to innovate the way of working</li> <li>Establish a culture of collaboration based on information sharing and communication among different divisions</li> <li>Create new customer value (outcome) by internalizing creative thinking and the challenging spirit</li> </ul>
Attracting and Nurturing Talents	Employee-friendly corporate culture	<ul style="list-style-type: none"> <li>Organizational culture survey has demonstrated improved positive responses for three consecutive years</li> </ul>	
	Recruiting talents	<ul style="list-style-type: none"> <li>Implemented a pilot program of employee recommendations for hiring experienced professionals</li> <li>Overhauled the internship system to attract outstanding talents (H-Experience)</li> <li>Expanded the year-round recruitment to be applied at the corporate level, with all new hiring in 2019 undertaken through this system</li> </ul>	<ul style="list-style-type: none"> <li>Launch the new employee growth system (2020)</li> <li>Collect employee growth data and use it in connection with the personnel management system</li> </ul>
Protecting Employee Rights	Fostering talents	<ul style="list-style-type: none"> <li>Established a human resources development system for each division of the company</li> <li>Developed constant learning solutions at the corporate level (digital learning materials, micro learning, etc.)</li> </ul>	
	Employee communication	<ul style="list-style-type: none"> <li>Offered briefing sessions and operated discussion channels (Work Change Promotion Committee, Wage System Improvement Committee, Job Stability Committee, Occupational Safety and Health Committee)</li> <li>Helped employees to better understand company policies, and to communicate and collaborate with each other through the renewal of the H-MATE communication app</li> </ul>	<ul style="list-style-type: none"> <li>Launch the Future Change Response Taskforce Team to discuss measures for sustainable growth and employee job stability in response to structural changes in the future automotive industry (2020)</li> </ul>
	Improving safety leadership	<ul style="list-style-type: none"> <li>Achieved "zero" fatal accidents for 3 consecutive years</li> <li>Developed the "H-SAT", a tool for evaluating the level of health and safety management, and applied it to 10 business divisions at the plants in Korea</li> </ul>	<ul style="list-style-type: none"> <li>Continue to improve safety management throughout the company, both at home and aboard, by strengthening the execution capabilities of safety management policy</li> </ul>

## 2019 Highlights

### Improved personnel management system

Hyundai has increased employee autonomy and career opportunities by improving its systems related to positions/titles, evaluations, promotions, compensation, and training. By integrating positions/titles and making evaluations and promotions based entirely on ability, we are creating a culture which respects and rewards the expertise of each individual. We have also established a new system of compensation linked to an absolute evaluation of employee performance. In addition, we have put in place in-depth training systems to support the professional growth of our employees.



### Year-round recruitment for new employee hires

In line with the changes in the automotive industry, led by electrification and digitalization, Hyundai recruits employees who can focus future technologies and new businesses. As a result, the previous regular open recruitment of new employees has been replaced by a year-round recruitment program, enabling individual worksites to hire people with the requisite job skills as and when required. In addition, the employee recommendation and H-Recruiter systems are enhancing our ability to recruit externally in areas which require targeted strengthening to ensure future competitiveness.



### Zero fatal accidents, zero serious fires, zero traffic fatalities

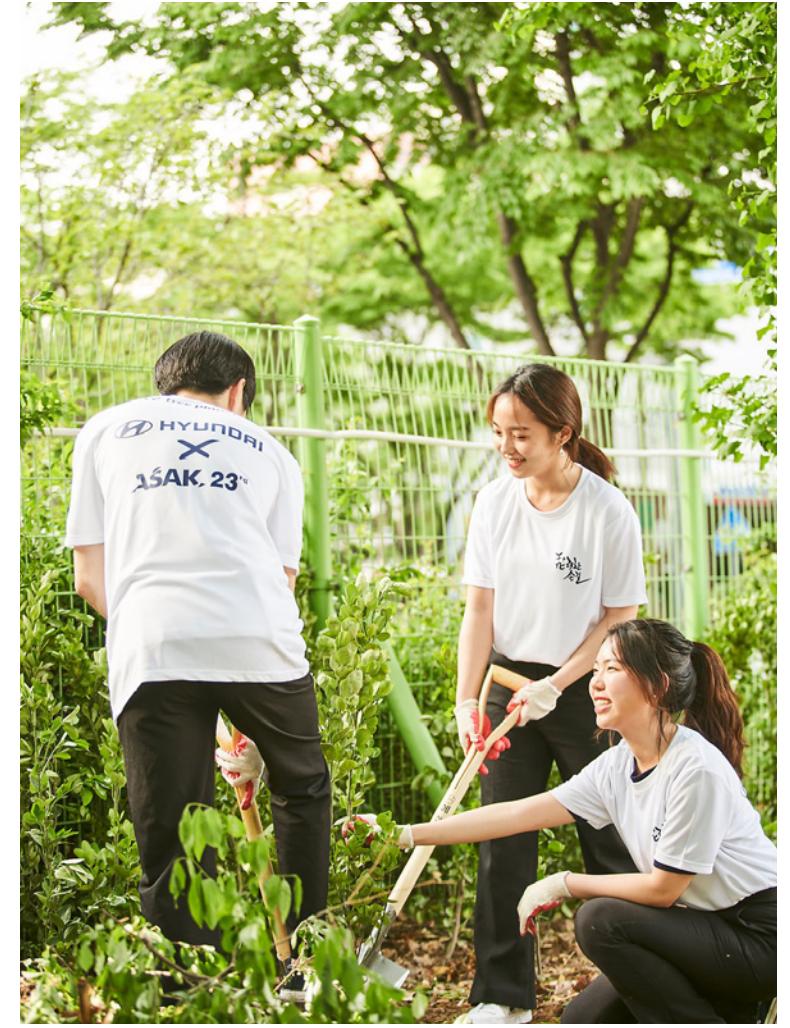
Hyundai places the highest priority on its employees' health and safety, which is why our advanced safety management systems are designed to preemptively address worksite risks. We use our H-SAT safety evaluation tool to assess and strengthen safety management throughout our organization. Furthermore, we have integrated IoT technologies into every part of our worksites in our concerted efforts to build safe workplaces that are free from safety blind spots.



## Our Commitment 05

# Contributing to the Development of Local Communities

In order to fulfill its responsibilities as an automobile company, Hyundai undertakes a wide range of dedicated social contribution activities aimed at reducing fine dust emissions and preventing traffic accidents, especially those involving children. In addition, we contribute to global social value through CSV programs, which enables win-win growth in partnership with local communities.



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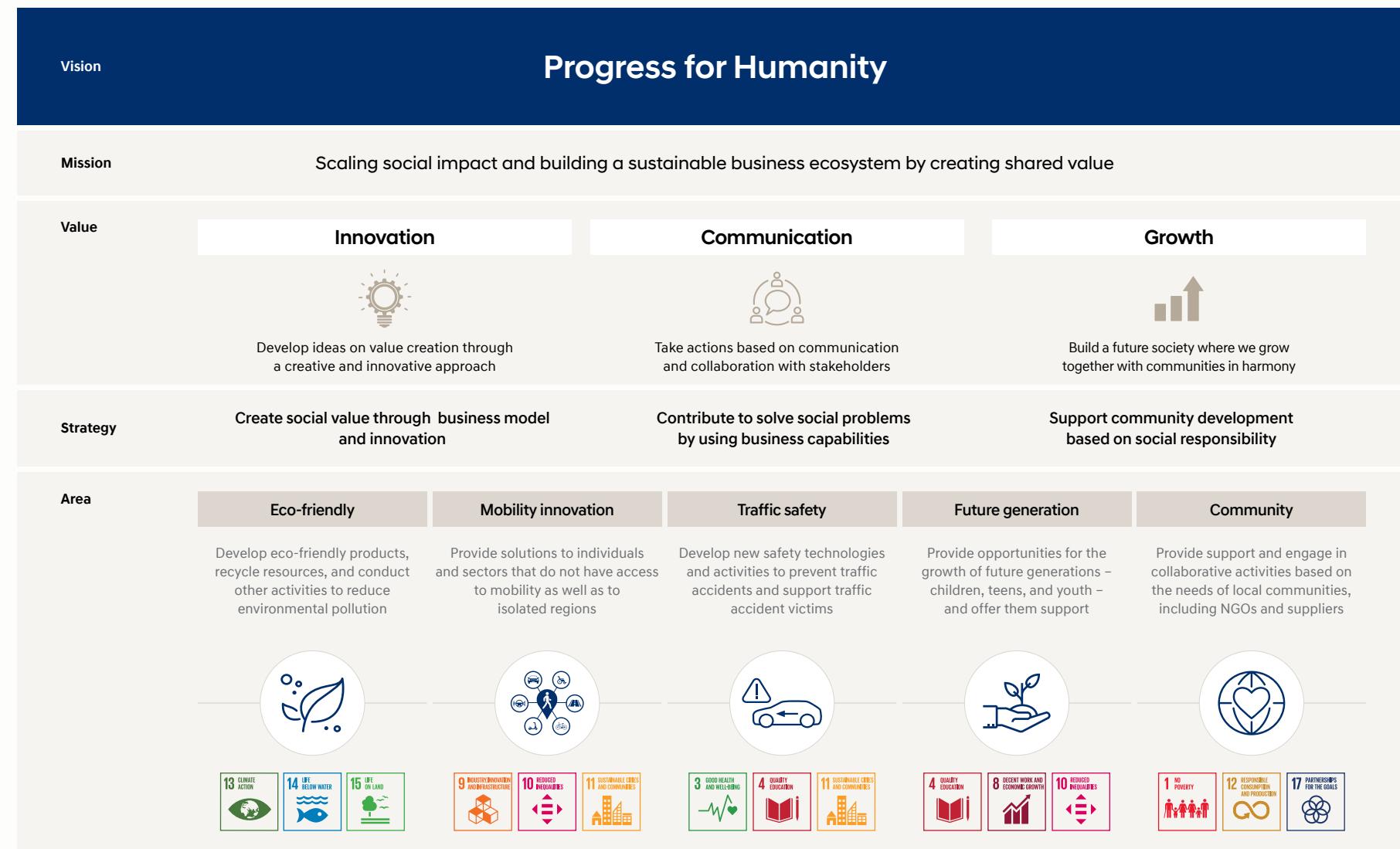
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# CSV Strategy

## CSV Strategy System

Hyundai conducts management activities based on our CSV strategy system, through which we create social value and make positive impacts on society. We are striving to build a sustainable corporate ecosystem with a particular focus on five areas – eco-friendly, mobility innovation, traffic safety, future generation, and community.



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# CSV Activities by Area



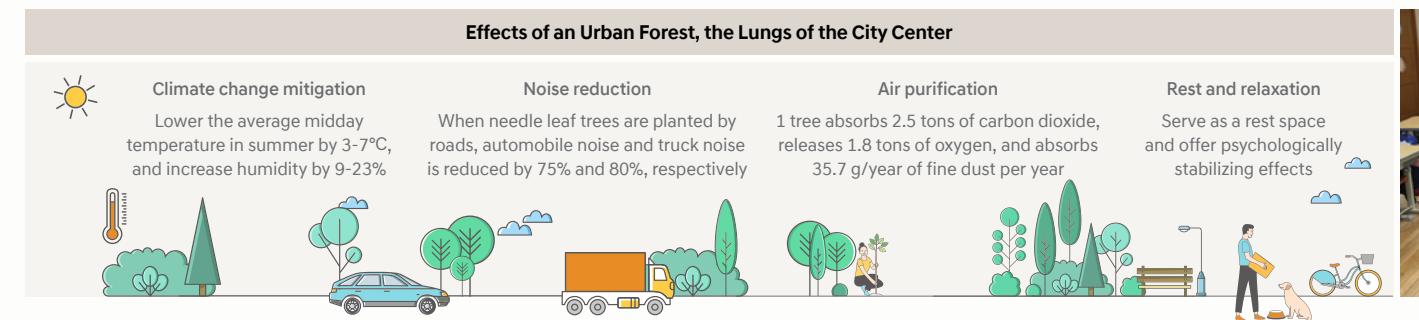
## Eco-friendly

“Eco-friendliness” is becoming a global trend, and it also a strategic path to follow to achieve sustainable growth. Hyundai is therefore expanding its investment in vehicle electrification, while also carrying out a wide range of eco-friendly activities, thereby paving the way towards a sustainable future.

**IONIQ Forest**
**IONIQ Classroom Forest” to protect our children from fine dust**

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

In 2019, we planted 5,000 zelkova, oak, and pine trees that absorb fine dust in a bid to create a fine dust-prevention forest. As of the end of 2019, a total of 20,250 trees had been planted. In April 2019, we launched a new program, called “IONIQ Classroom Forest”, and donated nine trees to 670 classrooms at 22 elementary schools, thereby providing around 6,000 air-purifying plants for elementary school students who are vulnerable to the harmful effects of fine dust.



1 IONIQ Classroom Forest

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**Mobility Innovation**

“Mobility” is one of the core values that Hyundai pursues as we evolve into a smart mobility solution provider. We also pay close attention to the underprivileged and the mobility-impaired, and by providing them with mobility solutions, we are creating tomorrow’s mobility innovation today.

**Happy Dream Car**

To provide mobility to mobility-challenged people such as the elderly and the disabled, Hyundai carries out the Happy Dream Car project by providing cars to welfare organizations and NGOs in areas where our business is based, including Ulsan, Asan, Jeonju, and Namyang. This project does more than just provide transportation: it delivers lunch boxes, provides an emergency relief service, takes part in cultural and welfare activities in nearby areas, thereby helping the underprivileged feel less marginalized.

**Happy Dream Bus**

Since 2015, Hyundai has been operating the Happy Dream Bus project to help mobility-impaired individuals go to more places, providing them with opportunities to enjoy more diverse experiences in a bigger world. In particular, our Jeonju Plant has been donating funds for bus rentals and traveling expenses on 226 occasions to 155 organizations for five years since 2015. We will continue to impartially select and support various organizations to include all of the underprivileged. By doing so, we will go beyond guaranteeing mobility rights of the less fortunate and contribute to their happy lives and make more efforts to become a reliable means of transportation at all times to our communities.

**Support by Business Site**

Business Site	Since	Happy Dream Car	Happy Dream Bus
Ulsan Plant	2005	170 vehicles	274 occasions
Asan Plant	2009	17 vehicles	–
Jeonju Plant	2015	5 vehicles	226 occasions
Namyang R&D Center	2011	14 vehicles	40 occasions
<b>Total</b>		<b>200 vehicles</b>	<b>477 occasions</b>

\* As of 2019 year-end; and accumulated figures

**Easy Move Inc.**

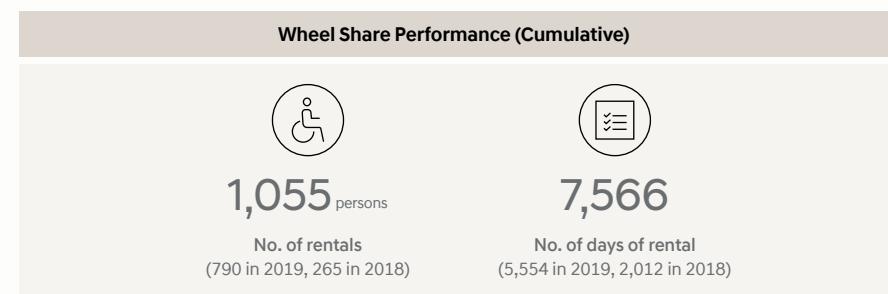
Hyundai supports Easy Move Inc., a social enterprise. Established in 2010 by Hyundai Motor Group, Easy Move is using exclusive technology to produce vehicles and mobility assistance equipment for the disabled and the elderly, backed by the support from Hyundai. Further, it develops such products as electric wheelchairs that provide even greater convenience compared to previous products. Just nine years after its establishment, Easy Move received a Presidential citation for its outstanding performance and social contributions. Hyundai has been active in fostering and supporting social enterprises, and thus being evaluated as a major contributor to the social enterprise ecosystem.

<sup>1)</sup> Consisting of a small motor and a battery, a wheelchair power assist is attached to a manual wheelchair, enabling it to be used like an electric wheelchair. This combines the advantages of a manual wheelchair, which can easily be loaded into a car or plane, and the advantages of an electric wheelchair, which is much easier to use. The price of power assist usually ranges from KRW 1.8 million to KRW 7 million per unit, making it expensive for many disabled people.

**Wheel Share**

Hyundai Motor Group has run the Wheel Share program since May 2018, in partnership with Green Light and the Community Chest of Korea. Power assist<sup>1)</sup> gives significant help to the disabled who use manual wheelchairs – it is, however, expensive. In order to resolve this problem, Hyundai followed up on the idea of its car sharing services to launch a new social contribution program which provides power assist free of charge to the disabled.

Users make a reservation at the Wheel Share website (wheelshare.kr) to fit in with their travel schedule. A volunteer from Wheel Share then visits their home or workplace to deliver power assist, attach it to the manual wheelchair, and provide safety training. The rental period is up to two weeks, and a volunteer will also visit the user in order to collect the power assist back from them. In 2018, the Wheel Share program was limited to Seoul, but in 2019 it was extended to include Gimpo International Airport, in cooperation with the Korea Airports Corporation, and the KTX Gwangmyeong Station. We are currently preparing to run Wheel Share in Busan City and at Jeju International Airport, starting in the second half of 2020.



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## Traffic Safety

“Safety” takes priority and should not be compromised under any circumstances. To this end, Hyundai strives to produce vehicles that meet the highest standards of safety and quality. We are also making concerted efforts to prevent traffic accidents so as to repay the trust of our customers and society.

## Driving Plus

## ▶ Visiting Driving Plus Program

In February 2019, Hyundai launched a virtual driving-related social contribution program aimed at helping inexperienced drivers overcome their fear of driving and develop confidence in their driving abilities. “Driving Plus”, developed for drivers who have a fear of driving or find driving difficult, uses a one-ton truck equipped with a mobile simulator to train drivers on how to drive defensively in various traffic situations, and at the same time, introduce them to Hyundai’s safety technologies. In addition, we plan to provide continuous training to drivers who have been involved in traffic accidents to help them overcome their trauma.

## Robocar Poli Traffic Safety Campaign

## ▶ Traffic Safety with Robocar Poli

Hyundai runs a campaign to prevent traffic accidents involving children, featuring the popular cartoon character Robocar Poli. The campaign includes traffic safety animation series, educational programs, and an experiential space. Some 12,000 people in three cities of Korea participated in the “Traffic Safety Class” in 2019. In addition, our sales branches in Korea run the “Hyundai Poli Traffic Safety Playground”, attracting 30,000 visitors per year, and there are also “Poli Kids Zones” at six sales branches in China and Taiwan. In 2019, we provided a Traffic Safety Class at the 2019 Seoul Motor Show held at KINTEX in Goyang City, Gyeonggi Province, in order to publicize the campaign to people of various age groups who are interested in cars as well as to families with infants.

## Hyundai Kid’s Auto Park Ulsan

Hyundai opened the “Hyundai Kid’s Auto Park Ulsan”, the largest traffic safety experience center for children in Korea. This new Auto Park offers a wide range of experience-based traffic safety and other facilities, including a virtual auto experience hall, an experience course, education about safety belts, safety information for pedestrians, learning about blind spots, and a driving experience using a Kona mini motorcar. Our experts have created these experience-based programs in order to teach children the traffic safety rules they need to know in their daily lives. Children who complete the program are rewarded with a traffic safety license.



## Traffic Accident Zero for Children Campaign

Hyundai is running the Traffic Accident Zero for Children Campaign aimed at preventing traffic accidents while children are en route to and from school by providing safer school vehicles. This campaign began in 2016, when Hyundai, the Citizens Coalition for Safety, and a technology cooperation partnered together to donate commuter vehicles installed with an array of safety technologies to childcare centers. We are continuing the campaign to reduce traffic accidents involving children on the way to and from school. Starting in 2019, we took a new approach by providing a full package of safety and convenience functions to 70 vehicles that are currently in operation in order to help a greater number of school vehicles to drive safely. In this way, we are focusing on expanding the number of beneficiaries and increasing our contributions to society.

## Traffic Safety Veteran Class

According to the Road Traffic Authority, the number of fatalities caused by traffic accidents in Korea is decreasing, while the proportion of the elderly among road traffic deaths rose from 39.3% in 2015 to 44.5% in 2018. In particular, seniors aged 65 or more accounted for 56.6% of pedestrians that died in road accidents last year. In case of pedestrian traffic accidents, the mortality rate of seniors is 7.04%, 13 times higher than that of people aged 14 or less (0.54%). As such, traffic accidents involving the elderly are becoming an important social issue. Together with the Road Traffic Authority, Korea Association of Senior Welfare Centers, and Community Chest of Korea, Hyundai has been running the “Traffic Safety Veteran Class” to promote the traffic safety of the elderly since 2016. The class is available to citizens aged 65 and over, and it consists of education on safe driving and pedestrian safety; self-diagnosis of driving skills and cognitive/physical ability; and measures to be taken in the event of a traffic accident. Over the last four years, some 12,000 seniors have completed the class at 119 senior welfare centers across the nation. We also hold the annual Senior Traffic Safety Golden Bell Quiz Contest at the national level for the elderly who complete the class with outstanding performance. In addition, we provide vehicles that are loaded with all the necessary equipment to the Road Traffic Authority to support visiting traffic safety education in remote areas, thereby enabling more than 3,000 seniors to take the education class every year.

