HYUNDAI MOBIS

Sustainability Report 2021



Innovation for Humanity, Mobility for Tomorrow



ABOUT THIS REPORT

Reporting Outline

Since 2010, Hyundai Mobis has published an annual sustainability report to inform stakeholders of the progress of our social responsibility activities in the economic, social, and environmental domains. The reporting topics and areas were selected in accordance with the materiality test to reflect stakeholder opinions, and this 12th Hyundai Mobis Sustainability Report faithfully presents our efforts and performances.

Reporting Period

This sustainability report covers our operations from January 1, 2020 to December 31, 2020. For quantitative reporting, it includes data from 2018 to 2020. For important areas of performance outside of the reporting period, issues up to the first half of 2021 were covered.

Reporting Scope

The report covers the sustainability practices of Hyundai Mobis, including its headquarters, domestic manufacturing sites, R&D centers, and business sites. For overseas business sites, we only include selective information such as GHG (greenhouse gas) emissions and energy consumption status*, manufacturing and after sales centers, data on local employees, and local sales. The scope of data of report is 100% for domestic business operations.

*Production and after sales companies

Reporting Guidelines

This report has been prepared according to the core guidelines of Global Reporting Initiative (GRI) Standards. We also referred to the principles of ISO 26000 and the UN Global Compact. Consolidated financial information is used in this report and reporting criteria and definitions are in accordance with K-IFRS. Both financial and non-financial information is presented based on our fiscal years in accordance with the internal disclosure system, and data on energy consumption and GHG emissions are reported based on the results of verification. Any major changes in information are noted separately.

Reporting Assurance

The objectivity and credibility of this report, in terms of its preparation process, disclosed data, and contents, have been verified through third-party assurance by Lloyd's Register, a specialist assurance agency. The detailed assurance statements are included in the Appendix of the report.

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CEO Message



Dear Stakeholders,

As COVID-19 continues to spread around the world, there is growing uncertainty in the global business environment. The global auto industry faces rapid changes on all fronts and turning into a more competitive environment in recent years as technological innovations such as electrification, self-driving car, and connectivity accelerate. Despite this challenging environment, Hyundai Mobis focused on improving its profitability and paving the way towards a sustainable future. As a result, we recorded consolidated sales of KRW 36.6265 trillion and an operating profit of KRW 1.8303 trillion.

We are facing critical times in which we must adapt to uncertain global market conditions and create momentum to drive sustainable growth in the post-pandemic era. In this "New Normal", only companies with new standards and strategies for market leadership and strong ESG management systems for sustainable growth can survive. In response to this rapidly changing market environment, we are working on a "new transformation". To create a better future and drive sustainable growth, we focus on the following areas:

First, we will drive technological innovation and develop new projects to create sustainable value.

While strengthening our R&D capabilities to gain competitive advantages in the electrification and self-driving car sectors, we will continue to promote open innovation through strategic investment and collaboration with promising technology companies. Based on cutting-edge technologies, we will diversify our product portfolio and create new opportunities in the mobility industry which is expected to be deployed in various forms, and pioneer new markets. By doing so, we will build our reputation as a global technology leader that improves the quality of life and leads the future mobility market.

Second, we will concentrate on "eco-friendly management" for our future generations and the earth.

At Hyundai Mobis, we are committed to our company-wide vision of "Green Acceleration". While engaging in specific environmental projects and activities under our business strategies, we have acquired ISO14001 for our domestic and overseas business sites. We have also joined CDP (Carbon Disclosure Project) and other eco-friendly energy management certifications. Furthermore, this year, we are developing the mid/long-term RE100 (100% renewable energy consumption) project to promote renewable energy at all business sites. With the goal of 65% by 2030 and 100% by 2040, we plan to increase the scope and use of renewable energy at our business sites.

Additionally, we will continue to create a positive impact of eco-friendly product development, such as carbon reduction by increasing the supply of electrification parts, environmental management with a focus on hazardous chemicals, and recycling throughout the process including manufacturing while minimizing the environmental impact during product development and production.

Third, we will drive sustainable growth with our stakeholders based on trust.

We recognize that creating values for our stakeholders is essential for sustainable growth. To this end, we are implementing various policies to enhance values for our employees, customers, suppliers, shareholders, investors, and local communities. In our sustainability reports, we cover material topics selected based on your feedback and surveys as well as materiality assessment. Despite the social distancing and restrictions imposed due to the pandemic last year, we organized online CEO seminars and concerts to communicate with our stakeholders and established a new organization dedicated to safety and the environment to make our workplace safer and healthier. When it comes to supply chain management, we check ESG risks on a regular basis through self-assessment and due diligence.

Going forward, we will continue to develop more efficient ways to communicate and build trust with our stakeholders. Based on your continued support, we look forward to driving our competitive advantage, growth, and sustainability.