Traffic Accident Zero for  
Children Campaign

- Social situation
- Hyundai’s approach

## 2016

- The Saerimi Act has been enforced (six mandatory safety options), but many vehicles are not installed with the options due to financial issues
- Donate new vehicles equipped with the mandatory safety functions stipulated in the Saerimi Act

## 2017

- The mandatory safety options stipulated in the Saerimi Act become popularized
- Donate vehicles equipped with additional safety technologies

## 2018

- Discuss possible legislation to make the installation of complementing functions to prevent accidents due to confinement in vehicles mandatory
- Apply the additional “sleeping child check function”

## 2019

- School vehicle accidents continue to occur despite efforts to enact laws on safety and convenience functions
- Support the installation of a full safety and convenience function package on school vehicles that are currently in operation

1 Driving Plus

2 Traffic Safety Class at the 2019  
Seoul Motor Show

3 Hyundai Kid’s Auto Park Ulsan



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## Future Generation

“Future” is being shaped by a new generation. That is why Hyundai is reaching out to join hands with children, teenagers, youth, and other future generations in a bid to grow together with them. To this end, we think and act in new ways through which we can create positive social change for the better.



### Looking for Three-Leaf Clovers

The Looking for Three-Leaf Clovers is a program in which college students provide one-on-one career mentoring to children from families that have been affected by traffic accidents. In 2019, the program was offered to 50 teenagers from families afflicted by traffic accidents. Launched in 2005, this program was initially a donation project and later developed into career mentoring by undergraduates. Support has been provided to a cumulative number of around 1,590 teenagers. Through this program, children afflicted by a traffic accident have been given an opportunity to explore their career options and received emotional support. The college student volunteers served as mentors and sponsors to the teenagers, thus experiencing the joy of sharing their talent. We will continue to make efforts to provide growth opportunities to teenagers traumatized by traffic accidents, and faithfully carry out social responsibilities related to traffic safety.

### H-Social Creator

Hyundai launched the H-Social Creator (HSC) program in 2015 in order to identify social issues and to discuss ways to resolve them with young college students who have creative problem-solving skills. We also sought to discover opportunities to generate synergies by integrating social issues with Hyundai's business. The program, which consists of a basic workshop, a design camp, and employee mentoring, caters to undergraduate students (30 persons per year; cumulative total of 144 persons) who are interested in CSR and social issues, and supports the development of CSV ideas that could lead to social innovation. The education program was further strengthened in 2019 to offer various experiential opportunities and mentoring programs designed to allow the participants to physically experience social issues rather than simply understanding them. In addition, Hyundai Motor India Headquarters adopted the HSC for college students in India for the first time in 2019 and implemented the program in five major cities including Mumbai, Pune, Bengaluru, and Chennai, in addition to Delhi and the surrounding regions. The program garnered the participation of more than 2,000 students from five cities and ten organizations (undergraduate and graduate schools).



### Hyundai Dream Center

Hyundai operates the Hyundai Dream Center, a vocational program to help young people in developing nations develop technical skills. Hyundai Dream Center is a project that we carry out in cooperation with Plan International Korea, and a venue through which we provide our advanced automobile maintenance skills to developing countries. The first Hyundai Dream Center was opened in Ghana in 2013, followed by those in Indonesia, Cambodia, and Vietnam. The Hyundai Dream Center in the Philippines, opened in 2018, provides technical education, and of the 123 graduates produced by the Hyundai Dream Center in the Philippines, 102 outstanding students have found employment with a local Hyundai dealer. We opened our 6th Hyundai Dream Center in Peru in April 2019, accepting 63 local young people (43 males, 20 females) from low-income families who face difficulties in finding a high-quality job. It is our plan to provide quality education on various subjects for six semesters over a period of three years. With the Hyundai Dream Center, we will help youths from developing nations to hone their talents and skills.

**Hope Engine Science Class**

Supporting the growth of future generations by running the science class at an elementary school (a branch school) in the outskirts of Asan and a children's center in the Cheonan region

**Hope Engine Science Class in 2019**

**180**

Elementary school students in Asan

**120**

Children at children's centers in Cheonan



1, 2 H-Social Creator

3 Hope Engine Science Class

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## Brilliant Kids Motor Show

Hyundai hosted the 4th Brilliant Kids Motor Show at the Dongdaemun Design Plaza. The show consists of an exhibition in which children's drawings of the cars of their dreams are selected and turned into real models and then put on display so that visitors can experience them. In 2019, six drawings were chosen after careful consideration of the approximately 10,000 entries. By installing kiosks that enabled customers to interact with the works, we established an arena where we were able to take a step closer to the audience.

## Future Automobile School

Hyundai operates the Future Automobile School for teenagers. Launched in 2016, the Future Automobile School is a special career education program under the free semester system for middle school students in Korea. It offers theory, experience, and practical training to increase understanding about the automobile industry, which in turn enables students to explore automobile-related jobs. In 2018, we strengthened our content on hydrogen energy and future cities to enhance understanding of the future automotive industry. To remove inequality in career education opportunities, this program gives priority to students from rural areas, such as mountain villages and fishing villages, and those from special schools for the disabled. We are also expanding the scope to include eight Asian countries that are the subject of multicultural families, including Vietnam and Thailand, in addition to Korea, in connection with the Ministry of Education. These are part of our efforts to contribute to global teenagers' exploration of changes in the future automotive industry and career paths.

## Vision Drive

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



## H-Dream Planner

Since 2018, Hyundai has been running H-Dream Planner, a mentoring camp for high school students hoping to become auto mechanics. In 2019, staff from 22 repair and maintenance centers across the nation were matched one-on-one with local students studying to become auto mechanics. They had the opportunity to attend a three-day mentoring camp that was based upon five themes. Through this program, students had a good opportunity to explore possible careers and gain knowledge to quench their curiosity about cars, while the mentors found it a fruitful way of providing practical mentoring to future generations. The H-Dream Planner camp is not simply a one-time event, but rather enables continuous mentoring through a follow-up program. Going forward, we will provide more active support so that a greater number of students can move towards their dream of becoming a mechanic.

## H-Junior Orchestra

Hyundai's Namyang Technology Research Center runs an orchestra program for marginalized children who lack educational opportunities. The H-Junior Orchestra program recruits around 70 children, provides them with musical instruments, including violins, cellos, flutes, and clarinets, provides a weekly performance education, and hosts an annual concert. Annual concerts were held in January 2018 and in June 2019. By providing cultural and artistic activities in which underprivileged children cannot easily engage, we actively seek to support their creative and artistic development.



1 Brilliant Kids Motor Show –  
“Balloon Car”  
2 Future Automobile School  
3 H-Dream Planner

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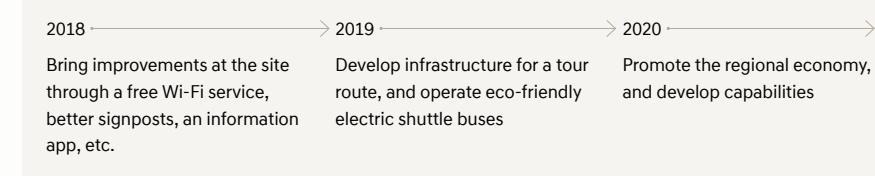
## Community

## Preserving the Petra World Heritage Site

Hyundai provides support to preserve the Petra World Heritage Site in Jordan. Petra is an ancient historical site that has been a UNESCO World Heritage Site since 1985. It is one of the New Seven Wonders of the World and is attracting a keen interest from many people around the world. We have devised a three-year action plan running through 2020, and we are implementing it to preserve the Petra region, which attracts around 1 million tourists a year, and to promote the local economy.

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

## Action Plan for Preserving the Petra World Heritage Site



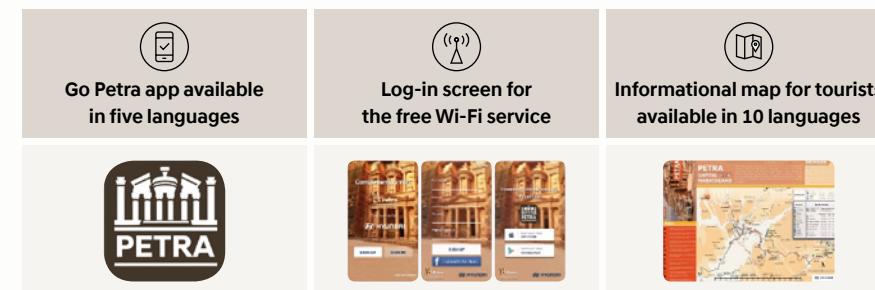
## Employee Volunteer Corps

There are 127 employee volunteer corps at Hyundai, run by each of our business sites as a way of promoting volunteer activities by our employees. A representative example is the weekday volunteer corps made up of some 970 technical staff from the Ulsan Plant who leverage their talent in helping marginalized citizens in their local community. In addition, the Asan Plant organizes a volunteer group consisting of the wives of its employees. The group undertakes social contribution activities to support the elderly in the local community. By operating such a volunteer group, we provide cultural experience activities for people who have been marginalized in local communities, including senior citizens, and plan to extend the reach of the volunteer group to cover welfare blind spots such as households in which children are being raised by their grandparents.

Hyundai employees are giving a helping hand to their underprivileged neighbors by planning and executing volunteer activities that reflect the characteristics of their respective business sites. In 2019, some 26,933 employees participated in the volunteer activities for a combined total of 68,104 hours. We will continue to engage in activities that leverage our employees' talents on behalf of people who need a helping hand.

## H-Self Sharing Planner

H-Self Sharing Planner program is designed to encourage staff to voluntarily plan and execute their volunteer activities. The company set volunteer targets and periods for volunteer activities in the past, making it difficult for employees' ideas to be reflected. In contrast, the H-Self Sharing Planner enables self-directed volunteer activities since volunteer activities are based on voluntary planning by employees themselves. In 2019, the creative planning of staff led to volunteer activities on 957 occasions in a total of 10 areas. These included carrying out various leisure activities with local children, such as confectionery, bakery, and art, and volunteer activities that supported elementary school students' "car maker" hobby activities.



1 Preserving the Petra World Heritage Site – Information Signage

2 Employee volunteer corps

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#### Happy House

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

#### H-Local Partner

H-Local Partner is a program through which Hyundai employees and citizens form a volunteer council and provide support for marginalized individuals who are in the blind spot of welfare systems. Together with local residents of eight neighborhoods that have sisterhood ties with our business site volunteer corps, we regularly carry out volunteer activities for the low-income class beyond the reach of government assistance. In 2019, around 1,400 members carried out a wide range of activities closely connected to local communities, such as delivering food, providing taxi support for the elderly, delivering breakfasts to children, offering support for local schools' graduation ceremonies, supporting events for the elderly, and improving the residential environment. We will continue helping our employees and local communities to plan diverse activities for the underprivileged and contribute to facilitating exchanges among local residents.

#### Sponsorship of the Korean Archery Association

Hyundai has been sponsoring the Korean Archery Association since 1985. In addition to providing financial support to ensure the stable operation of the Association, Hyundai supports the presentation of prizes to the national squad that has achieved outstanding results at various international tournaments including the Olympic Games. Our research institute's technological knowhow was used to develop a shooting machine that filters defective arrows. A precision analytical technique was applied to identify irregularities in parts. By doing so, we are supporting archers in honing their skills and helping them improve their performance. In addition, we are promoting the sport by sponsoring leading archery tournaments, including the Archery World Cup and the World Archery Championships.

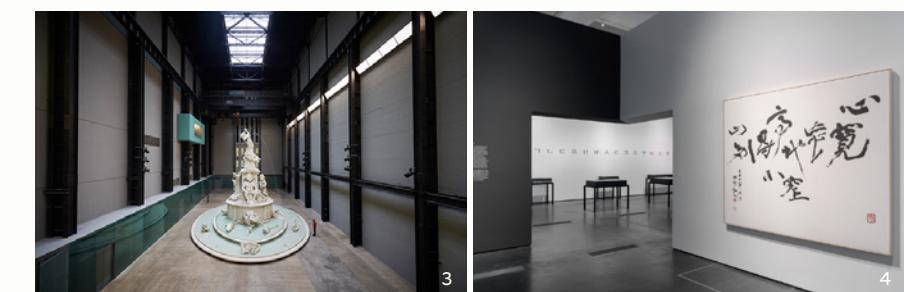


#### Global Partnership for Arts and Culture

Hyundai supports a wide range of exhibitions and creative programs in partnership with major art institutions across the globe, so that more people can be given the opportunity to enjoy arts and cultural activities. Hyundai has been carrying out the "MMCA Hyundai Motor Series" since 2014, in partnership with the National Museum of Modern and Contemporary Art (MMCA) of Korea, helping to expand the horizons of Korean art and extend its global reach. Hyundai supports contemporary Korean artists hold large-scale solo exhibitions every year including hosting seminars and producing publications in connection with the exhibition. In addition, we newly launched the "Project #" in 2019, with the goal of identifying next-generation Korean artists, standing by their side as they unveil forward-looking and experimental creations, and developing the project into an open platform for the future of Korean art.

The "Hyundai Commission" is a part of our long-term partnership with Tate Modern in London, which attracts more than five million visitors per year. The annual Hyundai Commission, which began in 2015 and continues for 10 years, gives artists an opportunity to create new work for Tate Modern's Turbine Hall transforming public perceptions of contemporary art, while addressing some of the questions our society faces. In 2019, Hyundai Motor and Tate announced the launch of the "Hyundai Tate Research Centre: Transnational". Hyundai's support for the centre has been confirmed until December 2024. The centre will explore multiple art histories beyond Western Europe and North America and offer new perspectives on global art histories by facilitating collective research and discussions around the world.

Hyundai started a 10-year partnership with the Los Angeles County Museum of Art (LACMA) in 2015 and continues to spearhead The Hyundai Project at LACMA. Through cutting-edge Art + Technology exhibitions and the continuous support for the Art + Technology Lab, Hyundai is bringing art and technology together and inspires visitors through the convergence of technology and art. Also, through the support for Korean art exhibitions and research programs, we hope to share the unique beauty and traditions of Korean art with people around the world. As part of these efforts, in 2019 we hosted "Beyond Line: The Art of Korean Writing", the first overseas exhibition on Korean calligraphy designed to introduce the elegance and artistry throughout the history of Korean writing.



1 Sponsorship of the Korean Archery Association

2 MMCA Hyundai Motor Series 2019:  
Park Chan-kyong – Gathering; ©Chulki Hong; and provided by MMCA

3 Hyundai Commission: Kara Walker  
©Ben Fisher Photography

4 Installation photograph of the exhibition Beyond Line: The Art of Korean Writing, at the Los Angeles County Museum of Art, June 16, 2019 – September 29, 2019, photo ©Museum Associates/LACMA

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- **Global CSV Activities**

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# Global CSV Activities

## Americas

### Hope on Wheels

Hyundai Motor America (HMA) has been supporting the Hope on Wheels campaign with Hyundai dealers for 21 years since 1998. This campaign supports pediatric cancer research and aims for a future in which no child has to suffer from cancer. It has expanded across the U.S., with total donations collected through the campaign amounting to USD 160 million (about KRW 196 billion) as of the end of 2019.

#### U.S.

CSV Activities by Area	Major Activities
Future generation	<ul style="list-style-type: none"> <li>Provide research funds to fight childhood cancer in the U.S (Hope on Wheels)</li> <li>Donate toys to children with employee participation (Toys for Tots Campaign)</li> <li>Provide school supplies to students and volunteer to clean up schools in Montgomery</li> </ul>
	<ul style="list-style-type: none"> <li>Organize a fund-raising campaign by employees (2019 United Way Campaign)</li> <li>Run a food assistance program for the elderly in Montgomery (Meals on Wheels)</li> <li>Sponsor the Montgomery Area Food Bank through food and financial support</li> </ul>

#### Chile

CSV Activities by Area	Major Activities
Traffic safety	<ul style="list-style-type: none"> <li>Implement an educational project to provide vocational training in vehicle maintenance and education on preserving the environment</li> </ul>
Future generation	<ul style="list-style-type: none"> <li>Establish and operate training schools for vehicle repair and maintenance (Hyundai Dream Center)</li> </ul>

## Americas

### Hope on Wheels

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#### Brazil

CSV Activities by Area	Major Activities
Traffic safety	<ul style="list-style-type: none"> <li>Provide traffic safety education to employees during "Yellow May" (Month of Labor and Safety) and National Transportation Week</li> </ul>
Future generation	<ul style="list-style-type: none"> <li>Run a sports/soccer education program for children from low-income families (Hyundai Soccer Clinic)</li> <li>Sponsor vocational education for youth from low-income families (Social Opportunity Institute)</li> </ul>
Community	<ul style="list-style-type: none"> <li>Provide free dental services for the underprivileged via the "Sorriso Cidadang", meaning citizen smile, mobile dental clinic</li> <li>Run a winter clothing campaign to donate winter clothes for children from low-income families and senior citizens</li> </ul>

#### Puerto Rico

CSV Activities by Area	Major Activities
Community	<ul style="list-style-type: none"> <li>Run a community program to help families of low-income patients</li> </ul>



CSR Performance  
(Unit: USD)

20,178,196

20,281,277

20,021,413

2017

2018

2019

1 Hope on Wheels (U.S.)  
2 Hyundai Dream Center (Chile)

3 "Sorriso Cidadang" (citizen smile), mobile dental clinic (Brazil)

4 Program to help families of low-income patients (Puerto Rico)

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## Asia-Pacific & Middle East & Africa

### Dream Village Project

Hyundai Motor India (HMI)'s Dream Village project is aimed at improving the living conditions of villages nearby HMI's manufacturing plant and helping local residents increase their participation in the economy. The project is significant in that it seeks to revitalize the local economy through local residents' active participation instead of offering them unilateral aid.

#### India

CSV Activities by Area	Major Activities
Eco-friendly	<ul style="list-style-type: none"> <li>Provide financial support for the planting and maintenance of tree farms (Go Green Activities)</li> </ul>
Traffic safety	<ul style="list-style-type: none"> <li>Provide traffic safety education and improve infrastructure in Anna Nagar</li> </ul>
Future generation	<ul style="list-style-type: none"> <li>Help local public schools resolve their convenience issues through recycled materials from the HMI Plant</li> <li>Run a program to foster unemployed young people to be safe drivers (Driving School)</li> </ul>
Community	<ul style="list-style-type: none"> <li>Help Kattrambakkam Village to be self-reliant in such areas as employment, livestock farming, health, education, the environment, and infrastructure (Dream Village Project 2.0)</li> <li>Make donations to local communities for natural disaster relief and others</li> </ul>

#### Middle East & Africa

(Morocco, Mozambique, South Africa, Saudi Arabia, Egypt, Lebanon)

CSV Activities by Area	Major Activities
Traffic safety	<ul style="list-style-type: none"> <li>Run a traffic safety program across the Middle East</li> <li>Increase the awareness on traffic safety, provide relevant trainings and experiences, and build infrastructure</li> <li>Provide traffic safety training to female drivers (Saudi Arabia)</li> </ul>
Future generation	<ul style="list-style-type: none"> <li>Support underprivileged children and provide educational programs (Morocco)</li> <li>Provide support for the improvement of the learning environment (Mozambique)</li> </ul>
Community	<ul style="list-style-type: none"> <li>Provide support for the construction of a library and education for local communities (South Africa)</li> </ul>

#### Vietnam & Indonesia

CSV Activities by Area	Major Activities
Future generation	<ul style="list-style-type: none"> <li>Run a program to help children from low-income families discover their dreams (Vietnam)</li> <li>Offer a mobile library and after-school education programs (Indonesia)</li> </ul>

### Dream Village Project, HMI



CSR Performance  
(Unit: USD)



- 1 Dream Village Project 2.0 (India)
- 2 Traffic safety training to female drivers (Saudi Arabia)
- 3 Educational support (South Africa)
- 4 Helping children to discover their dreams (Vietnam)

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## Europe

## Hyundai Safe Road Traffic Safety

Hyundai Motor CIS (HMCIS) has been running the Hyundai Safe Road Traffic Safety program across eight regions in Russia since 2017, with the goal of reducing road traffic accidents involving children. In particular, HMCIS is running online and offline traffic safety education programs in which preschool children and their parents can participate together by using the Robocar Poli Traffic Safety campaign, a leading traffic safety campaign offered by Hyundai in Korea. As a result of these efforts, HMCIS won the Corporate Charity Leaders Award for the Federal Level of Program.

## Russia

CSV Activities by Area	Major Activities
Traffic safety	<ul style="list-style-type: none"> <li>Invite Hyundai customers and their facilities to join a traffic safety program (Hyundai Safe Road Traffic Safety)</li> </ul>
Future generation	<ul style="list-style-type: none"> <li>Run a cultural experience program for the next generation (Great Music for Young Generation)</li> <li>Provide support for professional vocational training (equipment, scholarships and HMMR volunteers)</li> </ul>
Community	<ul style="list-style-type: none"> <li>Run employee volunteer programs and make donations (Hyundai Dream Way)</li> </ul>

## Spain

CSV Activities by Area	Major Activities
Eco-friendly	<ul style="list-style-type: none"> <li>Install a machine in coastal parking lots to take plastic waste as a payment for parking (Eco Parking)</li> </ul>
Traffic safety	<ul style="list-style-type: none"> <li>Launch a social media campaign to prevent accidents involving cars and bicyclists (Hyundai Car Escort)</li> </ul>
Future generation	<ul style="list-style-type: none"> <li>Provide educational equipment for a charity project of Morocco</li> </ul>
Community	<ul style="list-style-type: none"> <li>Plant 600 trees in Las Rozas</li> </ul>

## Kazakhstan &amp; Uzbekistan

CSV Activities by Area	Major Activities
Traffic safety	<ul style="list-style-type: none"> <li>H-Road Campaign across Eastern Europe (raising traffic safety awareness, traffic safety education, support for the underprivileged, etc.)</li> </ul>


 CSR Performance  
(Unit: USD)


1. Hyundai Safe Road Traffic Safety (Russia)

2. Hyundai Car Escort (Spain)

3. Eco Parking (Spain)

4. H-Road Campaign (Uzbekistan)

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## China

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

In China, Hyundai has been implementing the Green Zone project for 12 years since 2008 to prevent the desertification of the main source of fine dust in China. Through this project, we were able to restore 50,000 square meters in Chakanor, Inner Mongolia. Since 2014, we have been carrying out a project creating grasslands in the alkaline dry lake in the Baoshaodainao Nur and Hagini regions.

#### China

CSV Activities by Area	Major Activities
Eco-friendly	<ul style="list-style-type: none"> <li>• 2nd Hyundai Green Zone China Project: Prevent desertification and restore the ecological environment by transforming dry lakes in Inner Mongolia into grassland</li> <li>• Carry out volunteer activities for environmental protection</li> </ul>
Traffic safety	<ul style="list-style-type: none"> <li>• Visiting Traffic Safety Campaign for Children: Raise children's awareness of traffic safety and develop their ability to cope with crisis through various experiential training programs</li> </ul>

CSV Activities by Area	Major Activities
Future generation	<ul style="list-style-type: none"> <li>• Dream Class: Provide books, educational equipment, sports goods, etc. to elementary schools in deprived areas; and offer dream lectures in connection with employee volunteers</li> <li>• Tong Xin Yi: Build facilities for after-school activities, such as book-reading, psychological consulting, art and music, for children left behind in rural areas, aimed at child protection and juvenile delinquency prevention</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Offer employee volunteer services once every two months with such various themes as environmental protection and helping children and seniors</li> <li>• Donate vehicles and engines for testing to an automotive engineering college</li> <li>• Donate computers and multimedia classes</li> <li>• Foster technical talents at 4S local stores in cooperation with an automotive engineering college</li> </ul>

CSR Performance  
(Unit: USD)



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



- 1 2nd Hyundai Green Zone China Project
- 2 Visiting Traffic Safety Campaign for Children
- 3 Dream Class
- 4 Tong Xin Yi

# Contributing to the Development of Local Communities

In order to fulfill its values of innovation, communication, and growth, Hyundai seeks to create social value in five main areas – eco-friendly, mobility innovation, traffic safety, future generation, and community. This will further amplify our positive social impacts, and will also enable us to achieve our mission of building a sustainable business ecosystem.

## Performance & Commitment

Area of Implementation		2019 Outcome & Mid- to Long-term Plan
Eco-friendly	IONIQ Forest	<ul style="list-style-type: none"> <li>Planted a cumulative total of 20,250 trees               <ul style="list-style-type: none"> <li>Amount of fine dust absorbed by the IONIQ Forest: 722,925 g/year</li> </ul> </li> <li>Donated 6,030 air-purifying plants to elementary schools (to 670 classrooms at 22 elementary schools, for 16,000 students)</li> </ul> <ul style="list-style-type: none"> <li>Expand the project to create a forest within a classroom at elementary schools (from 2021)</li> </ul>
Mobility Innovation	Happy Dream Car, Happy Dream Bus, Wheel Share	<ul style="list-style-type: none"> <li>Improve mobility convenience for the underprivileged               <ul style="list-style-type: none"> <li>Donated a cumulative total of 200 Happy Dream Cars, and operated the Happy Dream Bus on 477 occasions</li> <li>Run the wheelchair and power assist sharing service for the disabled, free of charge                   <ul style="list-style-type: none"> <li>No. of people used the power assist sharing service: Cumulative total of 297 for 2 years</li> <li>No. of people rented a wheelchair: 1,055 persons, No. of days of rental: 7,566</li> </ul> </li> </ul> </li> </ul>
Traffic Safety	Robocar Poli traffic safety campaign	<ul style="list-style-type: none"> <li>Operated the Robocar Poli Playground, and the cumulative number of visitors reached 94,000</li> <li>Offered the Traffic Safety Class in connection with the Seoul Motor Show 2019, and maximized its PR effects (indirect exposure to a cumulative number of 630 thousand visitors to the Show)</li> </ul> <ul style="list-style-type: none"> <li>Cumulative number of visitors to the Robocar Poli Playground: 150 thousand (by 2022)</li> <li>Contribute to sales increases in the mid- to long-term by operating social contribution facilities within Hyundai's branches</li> <li>Continue to expand the global traffic safety campaigns for children both online and offline</li> </ul>
Future Generation	H-Social Creator	<ul style="list-style-type: none"> <li>Cumulative number of participants reached 144 with 30 participants per year</li> <li>Hyundai Motor India Headquarters adopted the H-Social Creator in 2019, and implemented the program in 5 major cities in India – Delhi, Mumbai, Pune, Bengaluru, and Chennai</li> </ul>
Community	Preserving the Petra World Heritage Site	<ul style="list-style-type: none"> <li>Built infrastructure for a tour route, and operated eco-friendly electric shuttle buses</li> </ul> <ul style="list-style-type: none"> <li>Improve the environment of the tourist spot to offer greater convenience to visitors (some 1 million visitors will benefit per year) (by 2020)</li> <li>Build an eco-friendly tourism infrastructure, including 2 electric buses and charging facilities (by 2020)</li> </ul>

## 2019 Highlights

### Winner of the CSR Development Index Evaluation in China for four consecutive years

Hyundai has ranked No. 1 in the automotive company category of the Corporate Social Responsibility (CSR) Development Index Evaluation, the most influential of such indexes in China for four consecutive years. The index is run by the CSR Research Center of the China Academy of Social Sciences. In addition, Hyundai rose one place in the overall 2019 corporate rankings to take 4th place. This strong performance is the result of the recognition we have earned from the Chinese government as well as the Chinese public for the sincerity and effectiveness of our social contribution programs in China, which have now been running for more than a decade.



### Presidential citation for Easy Move

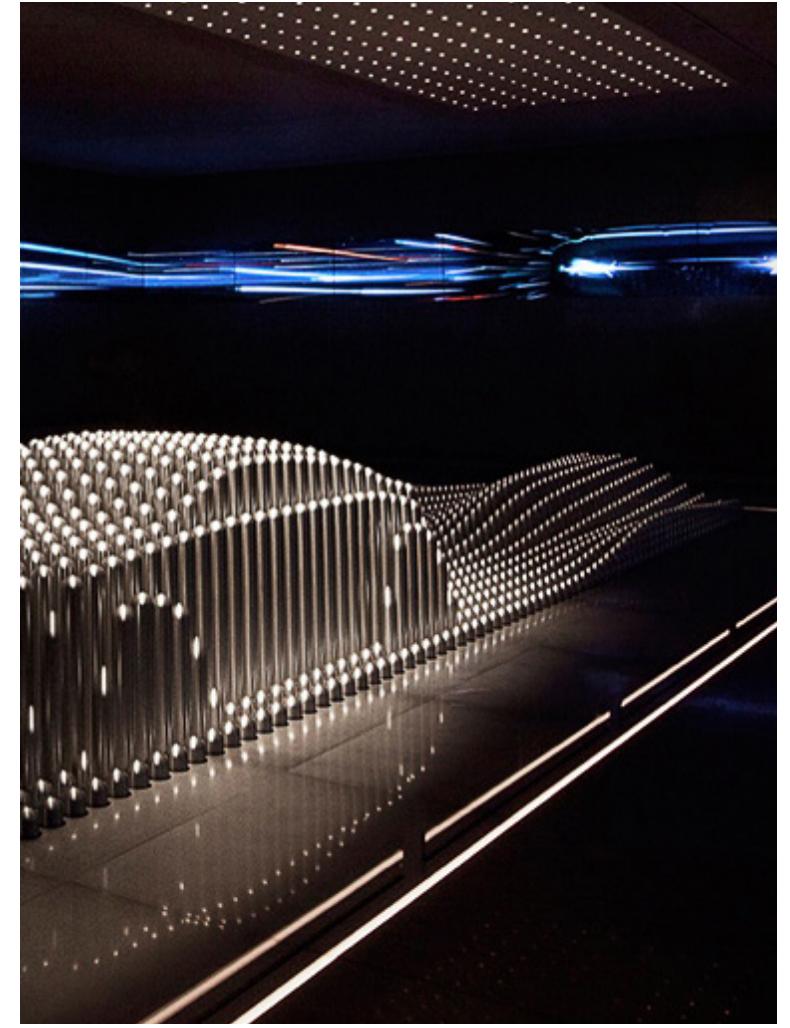
Easy Move Inc. is a social enterprise founded by Hyundai Motor Group, to support social enterprises in Korea, in June 2010 when the Korean market was dependent on expensive imported products. Easy Move became the first company in Korea to develop mobility-related technologies and manufacture equipment for the mobility-impaired. It has since made significant social contributions by actively pushing ahead with localization and increasing the availability of mobility assistance equipment for people in vulnerable situations. In recognition of these achievements in improving mobility convenience for the mobility-impaired, the company received a Presidential citation in 2019, just nine years after its establishment.



## Our System

# Corporate Governance, Ethical and Compliance Management, Risk Management

Hyundai strives to run its business in a responsible way based on an advanced corporate governance system with the goal of implementing sustainability management in a consistent and systematic manner. In addition, ethical business practices are firmly embedded in our corporate culture. On this basis, along with comprehensive risk management, we are strengthening the foundation for sustainable growth.



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# Corporate Governance

## BOD-centered Management System

Hyundai has a Board of Directors (BOD) that provides checks and balances for the company with the goal of ensuring its business growth and protecting the interests of shareholders and other stakeholders. The BOD represents a diversity of perspectives and professional expertise as the company's top decision-making body based on the Corporate Governance Charter that was established in 2016. Hyundai operates the BOD in accordance with transparent work-handling standards and processes, and strives to maximize shareholder rights and interests as well as corporate value based on its BOD-centered responsible management system.

## Composition of the BOD

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

## Operation of the BOD

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

### BOD Activities in 2019

Number of BOD meetings	Number of agenda items for resolution	Number of agenda items for report
9	27	16

### BOD Participation in 2019

Average participation rate	Participation rate of internal directors	Participation rate of independent directors
90.9%	80%	100%

(As of March 31, 2020)

Classification	Name	Position/Major Career	Date of Initial Appointment	Note
Internal Directors	Euisun Chung	Executive Vice Chairman	Mar. 12, 2010	Chairman of the Board, Recommendation Committee on Candidates for Outside Directors
	Won Hee Lee	President & CEO	Mar. 11, 2016	Recommendation Committee on Candidates for Outside Directors, Compensation Committee
	Albert Biermann	President	Mar. 22 2019	President of R&D Division
	Eon Tae Ha	President	Mar. 16, 2018	President of Domestic Production
	Sang-Hyun Kim	Senior Vice President	Mar. 19, 2020	Chief Finical Officer (CFO)
Independent Directors	Dong Kyu Lee	Advisor of Kim and Chang Law Group (Current) Secretary General of Korea Fair Trade Commission (Former)	Mar. 13, 2015	Corporate Governance & Communication Committee (Chairperson), Audit Committee
	Byung Kook Lee	Chairman of e-Chon Tax Accounting Corp (Current) Commissioner of Seoul Regional Tax Office (Former)	Mar. 13, 2015	Audit Committee (Chairperson), Corporate Governance & Communication Committee, Compensation Committee
	Eun Soo Choi	Legal Advisor of DR & AJU (Current) President of Daejeon High Court and Patent Court (Former)	Mar. 17, 2017	Recommendation Committee on Candidates for Outside Directors (Chairperson), Audit Committee, Corporate Governance & Communication Committee
	Chi-Won Yoon	Vice Chairman of UBS Wealth Management (Former) CEO of UBS Group Asia Pacific (Former)	Mar. 22, 2019	Compensation Committee (Chairperson), Audit Committee, Corporate Governance & Communication Committee
	Eugene M. Ohr	Partner of Capital International Inc. (Former)	Mar. 22, 2019	Recommendation Committee on Candidates for Outside Directors
	Sang-Seung Yi	Professor of Economics, Seoul National University (Current)	Mar. 22, 2019	Audit Committee, Recommendation Committee on Candidates for Outside Directors

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## Independence of the BOD

The BOD is composed of independent directors with the proven independence required to check and balance the company's operations. All members of our BOD must not only comply with the qualification requirements specified in the relevant laws and regulations but also possess exemplary professional ethics, values and integrity in order to represent stakeholders' interests.

Independent directors must have deep expertise and experience in management, accounting, law, and other specialized fields. They have no major conflicts of interest with the company and are thus in a position to make independent decisions. In order to prevent any conflicts of interest, Hyundai prohibits its independent directors from performing any transactions in its line of business or becoming a partner with unlimited liability or a director in another company in the same industry, without the BOD's prior approval.

## Diversity and Expertise of the BOD

In order to strengthen the diversity and expertise of the BOD, the size of the BOD was increased from nine to eleven in March 2019, and the composition of the BOD was further diversified by appointing directors with expertise in various fields such as global business, academia, R&D and finance. In particular, two of the directors appointed in March 2019 were foreigners (internal director Albert Biermann and independent director Eugene M. Ohr), and this contributed to the diversity of the BOD in terms of race and nationality.

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

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

## Evaluation and Compensation of the BOD

A BOD evaluation is conducted by the independent directors at the end of each year, the results of which are reflected in the BOD operations in order to increase efficiency. The director compensation limit is determined at the annual general meeting (AGM) after an objective and transparent review by the Compensation Committee.

### Director Compensation in 2019

(Unit: KRW million)

Classification	CEO	Internal director	Board member	Employee
Average compensation per person	1,268	98	1,056	96

\* Detailed information is available in our 2019 Business Report disclosed on the Data Analysis, Retrieval and Transfer System of the Financial Supervisory Service

## BOD Sub-committees

The sub-committees under the BOD are the Audit Committee, the Recommendation Committee on Candidates for Outside Directors, the Corporate Governance & Communication Committee, and the Compensation Committee. Roles and responsibilities are broken down among the sub-committees to promote professional decision-making.

### BOD Sub-committees

Classification	Roles and responsibilities
Audit Committee (5 independent directors)	<ul style="list-style-type: none"> <li>• Evaluate the adequacy of overall internal control system operations</li> <li>• Carry out auditing on the company's operations and finances, such as approval on agenda items to be submitted to the AGM</li> <li>• Communicate with external auditors about audit plans and results of the financial statement</li> </ul>
Recommendation Committee on Candidates for Outside Directors (2 internal directors, 3 independent directors)	<ul style="list-style-type: none"> <li>• Recommend candidates for outside directors</li> <li>• Evaluate candidates in accordance with the Recommendation Committee on Candidates for Outside Directors Regulation</li> </ul>
Corporate Governance & Communication Committee (4 independent directors)	<ul style="list-style-type: none"> <li>• Large scale internal transactions stipulated in the Monopoly Regulation and Fair Trade Act</li> <li>• Major policies related to ethical management and social contributions</li> <li>• Establish and amend ethical regulations, including the Code of Ethics, and review the execution status</li> <li>• Discuss the company's management direction by collecting shareholder and stakeholder opinions on major management matters related to protecting shareholder rights and interests</li> </ul>
Compensation Committee (1 internal director, 2 independent directors)	<ul style="list-style-type: none"> <li>• Discuss matters regarding the compensation system for internal directors and the compensation limit for registered directors</li> </ul>

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### Audit Committee

The Commercial Act requires that an audit committee must be composed of three or more directors, at least two-thirds of all directors should be independent directors, and have at least one accounting and finance specialist. All five members of the Audit Committee at Hyundai are independent directors, above the legal limit, in order to ensure its objectivity independent from the BOD and the management when carrying out its auditing duties. Three of the Audit Committee members are accounting or finance experts.

### Recommendation Committee on Candidates for Outside Directors

The Recommendation Committee on Candidates for Outside Directors was established to recommend candidates for outside directors through objective and fair evaluation to shareholders' meetings. In accordance with a law stipulating that the independent directors account for a majority of the independent director candidate nomination committee, we have made our Recommendation Committee on Candidates for Outside Directors consist of two internal directors and three independent directors. The Committee has the right to recommend independent directors to the annual general meeting (AGM), and the candidate for independent directors will be presented as the final candidate to the AGM after recommendation by the committee and deliberation by the board of directors.

### Compensation Committee

Established in 2019, the Compensation Committee is composed of one executive director and two independent directors. The independent directors form the majority of the Committee, and it is also chaired by an independent director, ensuring its independence from the management.

### Corporate Governance & Communication Committee

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

The Committee is promoting various governance improvement activities with the goal of improving shareholder value. In 2019, we launched the Compensation Committee to ensure objectivity and transparency in the process of determining the remuneration of our registered directors. As we upgraded our Governance Charter in October 2019, the principles for the appointment and evaluation of directors were strengthened, reflecting the improvement of governance and changes in related laws and regulations. We also introduced an electronic voting system to facilitate our shareholders' exercise of their voting rights, and used it for the first time at the AGM held in March 2020.

### Protecting Shareholder Rights

Hyundai focuses on protecting shareholder rights in order to build a shareholder-centric corporate culture. To provide our shareholders with enough time to review agenda items, we notify them of an AGM four weeks in advance, rather than the two weeks required by the Commercial Act. We also notify shareholders, who own less than 1% of the company's shares, about the holding of an AGM. In addition, we disclose our audit report two weeks prior to an AGM, and make a direct report at an AGM about our decisions concerning the appointment of external auditors for transparent and prompt disclosure of information. In addition, we introduced a new shareholder-friendly system in 2019, enabling general shareholders to recommend candidates for the position of an independent director in charge of shareholder rights protection in a bid to expand our shareholders' interests and strengthen the transparency of our corporate management.

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

### Amendment of the Corporate Governance Charter

	Classification	Details
Preamble	Mid- to long-term strategic direction	We aim to proactively respond to the rapidly changing automotive market through relentless challenge and innovation, and to create new customer values, with the goal of becoming a global leader.
	Reflecting ESG improvement demands	We contribute to enhancing the sustainability of the company and society by proactively improving ESG in a wide range of areas.
Appointment of directors	Reflecting the enhancement of BOD diversity and expertise	The company reflects the diversity factors such as gender, age, nationality, race, religion, education level, and disability; and directors should be able to contribute to improving corporate value and enhancing shareholder rights.
Evaluation and remuneration	Reflecting evaluation and the establishment of the Compensation Committee	The company strives to increase the diversity of the BOD in order to flexibly respond to changes in the business environment based on the directors' diverse viewpoints and experiences.
Changes to regulations	Corporate Governance & Communication Committee Regulations, and regulations on selecting external auditor selection, etc.	The company conducts the Board assessment on a regular basis to improve the Board efficiency. The BOD may delegate matters related to compensation, such as the compensation limit of registered directors, to the Compensation Committee.
		Reflected the changes made to the appointment of the Corporate Governance & Communication Committee and external auditors.

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# Ethical and Compliance Management

## Ethical Management

### Ethics Charter

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

### Cyber Audit Office

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

## Compliance Program

### Implementing the compliance program

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

### Providing CP education

Hyundai runs CP education programs to improve employee awareness of the CP. We provide training on fair trade to newly hired employees when they join the company, in order to ensure that they are fully aware of the importance of fair trade. In addition, new executives and staff whose work is closely related to fair trade receive additional compliance training every year. We also publish monthly newsletters on fair trade, so that our employees are properly kept abreast on fair trade, and a fair trade mindset is established throughout the company.

## Compliance Management

### Compliance Officer

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

### Compliance self-assessment

Hyundai conducts compliance self-assessments by risk area twice a year in order to diagnose and prevent legal risks on its own. After the assessment, we provide comment sheets so that our employees can identify their job risks and perform self-improvement activities. In addition to the existing assessment areas, including anti-corruption, personal information protection, and trade secret protection, we conducted additional assessment in such areas as the EU GDPR and intellectual property in 2019, and we will expand the area to include fair trade in 2020.

### Compliance guidelines

In order to prevent legal risks, Hyundai published and distributed compliance guidelines on the key content of the relevant laws and regulations, as well as response measures, that its employees must be aware of. We have published compliance guidelines in the areas of commercial law at home and abroad, fair trade law, criminal law, personnel management and labor affairs, and copyrights. In 2019, we also produced summarized the guidelines to help our employees better utilize them at work.

### Compliance trainings

Hyundai provides compliance training to its employees with the goal of strengthening their compliance capabilities and fostering a compliance culture. We provide compliance training to newly hired employees, newly promoted employees, and teams demanding an education session on a regular basis or on request. In addition, we run an annual online training on anti-corruption for all our employees. Furthermore, we regularly publish a company-wide compliance newsletter that covers legislative trends in the automobile industry, legal risks, and internal ethical regulations.

**CP Implementation Process****Planning**

- CEO announces his commitment to fair trade compliance (January & July)
- Operate the CP Council

**Increasing employees' awareness**

- Provide employees with education on Fair Trade Act, including field training and online training
- Distribute newsletters on fair trade

**Report of results**

- Report CP results and plans to the BOD

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# Risk Management

## Global Risk Management System

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

### Management of emerging risks

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

### Cases of Responding to Emerging Risks

#### Potential change in automobile demands caused by older drivers ceasing driving

**Risk Context** As the population ages, the number of older drivers is increasing and traffic accidents involving these drivers are becoming social issues. As a result, countries around the world are discussing how to deal with this problem, including the voluntary suspension of the driving licenses of older drivers, or stricter age-based controls over licenses. This could reduce car ownership by senior citizens, which in turn could potentially lead to a decline in sales.

**Hyundai's Approach** Hyundai is addressing this issue in two ways. Firstly, we are applying the advanced driver assistance system (ADAS) to models that are popular with older customers so that, even if the driver's judgment is not appropriate, the vehicle itself will be able to control risk factors. Secondly, we have made the functions in our vehicles easy to use by simplifying the human-machine interface (HMI), taking into account older drivers' limited ability to use complex functions. Hyundai will continue to respond proactively to changes in the driving demographic by contributing to reducing the number of accidents involving older drivers, while also enabling them to continue to own a car and drive by helping older drivers feel more confident.

## Tax Strategy

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

### Tax risk management

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

### Contributing to the local community through taxes

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

#### Risk of accidents due to the hacking of vehicles, including autonomous vehicles

**Risk Context** Technologies applied to vehicles are becoming complex and diverse, including autonomous driving and state-of-the-art seamless technologies. This has also created the possibility of a new type of vehicle accidents. In the event of injuries or deaths caused by hacking, there would be major recalls following investigations by authorities, damages and lawsuits, negative impact on the corporate image, as well as the formation and spread of negative public opinion, which in turn could reduce vehicle sales. In addition, if vulnerabilities are exposed to a hacking attack, the company could become the target of cyber-security attacks from hacker groups.

**Hyundai's Approach** In order to proactively respond to cyber threats, Hyundai has set up a task force comprised of white hackers who can identify and improve vulnerabilities in security in advance. We have also strengthened our security infrastructure by investing in Upstream Security, an innovative global mobility startup. In addition, we have secured the V2X technology which securely encrypts communications between vehicles, and between vehicles and the telecommunications infrastructure. In order to prevent the hacking of connected cars, we are conducting security drills, including smart car penetration testing on the infotainment system, communications networks, controller, and others.

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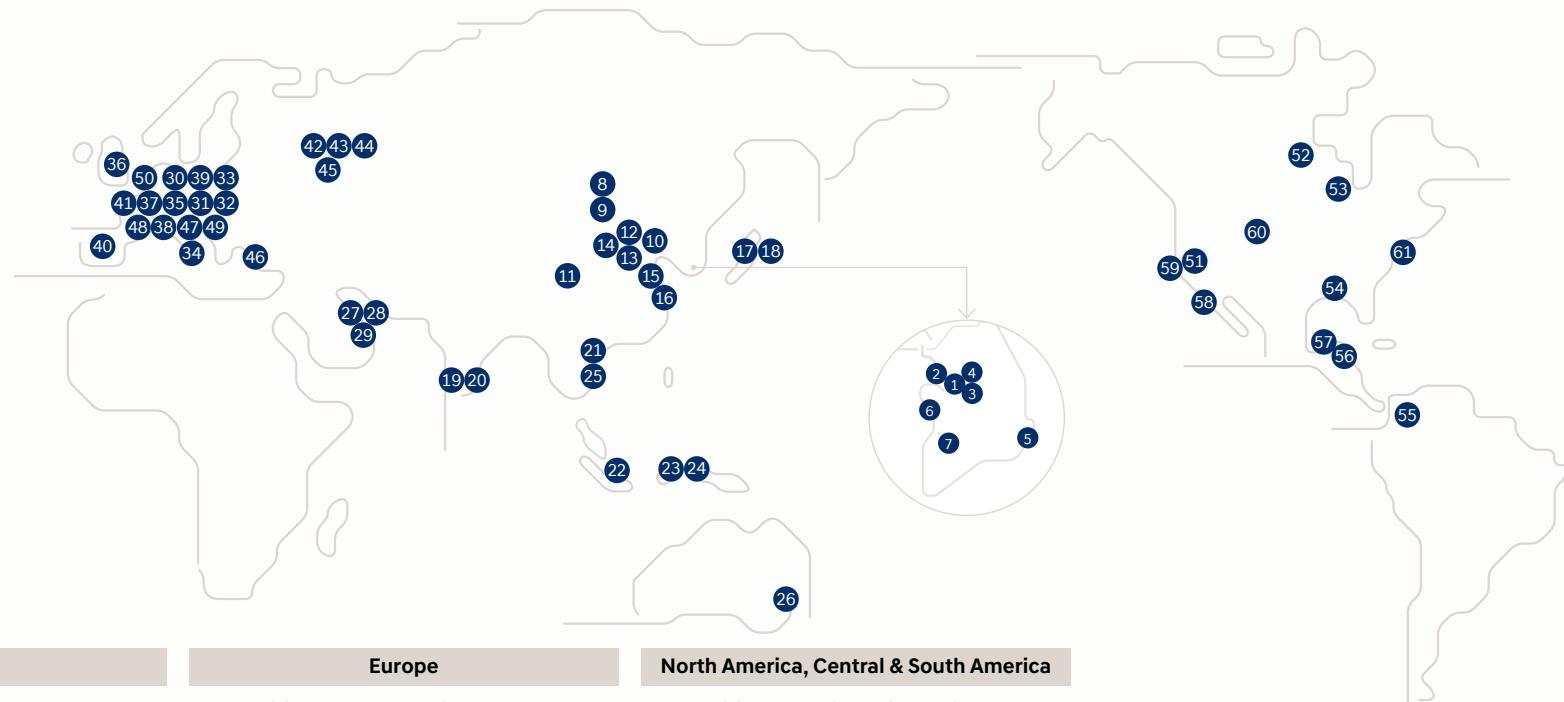
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# Global Network

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.



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

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# Business Performance

## Performance Overview

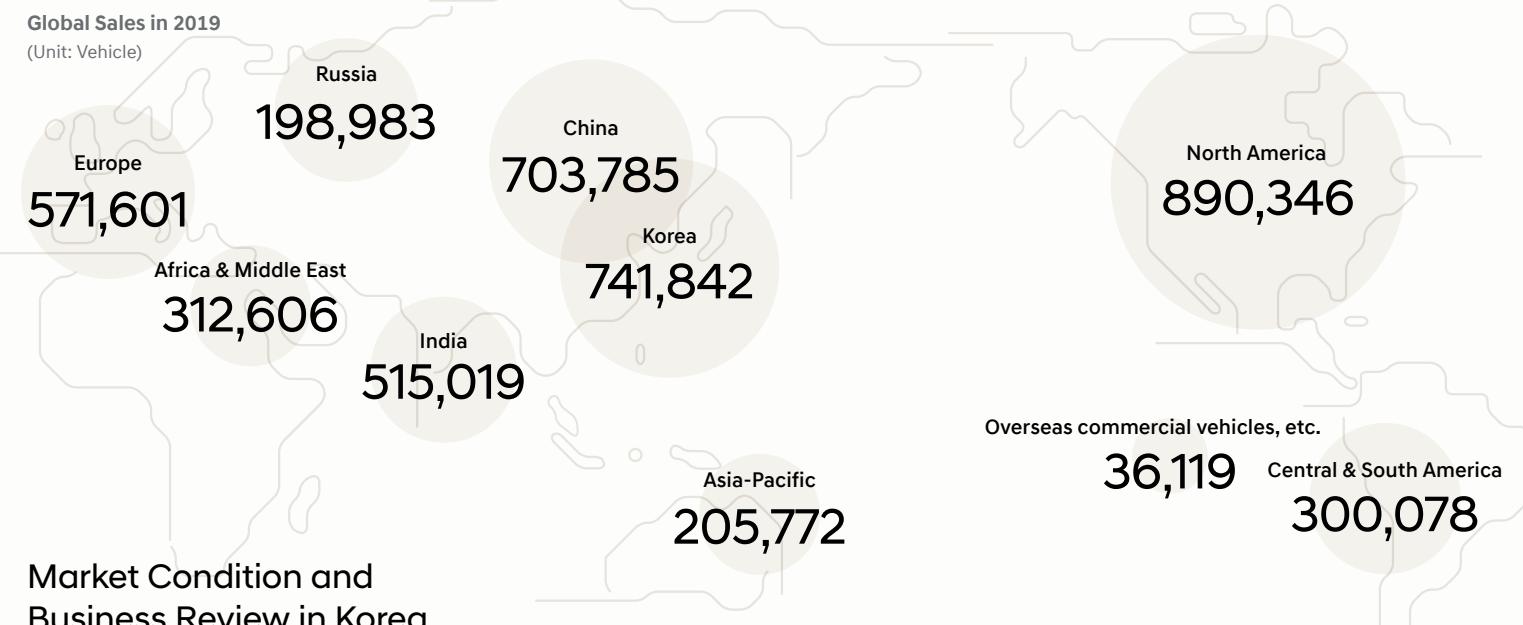
The prolonged US-China trade dispute in 2019 resulted in a slowdown in global trade, which in turn led to lower investments and consumption in advanced economies and sluggish exports by developing nations. This had a marked negative impact on the global automobile market – global demand had risen gradually since the financial crisis of 2008, but in 2019 demand fell significantly. In particular, there were sharp decreases in demand from major emerging economies, such as China, India, and the Middle East, which are vital markets for Hyundai. Additionally, stricter environmental regulations and safety laws led to increases in manufacturing and quality control costs, which created a challenging business environment.

Nevertheless, Hyundai was able to achieve record high revenues of KRW 100 trillion and improved its operating income by 49% year-on-year by optimizing its product sales mix and reducing incentives. This was possible thanks to strong sales in the U.S. and Korea, Hyundai's major markets. We ranked No. 1 in sales of FCEVs in 2019, and also saw significant achievements across the eco-friendly, premium, and high-performance vehicle sectors, which are areas of particular focus for the company.

### Global Sales in 2019

(Unit: Vehicle)

<b>Korea</b>	<b>741,842</b>
Passenger vehicles	714,400
Commercial vehicles	27,442
<b>Overseas</b>	<b>3,734,309</b>
North America (U.S., Canada, Mexico)	890,346
India	515,019
Europe (Western, Eastern, Turkey)	571,601
Russia (Russia, CIS)	198,983
Central & South America (Brazil, Other Latin American countries)	300,078
Africa & Middle East	312,606
Asia-Pacific (Other countries in Asia-Pacific region, Australia)	205,772
China	703,785
Overseas commercial vehicles, etc.	36,119
<b>Total</b>	<b>4,476,151</b>



## Market Condition and Business Review in Korea

### Market Condition

Despite strong sales of SUVs in 2019, sluggish sales of passenger vehicles led to a 0.9% year-on-year decline in the total number of vehicles sold in Korea, down to 1,539,000 vehicles (excluding imports). Sales of small SUVs and large SUVs increased by 18.9% and 171.5% respectively, but sales of compact passenger vehicles and semi-medium vehicles decreased by 9.5% and 18.9% respectively, which led to the decrease in overall sales.

### Business Review

In 2019, Hyundai's sales volume in Korea rose by 2.9% year-on-year to 742,000 units (retail basis), with a market share of 48.2% (excluding imports). The new Palisade and Grandeur led the growth by recording sales of 52,000 and 103,000 units respectively.

In the face of intense competition, Hyundai remains focused on offering a high level of customer satisfaction through improvements in products and services, as well as competitive pricing. In 2019, we strengthened the line-up of SUVs by launching the Venue, a small SUV that targets young, single millennials.

Hyundai is fully committed to making its operations more sustainable, and to the creation of environmental and social value. To this end, we focus on developing eco-friendly cars, building a low-carbon society, and growing together with our suppliers. We are also contributing to society through a wide range of activities that are aligned with the five major CSV areas of Hyundai – eco-friendliness, mobility innovation, traffic safety, future generations, and community.



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## Market Condition and Business Review by Region

### US Market

#### Market Condition

Total automobile sales in the U.S. decreased in 2019 due to a fleet decrease for profitability improvements and reduction of passenger area by US automakers. Although sales of light commercial vehicles grew by 2.6% year-on-year thanks to the popularity of SUVs and pickup trucks, a 10.1% fall in sales of passenger vehicles due to sluggish demand across all classes led to an overall 1.3% decrease in total sales, down to 17,047,000 units.

#### Business Review

In 2019, Hyundai sold 710,000 units (on a retail basis) in the U.S., up 4.7% compared to the previous year, recording a 4.2% market share for the year. Sales of the Kona and Santa Fe increased by 55.7% and 178.2% respectively, and the new Palisade made a strong contribution by selling 24,000 units.

In the 2019 Initial Quality Study (IQS) from J.D. Power, the global marketing information company, the Genesis ranked No. 1 in both the premium brand category and in the overall brand category. Hyundai ranked second in the general brand category and third in the overall brand category. In addition, the Genesis G70 ranked No. 1 in the compact premium segment, and the Santa Fe took first place in the mid-sized SUV segment, reflecting the recognition that the Genesis and Hyundai have earned for their quality. The Genesis G70 and Hyundai Kona won the 2019 North American Car, Utility and Truck of the Year (NACTOY) awards in the passenger and utility categories respectively. These improved quality, satisfaction, and other product competitiveness have led to the increased value of the brand. In 2019, Hyundai ranked 36th in the top 100 Best Global Brands from Interbrand, a global brand consultant. In the 2020 Best Buy Award from Kelley Blue Book, the biggest provider of automobile price information in the U.S., the Santa Fe, Kona, and Kona Electric were named in the midsize SUV (2-row), subcompact SUV, and electric car categories respectively.

### Asian Market

#### Market Condition

In China, demand fell across all segments due to slower economic growth, the prolonged US-China trade conflict, and reduced subsidies for new eco-friendly vehicles. The total sales volume declined 9.6% year-on-year to 20,804,000 units, with SUV sales down 5.7% and the others down by 12.4%.

In India, demand fell due to a liquidity crunch in the financial sector and sluggish agricultural growth, which in turn caused downswings in private consumption and investments. The total sales volume declined by 12.4% year-on-year to 2,954,000 units. Major Indian automakers Maruti Suzuki and Mahindra saw year-on-year declines of 14.2% and 4.3% respectively.

#### Business Review

In 2019, Hyundai's sales volume in China fell by 17.7% year-on-year to 650,000 units (on a wholesale basis), recording a market share of 3.1%. Despite the launch of new models, including the new Santa Fe and ix25, there was a noticeable decline in sales of the Mistra and Tucson. However, thanks to our efforts to improve customer satisfaction, Hyundai ranked third among 47 automobile brands in the 2019 China IQS from J.D. Power, with the Lafesta ranking first in the mid-size vehicle segment. Hyundai also ranked first for maintenance satisfaction in the 2019 China Automobile Customer Satisfaction Index (CACSI) organized by the China Association for Quality. In order to respond to the downturn in the Chinese automobile market, Hyundai is striving to gain growth momentum and strengthen its brand competitiveness by leveraging the launch of new models.

In 2019, Hyundai's sales volume in India fell by 7.2% year-on-year to 510,000 units (on a wholesale basis), recording a market share of 17.3%. Despite decreased sales, our market share rose slightly as we outperformed the overall market. In addition, we earned recognition for our outstanding performance in the Indian market, earning first place in the J.D. Power 2019 India Sales Satisfaction Index (Mass Market) Study.

### European Market

#### Market Condition

Total sales in Europe in 2019 were 16,206,000 units, a year-on-year increase of 1.2%. Sales rose in Germany, France, and Italy, but fell slightly in other major economies, including the UK and Spain.

#### Business Review

In 2019, Hyundai's sales volume in Europe fell by 0.3% year-on-year to 539,000 units (on a retail basis), recording a market share of 3.3%. Sales of the Kona and Santa Fe increased, but other key models, including the i20, i30, and Tucson, recorded declining sales.

In order to achieve profitable growth, Hyundai is focusing on qualitative growth through quality improvements and greater operational efficiency, rather than simply boosting sales volumes through excessive incentives. As a result, Hyundai has been able to demonstrate its superior technology and design even in the demanding European market. The IONIQ won 2019 Hybrid Car of the Year from WhatCar?, the most prestigious automobile magazine in the UK, at the same time as the i30 N won Best Hot Hatch for £22,000-£27,000 from the same publication. ABC, the influential Spanish newspaper, chose the Kona as its Best Car of the Year 2019. In addition, Hyundai became the first Korean automobile company to win Brand of the Year at the Red Dot Award, which is one of the three most highly respected international design competitions in the world. Brand of the Year is the Red Dot Award's top honor, with only one brand being chosen every year for having demonstrated the most outstanding creativity and the most innovative design in the design category for the year, after putting together the results of awards in three categories. Hyundai became only the second Korean company to win this award, and the first Korean automobile company.

Sales in the U.S.

710,000  
units

Market Share in the U.S.

4.2  
%

Sales in China

650,000  
units

Sales in India

510,000  
units

Sales in Europe

539,000  
units

Market Share in Europe

3.3  
%

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# Facts & Figures

## Corporate Profile (Production and Sales)

	Classification	Unit	2017	2018	2019	Note
Global Network	Assets	KRW billion	178,199.5	180,655.8	194,512.2	Consolidated figures basis
	Sales	KRW billion	96,376.1	96,812.6	105,746.4	Consolidated figures basis
	Production	Vehicle	4,506,996	4,635,356	4,484,805	
Business Performance	Elantra (Avante)	Vehicle	669,663	702,497	458,881	As of the end of the year
	Tucson	Vehicle	644,598	577,662	492,165	As of the end of the year
	Accent	Vehicle	438,793	362,315	304,748	As of the end of the year
	Sonata	Vehicle	430,752	315,507	256,433	As of the end of the year
	Santa Fe	Vehicle	373,032	282,682	211,902	As of the end of the year
Facts & Figures	Korea	Vehicle	1,651,718	1,747,837	1,783,617	
	U.S.	Vehicle	328,400	322,500	336,000	
	China	Vehicle	800,000	794,000	662,590	
	India	Vehicle	678,017	713,108	682,100	
	Czech Republic	Vehicle	356,700	340,300	309,500	
	Turkey	Vehicle	227,000	203,000	175,000	
	Russia	Vehicle	233,500	246,500	245,000	
	Brazil	Vehicle	182,773	192,855	206,038	
	China (Commercial)	Vehicle	27,941	12,195	5,515	
	Vietnam	Vehicle	16,617	56,028	71,138	Transformed from consignment (commercial) to venture investment in 2017
Sustainability Magazine	Consignment (Commercial)	Vehicle	4,330	5,200	3,770	
	Vietnam (Commercial)	Vehicle	-	1,653	3,835	Transformed from consignment (commercial) to venture investment in 2018
	Russia (Commercial)	Vehicle	-	180	702	Transformed from consignment (commercial) to venture investment in 2018
	Total	Vehicle	4,506,996	4,635,356	4,484,805	
	Korea	Vehicle	688,939	721,078	741,842	
	Overseas	Vehicle	3,817,336	3,868,121	3,734,309	
	Total	Vehicle	4,506,275	4,589,199	4,476,151	
Global Production <sup>1)</sup>	Global Sales					

<sup>1)</sup> Including the performance of joint ventures in addition to the production performance of the business report

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**Corporate Profile (Employees)**

	Classification	Unit	2017	2018	2019	Note
Number of Employees	Korea	Person	68,876	69,755	70,421	As of the last business day; and based on the number of directly employed staff
	Overseas	Person	53,341	54,166	50,716	
	Ratio of employees working overseas	%	43.6%	43.7%	41.9%	
	Total	Person	122,217	123,921	121,137	
	Korea	Person	68,876	69,755	70,421	
	North America	Person	10,942	11,332	11,191	
	Europe	Person	9,955	9,745	9,951	
	China	Person	19,100	18,132	14,638	
	India	Person	9,318	9,323	9,353	
	Others	Person	4,026	5,634	5,583	
Number of Employees by Region	Total	Person	122,217	123,921	121,137	
	Management	Person	466	442	450	
	Research fellow	Person	22	22	24	
	Research	Person	10,565	10,889	11,232	
	Office work	Person	12,659	12,512	12,559	
	Technical/Production/Maintenance	Person	35,669	35,983	36,295	
	Sales	Person	6,190	6,095	5,968	
	Others	Person	3,305	3,812	3,893	
	Total	Person	68,876	69,755	70,421	
	Korea	Person	68,876	69,755	70,421	
Number of Employees by Duty in Korea	- Male	Person	65,471	66,178	66,668	Advisor, specially appointed staff for special duties, temporary staff, etc.
	- Female	Person	3,405	3,577	3,753	
	Overseas	Person	53,341	54,166	50,716	
	- Male	Person	47,737	48,271	44,592	
	- Female	Person	5,604	5,895	6,124	
Number of Employees by Gender						

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### Annual Performance

		Classification		Unit	2017	2018	2019	Note
		Statements of financial position (Consolidated)	Statements of financial position (Separate)					
Global Network	Financial Highlights	Statements of financial position (Consolidated)	Total assets	KRW billion	178,199	180,656	194,512	
			Total liabilities	KRW billion	103,442	106,760	118,146	
			Total equity	KRW billion	74,757	73,896	76,366	
		Statements of financial position (Separate)	Total assets	KRW billion	70,131	69,743	74,157	
			Total liabilities	KRW billion	15,906	17,167	20,238	
			Total equity	KRW billion	54,224	52,576	53,919	
		Statements of income (Consolidated)	Sales	KRW billion	96,376	96,813	105,746	
			Operating profit	KRW billion	4,575	2,422	3,606	
			Net profit	KRW billion	4,546	1,645	3,186	Including non-controlling interests
			EBITDA	KRW billion	8,104	6,184	7,437	Based on Bloomberg (sum of operating profit, depreciation of tangible assets, depreciation of real estate held for investment, and depreciation of intangible assets)
		Statements of income (Separate)	Sales	KRW billion	41,605	43,160	49,156	
			Operating profit	KRW billion	2,163	-59	1,580	
			Net profit	KRW billion	2,551	415	2,832	
			EBITDA	KRW billion	4,467	2,447	4,061	Based on Bloomberg (sum of operating profit, depreciation of tangible assets, depreciation of real estate held for investment, and depreciation of intangible assets)
		Profitability ratio (Consolidated)	Operating profit margin	%	4.7%	2.5%	3.4%	
			Net profit margin	%	4.7%	1.7%	3.0%	
		Profitability ratio (Separate)	Operating profit margin	%	5.2%	-0.1%	3.2%	
			Net profit margin	%	6.1%	1.0%	5.8%	

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#### Our Commitment 01. Smart Mobility-based Customer Experience Innovation

	Classification	Unit	2017	2018	2019	Note
Global Network	Quality Index (based on the survey conducted by J.D. Power and Associates)	U.S. Vehicle Dependability Study (Hyundai)	Ranking (Score)	3rd (133)	3rd (124)	5th (124) Based on non-premium brand (17MY performance results as of Feb. 2020)
		U.S. Initial Quality Study (Hyundai)	Ranking (Score)	4th (88)	2nd (74)	2nd (71) Based on non-premium brand
		U.S. Initial Quality Study (Genesis)	Ranking (Score)	1st (77)	1st (68)	1st (63) Based on premium brand (began to participate in the premium brand survey in 2017)
	Customer Satisfaction Survey	Hyundai Customer Satisfaction Index (HCSI)	%	77.9	79.1	78.8
		External evaluation – National Customer Satisfaction Index (NCSI)	Ranking	1st place at all segments	1st place at all segments	1st place at all segments Compact, semi-medium, medium, semi-large, large, RV
Business Performance	Customer Satisfaction Survey	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 Semi-medium, medium, RV, after-sales service
		External evaluation – Korean Customer Satisfaction Index (KCSI)	Ranking	1st place at all segments	1st place at all segments	1st place at all segments Passenger vehicle, RV

#### Our Commitment 02. Pursuing Eco-friendly Value throughout the Product Life Cycle

	Classification	Unit	2017	2018	2019	Note
Energy Consumption	Energy Consumption	LNG	MWh	3,916,676	4,059,610	3,716,638
		Electricity	MWh	3,588,876	3,661,121	3,686,823
		Diesel, Kerosene, Gasoline	MWh	180,747	153,458	168,576
		Liquefied fuel	MWh	1,673	1,751	956
		Steam, Heat	MWh	59,108	71,581	104,571
		Gaseous fuel	MWh	894	1,929	1,173
		Total	MWh	7,747,974	7,949,450	7,678,736
Greenhouse Gas (GHG) Emissions	Energy Intensity	Energy consumption in producing one vehicle	MWh/Vehicle	1.706	1.700	1.675
		Scope 1	tCO <sub>2</sub> e	852,547	874,997	808,139
	Greenhouse Gas (GHG) Emissions	Scope 2	tCO <sub>2</sub> e	1,882,674	1,936,902	1,900,954
		Scope 3	tCO <sub>2</sub> e	7,051,724	5,582,405	7,017,300
		Total	tCO <sub>2</sub> e	9,786,945	8,394,304	9,726,393

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**Our Commitment 02. Pursuing Eco-friendly Value throughout the Product Life Cycle**

	Classification	Unit	2017	2018	2019	Note
Global Network	GHG Emission Intensity	GHG emissions in producing one vehicle	tCO <sub>2</sub> e/ Vehicle	2,172	1,811	2,167
Business Performance	Year-on-year Change of GHG Emissions	Scope 1	tCO <sub>2</sub> e	30,274	22,450	-66,858
<b>Facts &amp; Figures</b>		Scope 2	tCO <sub>2</sub> e	-149,980	54,229	-35,948
Stakeholder Engagement		Scope 3	tCO <sub>2</sub> e	-157,713	-1,469,319	1,434,895
GRI Index		Total change	tCO <sub>2</sub> e	-277,419	-1,392,641	1,332,089
Independent Assurance Statement	Raw Materials	Steel (amounts used)	Ton	1,148,388	1,173,455	968,630
About This Report		Steel (scrap)	Ton	477,680	453,788	430,389
Sustainability Magazine		Aluminum (amounts used)	Ton	117,252	108,399	101,966
		Aluminum (scrap)	Ton	30,132	27,841	27,661
	Water Consumption	Withdrawal	Ton	22,823,553	23,140,226	22,487,823
		Consumption	Ton	19,559,402	21,196,757	19,948,519
		Discharge	Ton	9,607,722	10,325,656	9,560,559
	Consumption of Refrigerant (HFC, R135a, etc.)	Total	Ton	1,062	1,296	1,199
		- Korea	Ton	3	9	14
		- Overseas	Ton	1,059	1,287	1,185
	VOC Emissions	Total	Ton	8,398	7,719	9,264
		- Korea	Ton	6,292	6,707	7,397
		- Overseas	Ton	2,106	1,012	1,867
	Air Emissions	Total	Ton	1,256	1,065	1,405
		- CO (by type)	Ton	384	276	537
		- SOx (by type)	Ton	28	17	14
		- NOx (by type)	Ton	399	327	492
		- PM (by type)	Ton	445	444	361
		- Korea (by region)	Ton	392	419	1,576
		- Overseas (by region)	Ton	864	646	672

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**Our Commitment 02. Pursuing Eco-friendly Value throughout the Product Life Cycle**

	Classification	Unit	2017	2018	2019	Note
Water Pollutants	Total	kg	649,860	652,757	435,471	
	- COD (by type)	kg	174,193	198,383	236,217	
	- BOD (by type)	kg	24,124	22,743	25,546	
	- SS (by type)	kg	29,393	42,399	29,070	
	- n-H (by type)	kg	515	364	958	
	- Others (by type)	kg	421,635	388,867	143,679	
	- Korea (by region)	kg	34,726	33,300	34,223	
Weight of Waste	- Overseas (by region)	kg	615,134	619,456	401,247	
	Total	Ton	857,146	573,123	585,744	
	- General waste (by type)	Ton	810,992	528,116	546,408	
	- Designated waste (by type)	Ton	46,154	45,007	39,336	
	- Korea (by region)	Ton	542,106	307,729	338,266	
	- Overseas (by region)	Ton	315,040	265,395	247,478	
Weight of Waste by Disposal Method	Total	Ton	784,219	573,021	585,382	
	- Landfill	Ton	34,404	29,266	14,466	
	- Incineration	Ton	34,633	40,011	35,890	
	- Recycling	Ton	709,841	496,992	528,687	
	- Others	Ton	5,341	6,752	6,338	
Weight of Hazardous Chemical Substances	Total	Ton	3,930	4,723	3,160	
	- Korea	Ton	458	456	305	
	- Overseas	Ton	3,473	4,268	2,856	
Environmental Costs	Costs and investments for environmental protection	KRW billion	136.6	118.4	111.5	

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#### Our Commitment 03. Creating a Sustainable Supply Chain

	Classification	Unit	2017	2018	2019	Note
Global Network	Support for Foundation of Korea Automotive Parts Industry Promotion	Quality and Technology Volunteer Group	Company	107	108	106 Integrated figure of Hyundai and Kia; 11 tier 1 suppliers and 95 tier 2 and 3 suppliers
Business Performance		Supplier Support Group	Company	48	54	52 Integrated figure of Hyundai and Kia; 21 tier 1 suppliers and 31 tier 2 suppliers
Facts & Figures	Cumulative Number of Suppliers in Joint Expansion Partnership	Number of suppliers	Company	700+	800+	700+
Stakeholder Engagement	Suppliers in Joint Growth and Fair Trade Agreements	Number of suppliers in the agreements	Company	285	273	272 Integrated figure of Hyundai and Kia; 119 small-sized suppliers and 153 medium-sized suppliers
GRI Index	Recruitment of Suppliers	Number of people hired	Person	11,300	11,500	12,000 Approximately 12,000 persons

#### Our Commitment 04. Building a Healthy Corporate Culture

	Classification	Unit	2017	2018	2019	Note
Labor Union Membership (Korea)	Number of people with labor union membership	Person	48,261	47,807	49,647	
	Labor union membership percentage	%	70.1	68.5	70.7	
New Employee Hires (Korea)	Number of people hired	Person	4,370	4,154	4,805	
Employee Turnover (Korea)	Turnover rate	%	1.75%	3.62%	3.85%	2,635 persons / 68,391 persons at the beginning of the year
	Voluntary turnover rate	%	0.34%	0.70%	0.66%	370 persons / 68,391 persons at the beginning of the year
Organizational Culture Survey	Employee engagement rate	%	58.7	61.7	64.0	
Number of Female Employees by Region	Number of female employees (Korea)	Person	3,405	3,577	3,753	
	Number of female executives (Korea)	Person	3	2	5	
	Number of female employees (North America)	Person	1,431	1,504	1,698	
	Number of female executives (North America)	Person	6	5	9	
	Number of female employees (Europe)	Person	1,363	1,419	1,436	
	Number of female executives (Europe)	Person	2	1	1	

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#### Our Commitment 04. Building a Healthy Corporate Culture

	Classification	Unit	2017	2018	2019	Note
Global Network	Number of Female Employees by Region	Number of female employees (China)	Person	2,134	2,131	2,025
		Number of female executives (China)	Person	10	8	7
		Number of female employees (India)	Person	155	177	200
		Number of female executives (India)	Person	-	-	-
		Number of female employees (Others)	Person	521	664	764
		Number of female executives (Others)	Person	-	-	-
		Total number of female employees	Person	9,009	9,472	9,876
		Total number of female executives	Person	21	16	22
		Percentage of female employees	%	7.4	7.6	14.0
		Total number of female employees / Total number of employees				
Sustainability Magazine	Number of Female Managers	Number of managers in Korea	Person	14,883	14,115	14,736
		Number of female managers in Korea	Person	399	461	558
		Number of managers overseas	Person	-	3,042	3,491
		Number of female managers overseas	Person	-	493	552
		Total number of managers	Person	14,883	17,157	18,227
		Total number of female managers	Person	399	954	1,110
		Percentage of female managers	%	2.7	5.6	6.1
	Employees with Disabilities (Korea)	Number of employees with disabilities	Person	2,501	2,055	2,076
		Percentage of employees with disabilities	%	3.63%	2.95%	2.92%
Employee Training (Korea)	Number of Employees by Age (Korea)	Under 30 years old	Person	6,404	7,602	6,638
		30-50 years	Person	34,633	32,199	32,260
		Over 50 years old	Person	27,839	29,954	31,523
		Total	Person	68,876	69,755	70,421
	Employee Training (Korea)	Training expenses per employee	KRW 10,000	43	40	37
		Training hours per employee	Hour	45	38	33
		Total training expenses	KRW billion	29.3	26.0	26.3

- The scope of managers includes managerial level and higher office, research, and special staff, and executives except for the Executive Vice Chairman and advisors  
- Began to collect and disclose overseas data in 2018

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### Our Commitment 04. Building a Healthy Corporate Culture

Classification	Unit	2017	2018	2019	Note
Parental Leave (Korea)	Number of employees on parental leave (Male)	Person	22	93	138
	Number of employees on parental leave (Female)	Person	123	122	142
	Return-to-work rate after parental leave (Male)	%	88.9	92.5	91.2
	Return-to-work rate after parental leave (Female)	%	87.0	97.5	92.2
	Retention rate after parental leave (Male)	%	94.2	100.0	88.3
	Retention rate after parental leave (Female)	%	96.4	98.3	93.1
Occupational Accidents	Number of employees involved in occupational accidents (Korea)	Person	210	286	377
	Accident rate (Korea)	%	0.53	0.71	0.93
	Number of employees involved in occupational accidents (Overseas)	Person	41	32	18
	Accident rate (Overseas)	%	0.11	0.09	0.08
	Number of employees involved in occupational accidents (Total)	Person	251	318	395
	Accident rate (Total)	%	0.33	0.42	0.64
Lost Time Injuries Frequency Rate (LTIFR)	Business Sites (Korea)		1.96	2.39	3.18
	Business Sites (Overseas)		0.47	0.33	0.33
	Business Sites (Total)		1.28	1.46	2.09
	Suppliers (Korea)		1.62	2.46	5.16
	Suppliers (Overseas)		0.04	0.10	0.22
	Suppliers (Total)		0.46	0.67	0.92
Occupational Injuries Frequency Rate (OIFR)	Business Sites (Korea)		0.49	0.86	1.29
	Business Sites (Overseas)		0.10	0.11	0.02
	Business Sites (Total)		0.31	0.52	0.81

As of the end of 2019

Percentage of employees who have returned to work against number of employees who are expected to be returning to work

Percentage of employees who stay at work as of 2019 year-end against number of employees who returned to work in 2018

Based on figures of the Ulsan, Asan and Jeonju plants in Korea

Based on figures of overseas manufacturing plants

Based on figures of the Ulsan, Asan and Jeonju plants in Korea, and overseas manufacturing plants

- LTIFR: Number of lost-time injuries per million hours worked during an accounting period

- Based on figures of the Ulsan, Asan and Jeonju plants in Korea, and overseas manufacturing plants, excluding Hyundai Motor Brazil (HMB)

- OIFR: Number of occupational injuries per million hours worked during an accounting period

- Based on figures of the Ulsan, Asan and Jeonju plants in Korea, and overseas manufacturing plants

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### Our Commitment 05. Contributing to the Development of Local Communities

	Classification	Unit	2017	2018	2019	Note
Global Network	Social Contributions by Theme (Korea)	Social welfare	KRW million	23,147	48,817	25,062
		Medical and healthcare	KRW million	414	85	48
		Education	KRW million	18,969	11,691	10,780
		Culture & Sports	KRW million	11,210	11,166	11,545
		Environmental protection	KRW million	7,001	2,482	1,942
		Emergency relief	KRW million	1,203	335	972
		International exchange	KRW million	1,380	1,273	1,536
		Others	KRW million	1,635	1,425	11,593
		Total	KRW million	64,959	77,275	63,478
Sustainability Magazine	Social Contributions Expenditure by Type (Korea)	Cash donations	KRW million	42,554	62,663	47,508
		In-kind contributions	KRW million	8,297	2,705	1,399
		Management overhead	KRW million	14,109	11,907	14,571
	Employees Volunteering (Korea)	Number of volunteer activities	Case	2,129	1,873	2,815
		Number of participants	Person	17,105	17,879	26,933
		Number of hours participated	Hour	125,093	59,508	93,798
	Social Contributions Expenditure by Region	Americas	USD	20,281,277	19,888,326	20,021,413
		Asia-Pacific, Middle East, and Africa	USD	3,343,664	4,642,344	4,764,323
		Europe	USD	1,703,200	1,438,128	1,596,192
		China	USD	372,181	756,000	881,609
		Total	USD	25,700,322	26,724,798	27,263,537
Sustainability Magazine	Membership Fees	Total	KRW million	6,677	7,489	7,081
		Foundation of Korea Automotive Parts Industry Promotion	KRW million	2,750	3,124	3,300
	Major Sponsored Organizations <sup>1)</sup>	Korea Automobile Manufacturers Association	KRW million	2,171	2,037	1,948
		Korea Automotive Technology Institute	KRW million	302	305	314
		H <sub>2</sub> Korea	KRW million	-	200	200
		Korea Traffic Disabled Association	KRW million	-	-	110

<sup>1)</sup> No political contribution to lobbying, interest representation, local, regional or national political campaigns and other related spending in Korea

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### Our System

	Classification	Unit	2017	2018	2019	Note
Global Network	Compliance Management	Number of training sessions (Korea)	Case	34	26	Violations related to unfair competition, such as collusion and monopoly
		Number of participants (Korea)	Person	25,089	24,959	
	Education	Number of training sessions (Overseas)	Case	1	4	
		Number of participants (Overseas)	Person	800	988	
Business Performance	Non-compliance with Regulations and Voluntary Codes	Legal sanction against the violation of fair trade	Case	-	-	Refer to "financial income and financial expense" in the notes to the consolidated financial statement
		Penalty and fine for non-compliance with environmental regulations	KRW million	60	-	
	Distribution of Economic Value (Consolidated figures basis)	Dividends (Shareholders and investors)	KRW billion	1,080	1,066	
		Interest expenses (Shareholders and investors)	KRW billion	333	307	
Facts & Figures	Distribution of Economic Value (Consolidated figures basis)	Salaries (Employees)	KRW billion	8,921	8,894	9,397
		Raw materials costs (Suppliers)	KRW billion	53,039	56,845	62,259
		Income tax (Government)	KRW billion	-108	885	978
		Donation (Local communities)	KRW billion	69	85	66
		Total	KRW billion	63,334	68,083	74,071
		Dividends (Shareholders and investors)	KRW billion	1,080	1,066	1,054
Stakeholder Engagement	Distribution of Economic Value (Separate figures basis)	Interest expenses (Shareholders and investors)	KRW billion	191	156	111
		Salaries (Employees)	KRW billion	6,266	6,127	6,527
		Raw materials costs (Suppliers)	KRW billion	25,828	29,025	32,333
		Income tax (Government)	KRW billion	526	295	358
		Donation (Local communities)	KRW billion	48	64	48
		Total	KRW billion	33,938	36,733	40,431

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# Stakeholder Engagement

## Stakeholder Communication

Hyundai places the highest priority on stakeholder trust and strives to strengthen communication across all areas of its business activities. We have categorized stakeholders into six major groups – customers and dealers, employees, government, shareholders and investors, suppliers, and local communities – and continue to identify and reflect their requirements, with the goal of building relationships based on trust. This report reflects the material topics identified through the materiality analysis, and provides detailed, transparent information regarding our sustainability performance which we have achieved based on our sustainability management system and five mid- to long-term commitments.

	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	<ul style="list-style-type: none"> <li>Motor show and new car launching ceremony</li> <li>Test driving</li> <li>Before Service</li> <li>Customer satisfaction survey</li> <li>Car club</li> <li>On-line (Social media)</li> <li>Website</li> <li>My Car Story 2.0</li> <li>Sports sponsorship</li> <li>Dealer seminars</li> <li>Dealer conventions</li> <li>Dealer events</li> <li>Agent conventions</li> </ul>	<ul style="list-style-type: none"> <li>Labor-Management Council</li> <li>Employee satisfaction surveys</li> <li>Meetings and events</li> <li>Grievance handling system</li> <li>Occupational Safety and Health Committee</li> <li>Work-related education and training</li> </ul>	<ul style="list-style-type: none"> <li>Win-win growth and fair trade agreement</li> <li>Communication with local communities nearby the company's business sites</li> <li>Seminar and training for suppliers</li> <li>Energy-Saving Technology Exchange Meeting</li> <li>R&amp;D Tech-Day</li> <li>R&amp;D Symposium</li> <li>R&amp;D Motor Show</li> <li>Foundation of Korea Automotive Parts Industry Promotion</li> <li>Procurement portal</li> </ul>	<ul style="list-style-type: none"> <li>Social contribution programs</li> <li>Recruitment</li> <li>Family inviting events</li> </ul>	<ul style="list-style-type: none"> <li>Public hearings</li> <li>Policy-making discussions and briefings</li> </ul>	<ul style="list-style-type: none"> <li>Annual general meeting</li> <li>Company briefing</li> <li>IR meetings</li> <li>Corporate Governance &amp; Communication Committee</li> <li>Website</li> </ul>
Issues of interest by key stakeholder groups	<ul style="list-style-type: none"> <li>Producing eco-friendly vehicles</li> <li>Improving fuel efficiency</li> <li>Customer and product safety</li> <li>Customer communication</li> <li>Production quality management</li> <li>Brand reputation</li> <li>Minimizing hazardous substances in products</li> </ul>	<ul style="list-style-type: none"> <li>Developing human resources</li> <li>Protecting human rights in the workplace</li> <li>Employee compensation</li> <li>Labor-management relations</li> <li>Health and safety in the workplace</li> <li>Greenhouse gas and energy management</li> </ul>	<ul style="list-style-type: none"> <li>Win-win growth</li> <li>Value chain sustainability</li> <li>Raw and subsidiary materials management</li> </ul>	<ul style="list-style-type: none"> <li>Job creation and retention</li> <li>Social contributions</li> <li>Reducing wastewater and wastes</li> <li>Water resource management</li> <li>Protecting biodiversity</li> <li>Managing hazardous substances in the workplace</li> </ul>	<ul style="list-style-type: none"> <li>Anti-corruption and ethical management</li> <li>Establishment of infrastructure</li> <li>Reducing air pollution</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Financial performance</li> <li>Strategy for sustainable growth</li> <li>Technological innovation</li> <li>Risk management</li> </ul>

### Our Commitment

Smart mobility-based customer experience innovation	Pursuing eco-friendly value throughout the product life cycle	Creating a sustainable supply chain	Building a healthy corporate culture	Compliance	Corporate governance
Contributing to the development of local communities				Ethical management	Risk management

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102-10	Core	Significant changes to the organization and its supply chain	-	No significant changes
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102-47	Core	List of material topics		16	
102-48	Core	Restatements of information		-	
102-49	Core	Changes in reporting		-	No significant changes
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	305-1	Direct (Scope 1) GHG emissions	84	
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	103-1	Explanation of the material topic and its Boundary		
	103-2	The management approach and its components	15-17, 19-21, 30	Replace indices with the overall development status
Technological innovation	103-3	Evaluation of the management approach		
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	103-2	The management approach and its components		
Customer and product safety	103-3	Evaluation of the management approach	15-17, 23-24, 30	
	103-1	Explanation of the material topic and its Boundary		
	103-2	The management approach and its components		
Customer health and safety	103-3	Evaluation of the management approach		
	416-1	Assessment of the health and safety impacts of product and service categories	95	Conduct crash tests for more than 20 new models launched in the U.S. in 2020
	103-1	Explanation of the material topic and its Boundary		
Customer communication	103-2	The management approach and its components	15-17, 25-28, 30, 84	Replace indices with the customer satisfaction index
	103-3	Evaluation of the management approach		
	103-1	Explanation of the material topic and its Boundary		
Employee diversity and human rights	103-2	The management approach and its components	15-17, 52, 56	
	103-3	Evaluation of the management approach		
	103-1	Explanation of the material topic and its Boundary		
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Value chain management	414-2	Negative social impacts in the supply chain and actions taken	45	

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201-1	Direct economic value generated and distributed	91	
205-2	Communication and training about anti-corruption policies and procedures	75	
205-3	Confirmed incidents of corruption and actions taken	-	No incidents occurred
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	91	
301-1	Materials used by weight or volume	85	
302-1	Energy consumption within the organization	84	
302-3	Energy intensity	84	
302-4	Reduction of energy consumption	84	
303-1	Water withdrawal by source	85	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	85	
306-1	Water discharge by quality and destination	86	
306-2	Waste by type and disposal method	86	
306-3	Significant spills	-	No spills occurred
307-1	Non-compliance with environmental laws and regulations	91	In the case of significant fines and penalties of more than USD 10,000, one case occurred at the Jeonju Plant in 2017 – penalty on violating Clean Air Conservation Act Article 31 due to the influx of outside air into the discharge facility
308-1	New suppliers that were screened using environmental criteria	45	

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401-3	Parental leave	50, 89	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	89	
403-3	Workers with high incidence or high risk of diseases related to their occupation	-	Conduct harmful factor assessments and operate prevention programs because production line workers are exposed to possible risks of a musculoskeletal disorder and hearing loss
404-1	Average hours of training per year per employee	88	
404-2	Programs for upgrading employee skills and transition assistance programs	52	
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
413-1	Operations with local community engagement, impact assessments, and development programs	90	
415-1	Political contributions	-	No political contributions made
417-1	Requirements for product and service information and labeling	29	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	2 reports made to the spam response center of Korea Internet & Security Agency about spam messages (vindication completed) 1 case regarding the connectivity assessment conducted by Korea Communications Commission
419-1	Non-compliance with laws and regulations in the social and economic area	91	

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# Independent Assurance Statement

## Introduction

Hyundai Motor Company (“HMC”) commissioned DNV GL Business Assurance Korea Ltd. (“DNV GL”), part of DNV GL Group, to undertake independent assurance of the Sustainability Report 2020 (the “Report”). The directors of HMC have sole responsibility for the preparation of the Report. The responsibility of DNV GL in performing the assurance work is to the management of HMC in accordance with the terms of reference. DNV GL’s assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith.

## Scope and Basis of Assurance

Based on non-financial data and sustainability activities and performance data of 2019 generated from HMC, we have evaluated the adherence to AA1000 AccountAbility Principles 2018<sup>1</sup> and assessed the quality of sustainability performance information. We have reviewed that the Topic-specific disclosures of GRI Standards which are identified in the process for defining report content;

No.	Material Topic	GRI Topic Specific Disclosure
1	Developing eco-friendly vehicles	305-1,2,3,4,5
2	Technological innovation	N/A
3	Customer and product safety	416-1
4	Customer communication	N/A
5	Employee diversity and human rights	412-2
6	Value chain sustainability	414-2

We performed our work using AA1000AS 2008 with 2018 addendum<sup>2</sup> and DNV GL’s assurance methodology VeriSustain™<sup>3</sup> (Ver. 5.0) which is based on our professional experience, international assurance best practices. DNV GL provides Type 1 and the moderate level of assurance. But some environmental performances have been verified by Type 2. The assurance was carried out from May and till July 2020. We undertook the following activities as part of the assurance process:

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

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

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

<sup>3</sup> The VeriSustain protocol is available upon request at DNV GL Website ([www.dnvg.com](http://www.dnvg.com))

## Limitations

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

## Conclusion

On the basis of the work undertaken, nothing comes to our attention to suggest that the reported data and information disclosed in the Report do not give a fair representation of HMC’s related sustainability performance nor is prepared in accordance with GRI Standards (Core option). Further opinions with regards to the adherence to the Principles are made below;

### The Principle of Inclusivity

HMC has identified internal and external stakeholder groups such as Customers•Dealers, Employees, Government, Shareholders-Investors Business partners, and Local Communities. HMC engages with the stakeholders at the company and business unit levels through various channels. The approaches to engage with selected stakeholders and relevant organizations are described in the Report. HMC aligns sustainability management activities with UN SDGs, tried to create social value through long-term strategy, and pursues sustainable social contribution in the industry.

### The Principle of Materiality

HMC has conducted the materiality assessment to prepare the Report. Various issues have been derived by analysing the topics covered in various global initiatives and standards, reviewing industry peers’ reports and media reports. The issue pools were used on internal and external stakeholder survey to rate the material topics and subsequently 6 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 identified material sustainability as stakeholder interest issues, presented management approaches with a long-term strategy and major achievements on material topics for each stakeholder issue in the Report. As an effective response is aligned with the organisation’s vision, strategies and objectives, it is recommended that the materiality assessment for effective response be implemented by a cross-functional organization including risk, compliance, and strategy development etc.

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#### **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. For more effective decision-making and results-based management, it is recommended that a systematic process be implemented to monitor and evaluate impacts of material topics and to analyse major changes on its performances.

#### **Reliability of Specific sustainability performance information**

We have reviewed the reliability of the disclosure data – ‘waste generation’ 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 GL 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 GL Code of Conduct<sup>4</sup> during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV GL was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV GL has no other contract with HMC and did not provide any services to HMC in 2020 that could compromise the independence or impartiality of our work.

July 2020  
Seoul, Korea



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



AA1000  
Licensed Assurance Provider  
000-10



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## Assurance Statement

**Relating to Hyundai Motor Company's Scope 1 & 2 GHG emissions in Korea for the 2019 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 2019 (the report) against GHG Target Management Scheme for quantification and reporting of GHG emissions in Korea using Specification with guidance for verification of greenhouse gas assertions. The report relates to direct GHG emissions and energy indirect GHG emissions.

### Management Responsibility

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

### LRQA's Approach

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

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

- Visiting sites and auditing management system to control the data and records regarding GHG emissions and energy uses
- Interviewing the relevant persons responsible for managing and maintaining data and associated records
- Reviewing the historical data and information back to source for the calendar year 2019

### Level of Assurance & Materiality

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



### LRQA's Opinion

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

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

Dated: 24th April 2020

IL-Hyoung Lee

On behalf of Lloyd's Register Quality Assurance Ltd.

17th Floor, Singsong Building, 67 Yeouinaru-ro, Yeongdeungpo-gu, Seoul, 07327, Korea

LRQA Reference: SEO 6012382

**Table 1. GHG emissions reported in the Report**

Scope (as defined within GHG Target Management Scheme in Korea)	2019
Direct GHG Emissions	501,388
Energy Indirect GHG Emissions	1,080,556
Total GHG Emissions	1,581,941

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

This document is subject to the provision below:

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

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

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## Assurance Statement

Relating to Hyundai Motor Company's Scope 1 & 2 GHG emissions of overseas factories for the 2019 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 against "GHG Target Management Scheme for quantification and reporting of GHG emissions in Korea" using "Verification guideline for GHG emission trading system in Korea".

### 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.

### LR's Approach

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

### 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 Target Management Scheme for quantification and reporting of GHG emissions in Korea", 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 other entities that operated their own facilities in HMC's overseas factories from the calculation of its GHG emissions.

Dated: 27 April 2020

IL-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 2019**

(Unit: tCO<sub>2</sub> eq)

Plant	HMMA	BHMC 1~3 Feb.	BHMC 4~5 Feb.	HMI	HAOS	HMMC	HMMR	HMB	HTBC	Total
Scope1	33,635	82,609	53,293	29,450	24,947	36,209	35,655	7,585	3,368	306,751
Scope2	157,085	164,774	110,246	240,908	24,619	78,365	28,505	4,960	10,936	820,398
Total	190,720	247,383	163,539	270,358	49,566	114,574	64,160	12,545	14,304	1,127,149

Note: Scope 1 covers energy direct GHG emissions from only LNG consumptions and Scope 2 does energy indirect GHG emissions from purchased electricity.

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## Assurance Statement

Relating to Hyundai Motor Company's Scope 3 GHG emissions for the 2019 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"<sup>1</sup> 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 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 Standard<sup>2</sup>
- Evaluating the accuracy and reliability of data and information for only the Scope 3 GHG emissions in selected categories listed in the Table 1:<sup>3</sup>

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.

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

<sup>2</sup> <https://ghgprotocol.org/>

<sup>3</sup> GHG quantification is subject to inherent uncertainty.

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**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.

Dated: 5 June 2020

*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

LRQA reference: SEO6012382

**Table 1. Summary of the Scope 3 GHG Emissions in 2019**

Categories	Tonnes CO <sub>2</sub> eq	Boundaries
Category 1: Purchased Goods and Services	1,116,672	22 passenger car models
Category 2: Capital Goods	251	Purchased computers and monitors
Category 3: Fuel- and Energy-Related Activities (not included in Scope 1 or Scope 2)	97,199	All non-renewable energy sources
Category 5: Waste Generated in Operations	2,053	Waste (landfill and recycling) and wastewater
Category 6: Business Travel	24,836	Business travels in overseas and domestic
Category 7: Employee Commuting	15,093	Commuter buses
Category 9: Downstream Transportation and Distribution	954,579	Shipping and land transportation
Category 11: Use of Sold Products	4,399,090	22 passenger car models
Category 12: End-of-Life Treatment of Sold Products	8,455	22 passenger car models
Category 13: Downstream Leased Assets	4,126	Headquarters building and Gyedong building
Category 15: Investments	394,946	5 subsidiaries for which HMC has more than 25 percent ownership and of which GHG inventories are available
<b>Total</b>	<b>7,017,300</b>	

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**About This Report**

Sustainability Magazine

# 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. The 2020 Sustainability Report of Hyundai Motor Company conveys our commitment to mid- to long-term goals and major sustainability issues. Through this, we will actively communicate with stakeholders to realize social value as a global leading company.

## Reporting Principles and Standards

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

## Reporting Period

This report covers activities undertaken from January 1st, 2019 to December 31st, 2019, including some key activities conducted until the first half of 2020. 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 June 2019.

## Scope and Boundary of Report

This report covers the activities of the headquarters as well as manufacturing plants, technical centers, design centers, and sales corporations operated by Hyundai Motor Company in Korea and overseas. Financial information is based on the consolidated financial statements in accordance with the Korean International Financial Reporting Standards (K-IFRS). Non-financial 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 GL) to ensure the accuracy, objectivity and credibility of the report preparation process and all the information created, and the verification was completed in accordance with international verification standards. The results of the third party assurance are detailed on P. 98-99. The financial information provided in this report has been audited by an independent auditor, and assurance on greenhouse gas emissions and energy usage was carried out in accordance with the verification principles of the guidelines such as “Administrative Guidelines for Operation of Emission Trade System”.

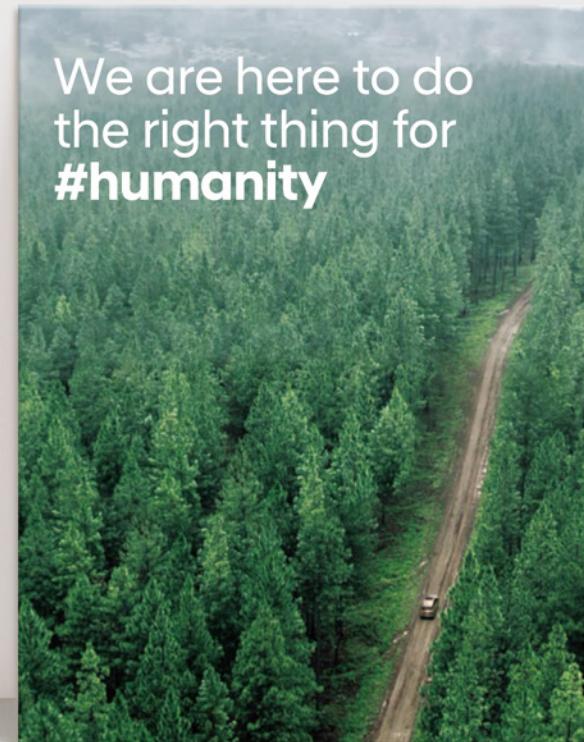
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<b>Production (Contact Information)</b>	<b>CSV Strategy Team, Hyundai Motor Company</b> Tel: +82-2-3464-8613 E-mail: hmcsr@hyundai.com
<b>Reporting Principle</b>	GRI Standards (Core option)
<b>Reporting Boundary</b>	Hyundai Motor Company (also include some data and information of Hyundai Motor Group)
<b>Reporting Scope</b>	Economic (based on Korean International Financial Reporting Standards), social and environmental performance
<b>Reporting Period</b>	January 1st, 2019 - December 31st, 2019 (also include some data and information from the first half of 2020)
<b>Reporting Cycle</b>	Annual (last report was published in June 2019)
<b>Assurance</b>	DNV GL
<b>Design</b>	Talantone Creative Group

**Reports of Recent Three Years**

# Sustainability Magazine

Sustainability C.A.S.E





The dreams of humanity evolve with time and space. Hyundai Motor Company starts its drive of progress in the direction of enriching the lives of all humanity.

As a global automotive company and member of the local communities, Hyundai is improving our unique sustainability management systems in consideration of our social impact and various stakeholder interests. In particular, based on our unique strategy for creating shared value (CSV), we are creating sustainable business values, amplifying the social impact, and moving the world together.

# Sustainability C.A.S.E

We connect people with quality time. In 2019, Hyundai accelerated the pace of innovation to transform into a “smart mobility solution provider” and pondered the direction to take for our new brand vision, “progress for humanity”. This Sustainability Magazine aims to highlight Hyundai’s efforts and outcomes in our journey towards a sustainable future based on the unique CSV strategy by sharing our sustainability “C.A.S.E”.

## Clean mobility

Electric vehicles are garnering attention as growing calls for stricter environmental regulations and more sustainable consumption are evolving into a global trend. Hyundai views clean mobility as the engine and goal for our pursuit of sustainable growth. By developing eco-friendly technologies with a focus on the environment and future generations, we continue healthy growth, present new standards for future mobility, and usher in a hydrogen society that runs on the unlimited, clean energy.



## Advanced technology

With eco-friendliness becoming a global mega trend, automakers are focusing on eco-friendly internal combustion engines as part of their effort to develop eco-friendly vehicles. They are also equipping automobiles with digital technologies in preparation for a smart mobility era. Hyundai’s progress for humanity embraces human-centered technological innovation. We seek to create new value by developing the world’s first and best technologies that make daily mobility life safer and more convenient.



## Social value

Pursuing sustainable growth while making improvements regarding social issues that people face today is the role and responsibility demanded of global corporate citizens. As a global automotive company, Hyundai is enhancing our unique sustainable management systems in consideration of a wide range of our stakeholders as well as our impacts on global communities. In particular, we strive to generate distinctive social values, spread positive social impacts, and grow together with local communities.



## Empowered employees

Hiring, fostering, and retaining the best talent is a driving force behind a company’s sustainable growth. Hyundai is concentrating on building a sound organizational culture, with a focus on empowering our greatest asset and growth engine with greater autonomy work and responsibilities, as well as on communication for sound cooperation and growth. Autonomous, creative global-minded employees are the power that moves Hyundai and a key to our sustainable growth.



## Sustainability C.A.S.E 1 – Clean mobility

# First mover in Clean Mobility

Hyundai is establishing a new paradigm for the future mobility market with eco-friendly vehicle technologies that enhance humankind's sustainability and building a hydrogen society with unlimited, clean energy.

## Trends & Target

According to Bloomberg New Energy Finance's "Electric Vehicle Outlook 2019" report, the number of electric vehicles (EVs) on the road, which was a few thousand in 2010, is projected to reach 28 million in 2030 and 56 million in 2040. Considering such a massive transformation from internal combustion engine vehicles (ICEVs) to eco-friendly vehicles, electrification has become a core strategy of automakers in a pursuit of sustainable growth. Accordingly, global automakers are expanding EV line-ups, with a focus on developing eco-friendly technologies, in a bid to be the first to occupy the fast-growing market.

## Hyundai's Approach

Hyundai pursues opportunities for new growth balancing economic and environmental values. Hyundai Motor Group aims to expand its EV line-up to 44 models, including models exclusively for its EV platform, by 2025. We plan to launch our first all-electric model in 2021 on the strength of our competitive edge in key components and "E-GMP", an electric vehicle-only platform. By developing a new architecture and adding more efforts at building advanced EVs, we will join the ranks of the world's top three electric automakers by 2025.

## Alignment with UN SDGs





Sales Volume of Nexo  
(Unit: Vehicle)



\* Based on vehicles sold in Korea

### Nexo – next-generation FCEV adding on firsts and bests

The 2013 mass-production of the world's first fuel cell electric vehicle (FCEV) was only the beginning. When many companies were pondering over the direction for their eco-friendly mobility operations, Hyundai became a firm believer of the strength of hydrogen, unlimited clean energy, focusing on the development of relevant technologies. As a result, the "Nexo", a next-generation FCEV SUV launched in 2018, ranked No. 1 in global sales in 2019, thanks to its longest range on a charge, top speed performance, and most spacious interior among FCEVs on the market. As of end of 2019, FCEVs on Korean roads numbered 5,126, making the country the world's No. 2 FCEV leader. Leaving behind its distant memory of keeping up with global auto leaders, Hyundai now leads the global market in hydrogen vehicle technology, writing a new chapter in the history of future mobility.

### Neptune – leading the shift into an era of eco-friendly commercial vehicles

Eco-friendliness is a global trend that is shaping business, including the global commercial vehicle market. And at the center of it all is Hyundai. In October 2019, Hyundai unveiled the "Neptune", a large-size concept truck powered by hydrogen only. The name is derived from Neptune, where hydrogen makes up 80% of the planet's atmosphere, as well as from Neptunus, reflecting the eco-friendly image of the god of the sea. The Neptune embodies Hyundai's mobility vision about the future of a hydrogen society. By expanding its market-proven FCEV competitiveness to its commercial vehicles, Hyundai will lead change in the future eco-friendly commercial vehicle market.

### Hyundai – preparing ahead for a future hydrogen society

A hydrogen society, once considered a feature of the distant future, is turning into a reality. Major advanced countries are increasing investment in the infrastructure of a hydrogen economy. In 2019, Korea also announced its roadmap for facilitating a hydrogen economy, declaring its intention to lead the development of a hydrogen society. Hyundai will drive this shift toward a hydrogen society. To this end, we will set up a domestic production line capable of rolling out 500 thousand FCEVs a year by 2030 and sell 200 thousand hydrogen fuel cell systems a year. In February 2020, we signed a memorandum of understanding (MOU) with the US Department of Energy on the technological innovation and global expansion of the FCEV infrastructure, thereby shifting into higher gear to realize a global hydrogen economy.



## Global green growth achieved by eco-friendly EVs

In 2019, Hyundai Motor Group joined the ranks of the top 3<sup>1</sup> of the global EV market, drawing global attention. Growing steadily since its 2009 mass-production of eco-friendly vehicles, the Group has recently started a green growth drive by rolling out various EV models and launching a sales drive in advanced markets. The Group increased 2019 exports sales of EVs by 128% of the previous year's, with the Kona EV being the main driver of the growth. Having been well-received by eco-conscious customers across the globe, the Kona EV was ranked by Germany's Auto Bild an overall No. 1 in the small diesel SUV category, honored with the 2019 North American SUV of the Year award, and selected by WardsAuto as one of the World's 10 Best Engines. Chosen as an official police car by the St. Gallen province of Switzerland, the Kona EV proved its distinctive value once again.

Hyundai Motor Group's EV Export  
(Unit: Vehicle)

2016	9,255
2017	14,799
2018	27,798
2019	63,414

\* Based on vehicles produced in Korea and on a wholesale basis

<sup>1</sup> Market share of 7% based on a world-renowned IHS Markit tally



## Surprise Appearance of the Nexo with BTS at the Grammy Awards

In January 2020, BTS, a global idol group, became the first Korean artists to appear at the Grammy Awards. The group's appearance was accompanied by the Nexo, the world's first mass-produced FCEV, then followed by the unveiling of a global hydrogen campaign at the New York Times Square, with BTS spreading good vibes to fans across the globe. Through these and other events, we are delivering the message of the value of hydrogen as a "good" energy and of our vision of a better future.

“ Blue skies, fresh white snow, vibrant forests... things we want to pass on to future generations, the beauties of Mother Nature.

Hyundai will continue to ponder over ways to keep the Earth sustainable, and share our thoughts far and wide. ”



▷ New York Takeover with Hyundai x BTS

## Kona EV Reaches the World's Highest Point

A 1,519-km icy and snowy mountain path. The temperature dropping to minus 30-35°C, with the atmospheric pressure falling commensurately. Eight days of a grueling automobile journey made possible thanks to a flawless mechanical and engine performance. These are some of the hardships the Kona EV endured to reach the 5,731-meter Sawula Pass of Tibet, thereby setting a Guinness world record of the highest altitude achieved by an EV. Having proved the outstanding safety and reliability of an EV even in an extreme environment, Hyundai will continue to take on challenges and reach the summit of the EV market.



▷ Hyundai KONA Electric | Mission - Emission Impossible

Did you know?

Sustainability C.A.S.E 2 – Advanced technology

# Technological Tour De Force

Bold innovation and unprecedented novelty can help the world prosper. Envisioning humankind enjoying total freedom in mobility in a safer, more convenient world, Hyundai continues to unveil world firsts and bests in technology.



## Status & Outlook

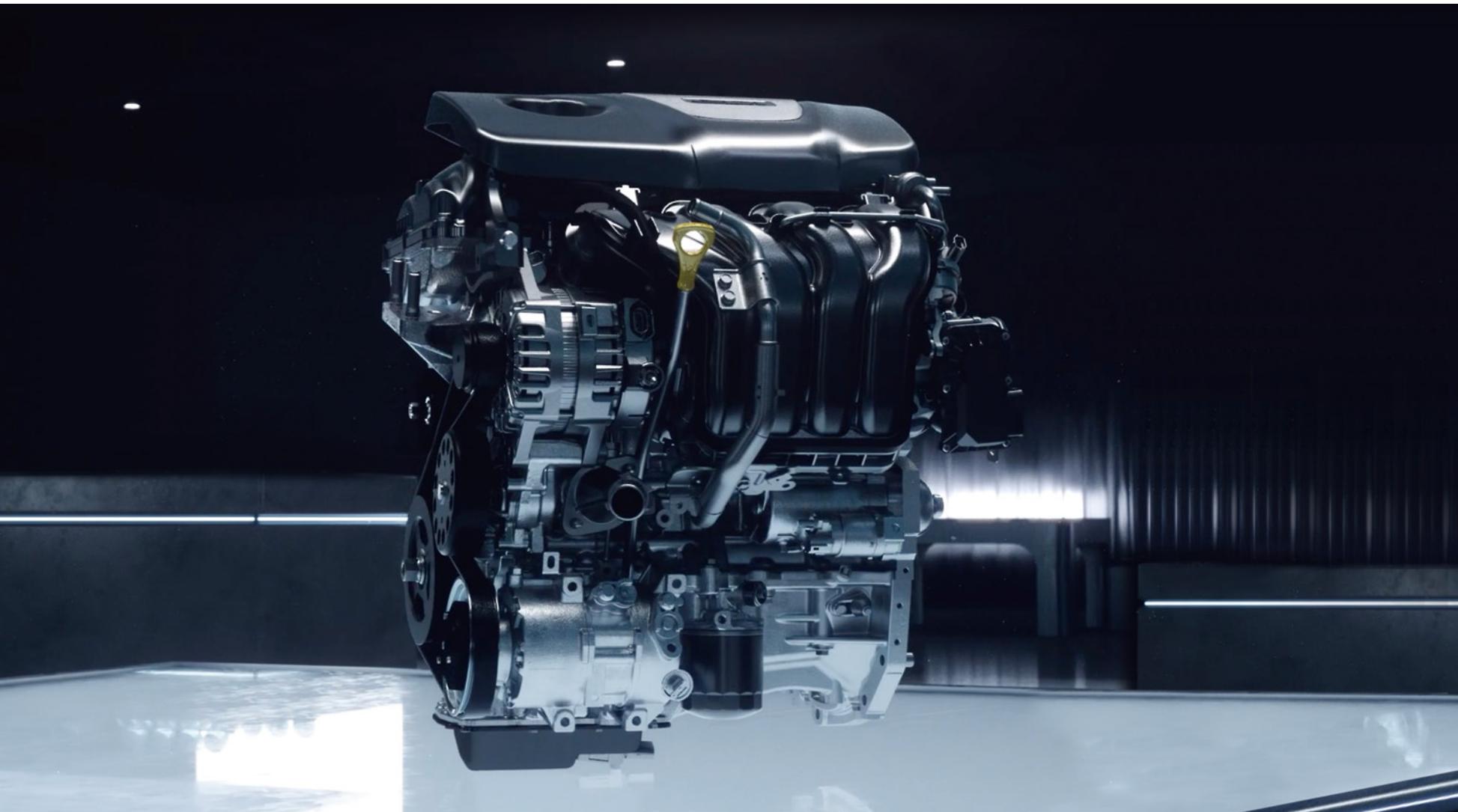
Electrification is a megatrend no one can defy. Internal combustion engine vehicles (ICEVs) are however still one of the major means of transportation. Aware of this reality, automotive companies are striving to increase fuel efficiency while reduce exhaust gas emissions by applying innovative technologies to internal combustion engines. Moreover, in this day where automotive and IT industry boundaries are breaking down, traditional automotive manufacturers are preparing for the future mobility market by focusing on business diversification and developing technologies that improve driver safety and conveniences based on artificial intelligence (AI), autonomous driving and big data.

## Alignment with UN SDGs



## Hyundai's Approach

While concentrating on electrification, Hyundai continues to push forward the evolution of internal combustion engines in the direction of eco-friendliness, and to increase the efficiency of hybrid vehicles until the arrival of a 100% EV era. In addition, we are focusing on developing AI, autonomous driving and other cutting-edge technologies. Based on these technologies, we continually introduce advanced driver assistance system (ADAS) technologies with the goal of leading change in smart mobility, a bold reality comprising many imaginations made real. Going forward, we will continue with human-centered technological innovation aimed at more eco-friendly, joyful and safer driving.



World's 1st CVVD Engine Technology

## Strong,

Cutting-edge technology that has captured the antinomic issues of performance and eco-friendliness

4%↑

Improved engine performance

12%↓

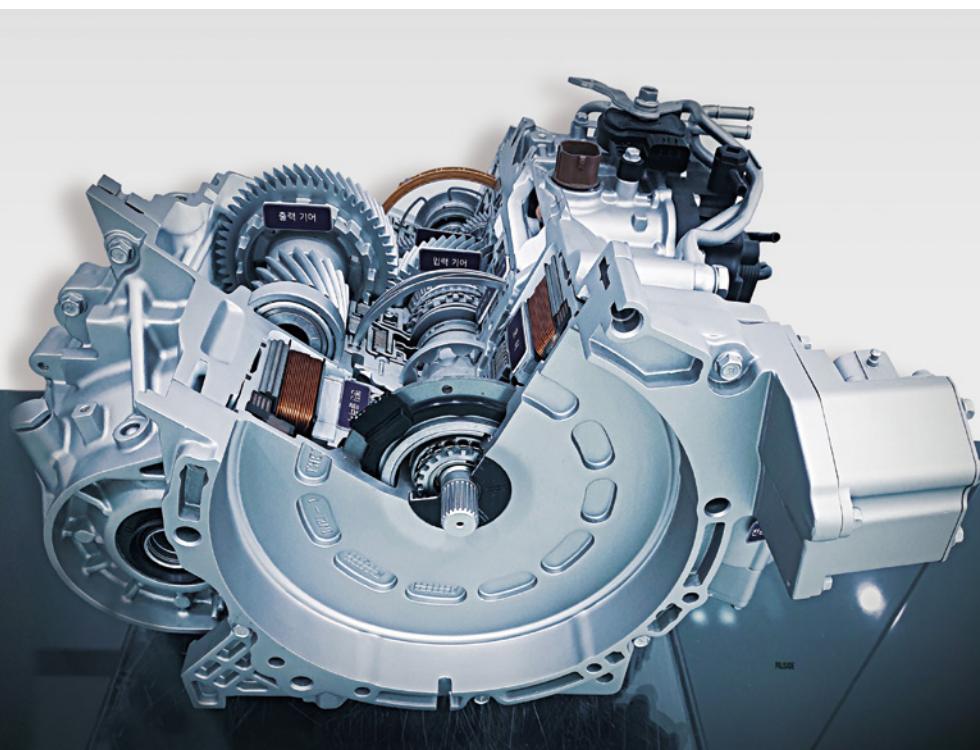
Reduced exhaust gas

1 Smartstream G1.6 T-GDi system to which the CVVD technology is applied  
2 CVVD actuator



## The world's first CVVD – a cutting-edge engine technology

High-performance engines are what both automotive companies and drivers want. However, they require more fuel consumption and generate higher exhaust gas emissions, which is why a compromise has been accepted as the norm until now. In 2019, Hyundai became the world's first to develop Continuously Variable Valve Duration (CVVD) technology that regulates the timing of the intake valves opening and closing to optimum efficiency, thereby solving the conflicting issues of performance, fuel efficiency, and eco-friendliness. The key to the technology is that there are up to 1,400 settings that the CVVD system can select from depending on how long the intake and exhaust valves stay open or closed. Though simple in theory, the cutting-edge technology took a great deal of effort and time to reach a level of perfection worthy of the industry recognition it has gained as a world first. By continuing its pursuit of innovation, we will stay in the forefront in the race for more competitive engines, the heart of automobiles.



## Sustainable,

Eco-friendly technology that  
enhances Hyundai's competitiveness  
in the global HEV market

30%↑

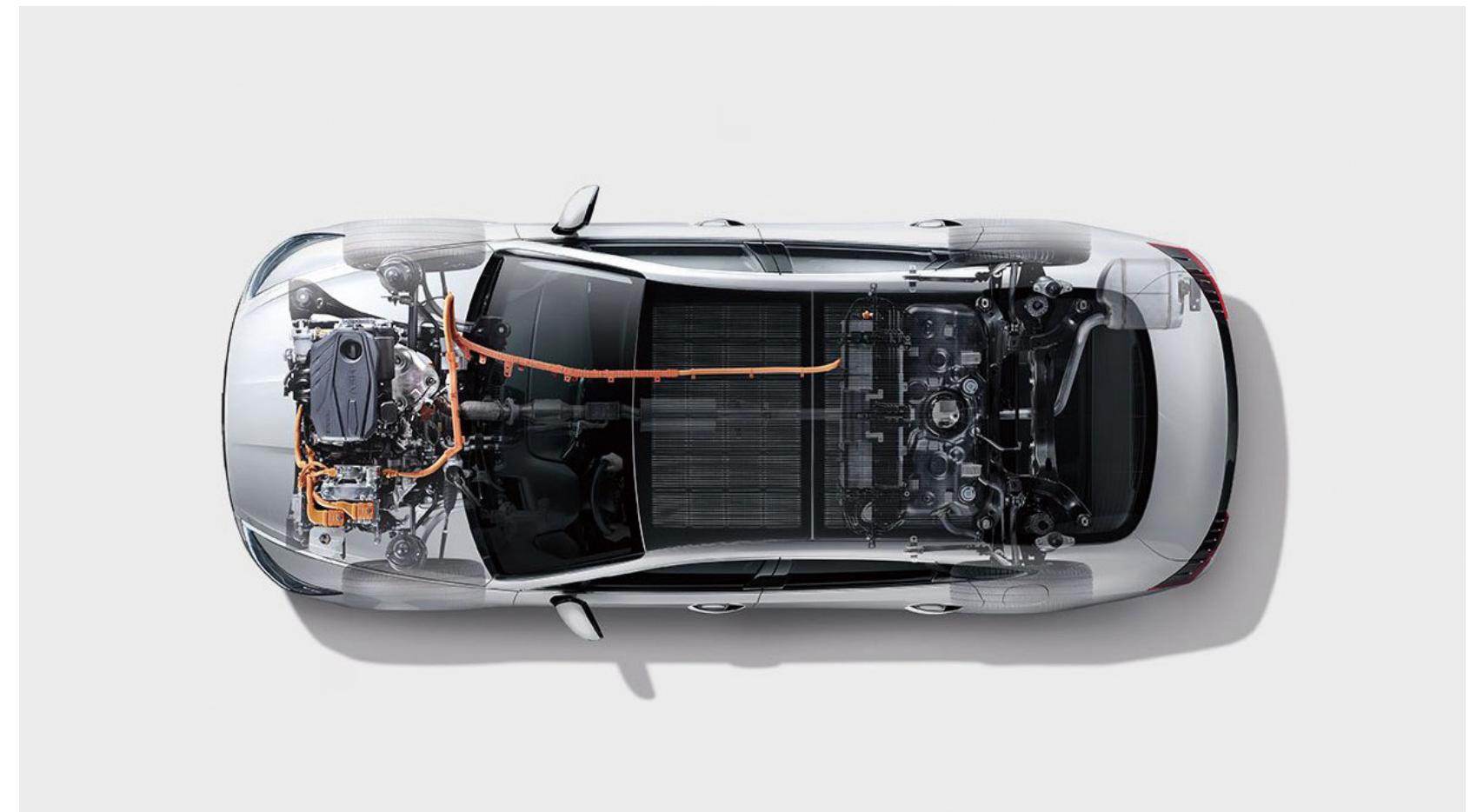
Improved shift responsiveness through  
ultra-precision control of the transmission  
using a hybrid motor

20+

Registration completed for some 20 patents  
in the EU, China, and other major markets,  
including six patents in the U.S.

## The world's first ASC – a transmission technology for HEV

Limitations and prejudices can be overcome by technology. Hybrid electric vehicles (HEVs) have higher fuel efficiency than ICEVs but are less fun to drive, particularly in terms of transmission responsiveness. This trade-off has also been made obsolete by Hyundai. In July 2019, Hyundai became the world's first to, once again, to develop Active Shift Control (ASC) technology that enhances the driving performance of HEVs. By cutting the shift time by 30%, the technology has doubled the joy of driving HEVs. The ASC control logic is revolutionary in that it controls the automatic transmission 500 times per second using the electric motor. While this extends the durability of the transmission, the new technology reduces fuel consumption yet increases the pleasure of driving HEVs. Hyundai continues to deliver a greater joy in driving and to create distinctive customer value.





## Smart.

Smart technology that identifies over 10,000 driving patterns and executes Level 2.5<sup>1)</sup> self-driving

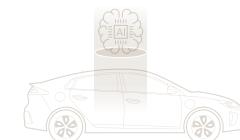
### The world's first SCC-ML – an AI-based ADAS technology

AI that understands me takes me to the places of my choice. By accurately identifying my driving patterns, it makes my safest and most comfortable, convenient driving possible. In 2019, Hyundai developed SCC-ML<sup>2)</sup>, a technology that enables semi-autonomous driving to the driver's driving patterns, for the first time in the world. Smart cruise control (SCC), an advanced driver assistance system (ADAS) technology, has evolved into SCC-ML on the back of AI. SCC-ML transmits information of driving conditions collected by cameras, radars and other sensors to the ADAS control computer, which in turn implements driver-tailored SCC using a machine learning algorithm. An encounter between smart AI and autonomous driving vehicles, and another testimony to Hyundai staying ahead of the curve.

#### SCC-ML Operation Principles

Step 1

Sensors, such as front cameras and radars, constantly collect information about various driving situations and send it to the ADAS control computer



Step 2

With a thorough knowledge of the driver's driving patterns, the computer executes autonomous driving most similar to the driver's driving patterns (using a machine learning algorithm)



Step 3

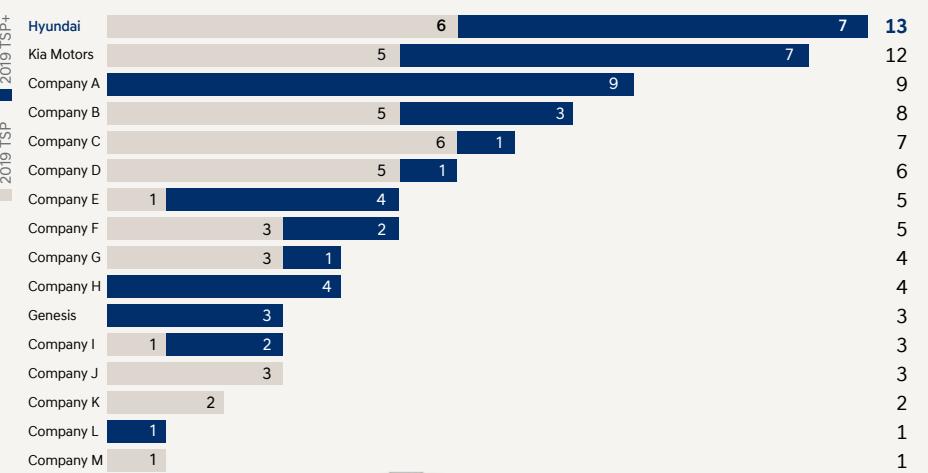
The control computer sorts out only information useful for determining the driver's driving habits

#### Safety and Quality Innovation

### Tied for the Most Combined IIHS Awards for 2019

The Palisade has improved in safety. In September 2019, the popular family SUV passed the collision test conducted by the Insurance Institute for Highway Safety (IIHS) which is known for its stringent requirements. The Palisade earned the coveted Top Safety Pick+ (TSP+) rating, the highest safety grade, in just three months after entering the US market. All Hyundai SUV models, including the Santa Fe, Tucson, and Kona, are awarded the TSP+ grad, and our sedan models, such as the Sonata and Elantra, and eco-friendly car model, the Nexo, are graded TSP+, as well. The Accent, the IONIQ and four other models are graded TSP, a grade below TSP+. With all its models awarded either the best or next-best safety grade, Hyundai in 2019 established itself in the US market as the brand with the most industry-certified safe vehicles. Living up to our reputation as the safest brand, Hyundai will continue to put customer lives and safety first.

#### IIHS Awards for 2019



<sup>1)</sup> One of six automation levels defined by SAE International – from Level Zero to Level 5. Level 2 is a partial automation level where speed and direction are self-controlled, while Level 3 is a conditional automation level where traffic signals and traffic flow are recognized

<sup>2)</sup> Machine learning-based smart cruise control

Did you know?

Sustainability C.A.S.E 3 – Social values

# Stronger Together

We are happier when we are part of our community and become healthier when we help others and share our feelings. Aware of these simple truths, Hyundai is moving the world together for the safety and well-being of humankind.

True Passion  
inspires

## Alignment with UN SDGs



### Roles & Responsibilities

Corporations are increasingly called upon to go beyond regular social contributions to play a role worthy of a global corporate citizen of late. In the same context, non-financial factors, such as environment, social, and governance (ESG), have become corporate investment indices. As such, many advanced global companies are taking social value creation seriously and looking for better ways to grow with society in a sustainable manner. Companies that help improve social and economic issues while creating positive social impacts are changing the world for the better.

### Hyundai's Approach

Hyundai laid the foundation for automotive manufacturing in Korea, because we understood the nation's need for transportation means. Today, we go beyond Korea as a global auto maker to engage in diverse community activities that the world needs. In particular, we are active in the five major areas of our social contribution activities – eco-friendly, mobility innovation, traffic safety, future generation, and community. In addition, we support the UN's Sustainable Development Goals (SDGs), helping bring to reality the values of innovation, communication, and growth throughout the globe.

## Making change, together.

As cooperation grows, so does the limit of possibilities. The joining of differences in kind often leads to results beyond expectations, making us grow further. Hyundai cooperates with diverse parties in various areas and creates new social values. In 2019, we carried out an upcycling collaboration project in defiance of physical and social stereotypes, spreading the power of challenging the norm and convergence.



FWWC: The Women's Game

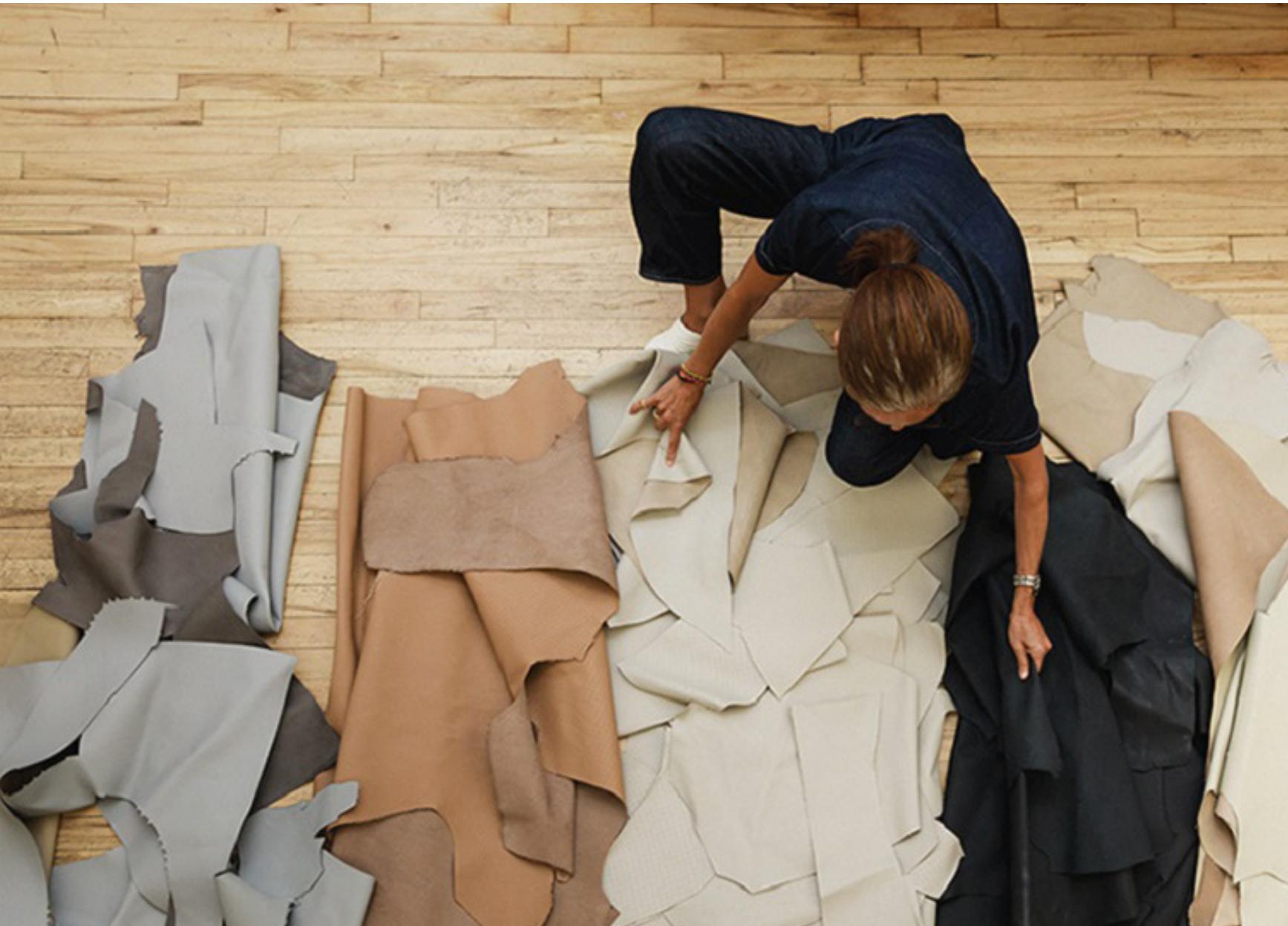
### An exhibition hall turns to eco bags

At the 2019 FIFA Women's World Cup held in France, from June 14 to July 7, as the official sponsor of the World Cup, Hyundai carried out the "True Passion" campaign in honor of the passion of woman footballers who have overcome prejudices around the world. As part of the campaign, we opened the FIFA World Football Museum in June at the Nelson Mandela Park in Paris in collaboration with FIFA World Football Museum.

When Mia Hamm was growing up with a club foot, few would have said yes to a question speculating about her chances of becoming good at any sport. The football museum highlighted her story of overcoming the birth defect to reach world stardom, as well as the passion of other female players in the face of social prejudices and stereotypes, the history and significance of woman's football, and diverse content about the 24 participating nations. Some 28,000 people visited the museum during the World Cup, rooting for the female players.

Another highlighting factor was that the exterior of the 150-square meter museum was constructed with the material of which airbags are made. After the World Cup, the structure was dismantled and the airbag material was reborn into eco-bags which were then donated to local communities.





## Cars turn to fashion

Should we just discard patches of leftover leather car seats? Of course, they can be reused when automobiles meet fashion. The statement might sound strange but has been proven possible. In September 2019, Hyundai unveiled a "Re:Style" collection under the theme of "Reusing and rethinking new style" together with the fashion brand, Zero + Maria Cornejo, in New York. By showcasing clothes made of discarded leather car seats, Re:Style exemplified the meaning of upcycling, which involves creating new value by going beyond recycling and changing the concept, design, use and other aspects associated with recycling.

Eco-friendliness is a major trend in the fashion world as well. With consumer trends valuing fabrics produced in an eco-friendly and ethical manner, including material types and manufacturing processes, public and consumer interests in upcycled clothing are growing fast. Jumpsuits made of black, dark beige, and white discarded leather car seats and tote bags of discarded car airbags are new artwork created thanks to the striking harmony between the dynamism of Hyundai and the trend-setting creativity of Zero + Maria Cornejo. Hyundai also held a second Re:Style in Beijing in November in cooperation with Reclothing Bank, an eco-friendly Chinese brand.

▷ [2019 Hyundai Re:Style](#)



## Eco-friendliness turns normal

For Hyundai, eco-friendliness is not only a global trend but also part of daily life. This explains how eco-friendliness became the concept of the Year 2020 employee diary. The cover of the diary is made of a leather left over from production of car seats or upcycled from old car seats, while the pages are of eco-friendly paper. Used daily by all employees, the eco-friendly diary is contributing to form and internalize a company-wide consensus on the eco-friendly brand image, and to highlight Hyundai's brand value promoting conservation of the environment as well as positive social and environmental values.

## Amplifying change, together.

Social enterprises aim to build a better society and even generate economic value by solving social and environmental issues. Social enterprises pursuing such goals numbered 2,435 in Korea alone as of 2019. In addition, impact investment which aims for the growth of social economy ecosystems is steadily increasing. Hyundai supports the healthy growth of the social economy through various methods, such as establishing and investing in social enterprises and fostering social innovators as well as amplifying the positive changes that they create.



### H-OnDream Social Enterprise Startup Audition draws the UN's attention

H-OnDream Social Enterprise Startup Audition (H-OnDream) is a program through which Hyundai works with government agencies and civic societies for the purpose of discovering and nurturing promising social enterprises. Startups that H-OnDream has helped become a fully established social enterprise since 2012 number 232, and the social jobs that these enterprises have created total 1,420. Social enterprises that have grown with H-OnDream sustain their operations running projects related to the UN SDGs, such as unemployment and housing, thereby delivering a positive impact on society. From its simple start as a startup support program, H-OnDream has evolved into a talent-nurturing social contribution platform that identifies and fosters the sustainable innovators of our society.

Such efforts and outcomes have attracted the UN's attention. In June 2019, Hyundai was invited to speak at the UN Social and Solidarity Economy Conference held in Geneva, Switzerland. Shared at the prestigious event was information about the economic and social outcomes of H-OnDream's contributions since 2012, as well as the importance of multilateral collaborations, including governments, public organizations, and civic societies. Pursuing social solidarity, where everybody develops a sense of ownership of society and helps solve social issues, Hyundai will take the lead in creating a sustainable social enterprise ecosystem.

[H-OnDream Social Enterprise Startup Audition](#)

[CSV Activities by Area](#)



**232<sup>1)</sup>**

Number of social enterprises fully established through H-OnDream

**1,917**

Number of social jobs created through H-OnDream

**339%**

Sales growth after receiving support from H-OnDream

<sup>1)</sup> Excluding double support

\* As of December 31, 2019



**1,400+**

Number of participants in  
H-Social Creator India in 2019

**200+**

Of some 200 ideas submitted,  
10 were selected as finalists

**20,183,593**

PR effects, worth of INR 20 million (KRW 323 million)  
generated through 117 cases of media exposure

\* INR 1 = KRW 16

## H-Social Creator meets the future social innovators of India

H-Social Creator is Hyundai's leading CSV activity, fostering college students passionate about solving social issues and possessive of creative ideas into social innovators armed with practical problem-solving skills. It began as a college student communication project in 2015 and grew into the nation's leading college student social innovation program. In 2019, the program expanded its reach by including youths in India.

"H-Social Creator India" was held in September 2019 in five major cities in India, including Delhi, Mumbai, Pune, Bengaluru and Chennai. It attracted the participation of 1,400 college students hoping to improve the future of India. Of some 200 ideas submitted on the three themes – traffic safety, the environment, and clean India – the two final winners were chosen. One is about adjusting headlight brightness in the interest of helping the drivers to better observe oncoming vehicles, and the other is about extracting enzymes from wastes for industrial use. To participants of the winning ideas are awarded investment funds as part of Hyundai's effort to encourage Indian youths to help solve social issues facing their communities.



Hyundai | H-Social Creator Program – Journey So far

Did you  
know?

## The First Step of a "Second Baby Step"

For Junbeom Park, a member of Korea's national para-athlete archery team, confined by an auto accident to a wheelchair, standing up and taking a few steps to hug his mother remained impossible for many years. However, with the help of a medical robot created by Hyundai using its wearable robotics technology, Park got out of the wheelchair and walked slowly into the arms of his mother. There are no limits to Hyundai's advanced technologies. For pains, physical and emotional, even when a thought of ways to overcome is too much to bear, Hyundai will step up with technological solutions to move forward, together.



► [Official Hyundai Brand Campaign] Because of you - 13:08 Seoul

## "The Quiet Taxi" Where Sounds Are Delivered Without A Sound

What would you do if the driver of a taxi you got in is hearing impaired? Hyundai features a technology that overcomes prejudices. "The Quiet Taxi" is a realization of the idea that won the Grand Prize at the 2017 R&D Idea Festival. The advanced driver assistance system, based on the idea that the hearing impaired are relatively more sensitive to sight and touch, senses sounds on the road via audio sensors, differentiates the sounds using AI, and delivers relevant information to the driver using a heads-up display and LED lights, thus enabling the hearing impaired to drive. Hyundai anticipates and supports greater freedom in mobility for the hearing impaired.



The Quiet Taxi

**Sustainability C.A.S.E 4 – Empowered employees**

# What makes you move?

A company's creative innovation and relentless challenges are impossible without passionate and capable employees. Together with global talent changing the world, Hyundai is ushering in a world of unlimited possibility.



## Today & Tomorrow

In the Fourth Industrial Revolution era, companies view people as a source of inspiration and innovation. For today, the outcome of strategic investments depended largely on innovative ideas rather than capital as in the past, and the innovativeness of ideas is predicated on the capabilities of employees. The success of many innovative companies lies in the sound management of human resources, through which talent is identified and developed, as well as in an organizational culture that encourages employees to challenge conventional thinking. As such, companies are focused on hiring the best qualified, fostering creative and adaptive talent, and building a horizontal organizational culture that thrives in communication.

### Alignment with UN SDGs



## Hyundai's Approach

Hyundai fairly selects best-in-class talent based on its healthy organizational culture, helps employees develop job skills to their lifecycle, and strives to build a work environment optimized to help them unlock their full potential. We also support employees in their efforts to achieve an optimal work-life balance. Higher employee satisfaction and productivity stemming from company trust and support vitalize employee passions for work and life as well as motivate them to develop an unlimited sense of responsibility toward customers, which in turn drive sustainable growth for the company and society.

In 2019, Hyundai improved our organizational culture and work systems with a particular focus on "empowerment" by giving employees greater autonomy and authority, for they are our biggest asset and growth engine, and on "communication" to promote sound growth and cooperation. We also strived to build a sound organizational culture by changing how we think and work. These efforts have resulted in changes, small and big, within the organization and increased the overall competitiveness of the company.



## Widening the breadth of autonomy

Three things disappeared from Hyundai in 2019 – a dress code mandating a suit and a tie, fixed working hours, and office arrangements designated by work type and rank. Hyundai had allowed casual business dress attire for select departments in 2017 and expanded the dress code corporate-wide two years later. The new flexible work hour system, which allows employees to come to work any time before 10 am and to leave any time after 4 pm, was also expanded to include the headquarters, research centers, and plants. Work spaces have also changed. The open office system, which began as a pilot project at the main office headquarters in July, has created a bright, warm interior based on employees' ideas. The new system has also brought such employees' hopes to reality as a bigger space where any employees can freely work and rest and a variety of personal spaces employees can choose to their personal taste or job requirements.

Employee empowerment enhances employee engagement and organizational productivity, while also contributing to improve the quality of the life of individual employees. Invigorated by increased authority and a clear sign of trust in their abilities, our employees lead organizational changes and growth with a heightened sense of responsibility and dignity. Hyundai employees are manifesting their capabilities to think creatively and passionately for challenges with the mindset not of a small part of a big organization but of a startup founder.

 Building a Flexible Workforce

Did you know?

## Managing My Time, My Way!

It is 8 am on a bright sunny day.

Manager A decides to go to work early as he wants to sit by the window today and has a plan on volunteering for community service after work. He chooses a seat slot on the seating status board<sup>1)</sup>, takes his computer out of his personal locker, and goes to the selected window seat.

At 10 am,

Senior Manager B comes after dropping off her child at the on-site childcare center<sup>2)</sup>.

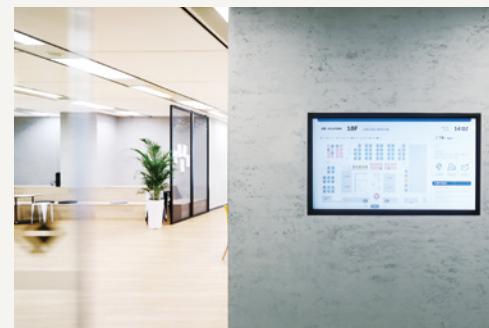
At 11 am,

they get together and hold a video conference, and then have a lunch<sup>3)</sup> ordered online. In the afternoon, they focus solely on their respective work, without any face-to-face briefings or meetings.

At 4 pm,

after emailing the content of the morning meeting to other team members as well as his team leader, Manager A says goodbye to Senior Manager B and heads for the location where he and his volunteer club members are to meet for community service. Having responded to Manager A's goodbye with a smile, Senior Manager B stays focused on her work until 6 pm when she is to pick up her child.

It is another normal day at Hyundai where employees manage their work hours themselves.



<sup>1)</sup> A pilot project carried out at select headquarters departments in 2019

<sup>2)</sup> On-site childcare centers have been in operation since 2013 for children of married female and single-parent employees

<sup>3)</sup> Lunch delivery services are provided in consideration of employee health diet and convenience



## Selfies on Employee ID Cards?

A neat hair style, a dark suit, and an awkward smile. Why do all employee photos on corporate ID cards look the same? As a uniformity in appearance discourages independent thinking, Hyundai has implemented a small yet delightful change. In addition to rules regarding the dress code, work hours, and seating arrangements, rules have been eliminated on personnel profile pictures, as long as the picture clearly shows the face of the person. Everything else is up to his/her idiosyncrasies, including the choice of cloth, background, facial expressions, and pose. Diverse profile images are allowed to show their diverse taste and preferences in the form of selfies, vacation photos or something more creative. A delightful change that keeps employees aware every day that they are an integral part of a culture that promotes autonomy and creativity indicates a truly open organizational culture.

## Adding depth to communication

“What is Hyundai Motor Group’s future strategy?”  
“How do you relieve work stress?”

At the Town Hall Meeting held in October 2019, some 1,200 employees freely asked questions one after another to Executive Vice Chairman Euisun Chung. The theme of the meeting was “Making Changes, Together” after the March meeting about the dress code for work and the May meeting about fine dust reduction. The participation of the Group’s top leader in the October meeting elevated the Town Hall Meeting into a greater communication forum. Executive Vice Chairman Chung attended the meeting wearing casual cotton pants and sneakers without a tie. He engaged in a dialogue with employees and shared his thoughts on the future direction in which the company was headed. Executive Vice Chairman Chung taking selfies with employees after the event shows that a flexible organizational culture is taking root at Hyundai.

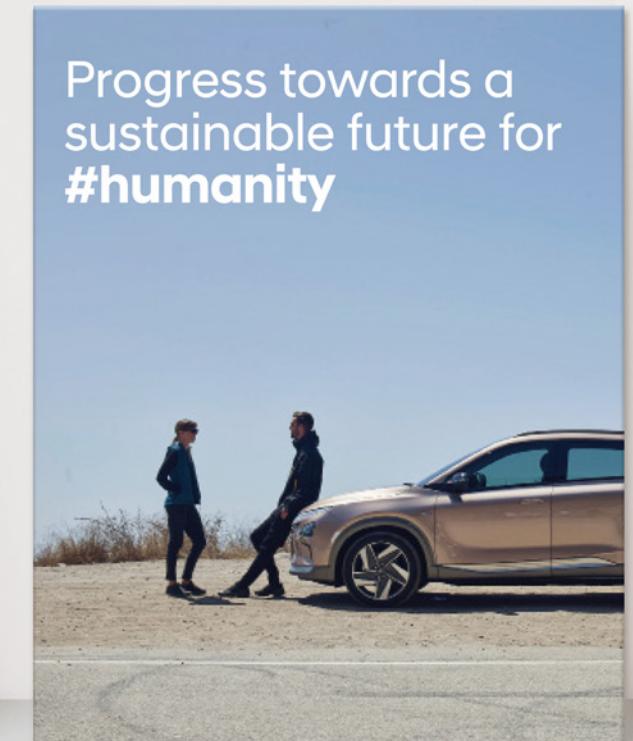
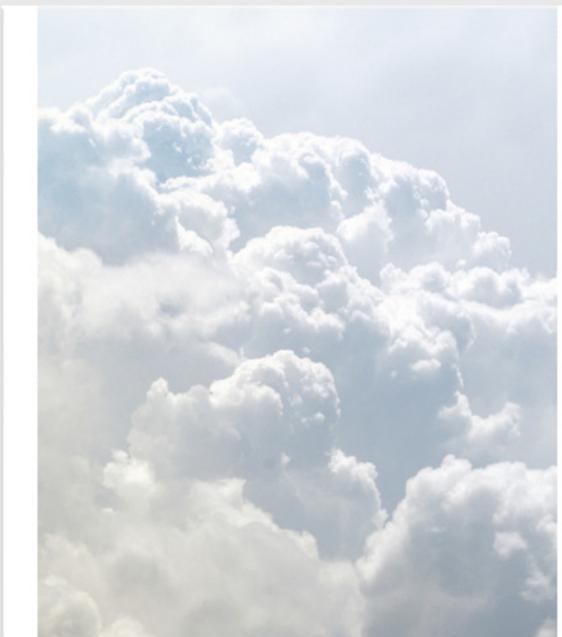
Hyundai recognizes that the key to successful cooperation and connection is communication. Accordingly, in 2019 we facilitated Town Hall meetings, where employees freely communicate with one another on major pending issues, strengthened “Hyundai Forest”, an internal online communication channel, and opened “H-T.M.I.”, an official recruitment YouTube channel run by the HR Department. As the last three letters of the name stand for “too much information”, the channel provides an overflowing amount of diverse, up-to-date information on employment and career opportunities at Hyundai. As these efforts indicate, Hyundai communicates frankly with present and future talent, shares information with an open mind, and always seeks a better direction for innovation.



Even today, when diverse values and perspectives intersect, Hyundai's goal remains firm. Even in the complex corporate environment, Hyundai's innovation drive points toward one place.

We are focusing our competencies and passions on generating social value for a better future of our society, along with creating economic value which is our fundamental corporate role.

We will continue our "progress for humanity" with the goal of providing freedom of movement to everyone, connecting people with quality time, and improving the daily lives of all people.



**Thanks to**  
(In alphabetical order)

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