President & CEO Hyundai Mobis Sung Hwan Cho

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About Hyundai Mobis

Corporate overview

Hyundai Mobis is an automotive parts company that produces and supplies automotive modules, core components, and aftermarket service parts. The automobile industry, which is currently undergoing rapid changes, is forcing individuals, countries, and businesses to face new challenges and innovate. Since our establishment in 1977, we have pioneered the automotive technology of the future through constant innovation and development. Now, to pave the way to a sustainable future for automobiles, we are working with groundbreaking technologies including autonomous driving, connectivity, and electrification.

| Company Name | Hyundai Mobis Co., Ltd. |
|--------------------------|---|
| Headquarters | 203 Teheran Road (Yeoksam-dong), Gangnam-gu, Seoul, Korea |
| President & CEO | Sung Hwan Cho |
| Date of Establishment | June 25th, 1977 |
| Business Type | Core Parts and Module Parts Manufacturing, Aftermarket Service (AS) Parts |



Major Financial Performance

| | | | Unit: KRW million |
|----------------------------|------------|------------|-------------------|
| | 2020 | 2019 | 2018 |
| Total assets | 48,497,676 | 46,606,064 | 43,071,132 |
| Total liabilities | 15,169,553 | 14,196,442 | 12,367,704 |
| Equity | 33,328,123 | 32,409,622 | 30,703,428 |
| Sales | 36,626,504 | 38,048,768 | 35,149,219 |
| Gross profit | 4,704,238 | 5,229,169 | 4,567,004 |
| Operating profit | 1,830,292 | 2,359,257 | 2,024,957 |
| Profit before income taxes | 2,117,980 | 3,214,294 | 2,474,883 |
| Corporate tax | 591,130 | 919,983 | 586,677 |
| Net income | 1,526,850 | 2,294,311 | 1,888,206 |

Total Assets Unit: KRW million



Sales Unit: KRW million

| 2020 | 36,626,504 |
|------|------------|
| 2019 | 38,048,768 |
| 2018 | 35,149,219 |

Operating Profit Unit: KRW million

| 2020 | 1,830,292 |
|------|-----------|
| 2019 | 2,359,257 |
| 2018 | 2,024,957 |

Business Divisions





Management Controller

01 **Core Parts Manufacturing**

Based on our superior technology, we focus our resources on the development of sustainable core parts. We produce motors and battery systems, which are key parts of eco-friendly vehicles such as electric and hydrogen cars, and develop HDA (Highway Driving Assist) and RSPA (Remote Smart Parking Assist) to strengthen our competitiveness in the self-driving/parking sector. In addition, we are committed to providing automotive technology integrated solutions for the future, such as integrated communication management controller, for the first time in Korea.



02 **Module Parts Manufacturing**

Hyundai Mobis supplies three key modules: front-end, chassis, and cockpit modules. In collaboration with automakers, the advanced module parts produced at Hyundai Mobis are perfected from the very first stage of R&D and we secure competitive advantages based on the benefits of modularization such as a simplified production process and convenience in assembly through modernization and system integration. Currently, we have production bases in China, the United States, India, and Europe, which allow us to increase local production and strengthen competitiveness in markets around the world.



03 **Supply of Aftermarket Service Parts**

Aftermarket Service (A/S) Parts Hyundai Mobis is responsible for the supply of about 2.4 million A/S parts for more than 193 models worldwide. To optimize the rate of parts supply for more than 58.44 million vehicles of Hyundai Motors and Kia currently under operation, we have set up an optimal distribution network in the industry based on large-scale infrastructure such as distribution centers and a big data-based demand forecast system.

2020 Sales

KRW **11.5911** trillion

2020 Sales



2020 Sales



Branch & Business Office

Global Network



Overseas

| | On the law stration October | | | MPE-BE- Bellingen, Belgium |
|-----------------------------------|-------------------------------|------------------------------|----------------------------------|----------------------------------|
| R&D Center | Open Innovation Center | — MCQ-Chongqing, China | | MPE-DE-Brehna, Germany |
| MTCA - Michigan, USA | Mobis Ventures Silicon Valley | MNA-MI-Michigan, USA | _ | MPE-ES-Madrid, Spain |
| MTCI - Hyderabad, India | | MAL-Alabama, USA | After Sales | MPE-HU-Budapest, Hungary |
| MTCE - Frankfurt, Germany | Mobis Ventures China | MAL-GA-Georgia, USA | BMP-Beijing, China | MPE-IT-Milan, Italy |
| MTCC- Shanghai, Yantai, Shenzhen, | | MNA-OH-Ohio, USA | MPJY-Jiangsu, China | MPE-SE-Jenkoping, Sweden |
| China | Manufacturing | MMX-Monterrey, Mexico | MPSH-Shanghai, China | MPE-UK-Tamworth, UK |
| Quality Center | MBJ-Beijing, China | MBR-Sao Paulo, Brazil | MPA-California, USA | MNA-PL-Michigan, USA |
| MQA - California, USA | MJS-Jiangsu, China | MRU-Saint Petersburg, Russia | MPMI-Florida, USA | China Office-Beijing, China |
| MQI - Delhi, India | JYB-Jiangsu, China | MSK-Zilina, Slovakia | MPCA-Canadian Markham | MTKO-Tokyo, Japan |
| MOE - Frankfurt, Germany | MSH-Shanghai, China | MCZ-Nosovice, Czech Republic | MPE-Frankfurt, Germany | MHNO-Hanoi, Vietnam |
| MOME - Dubai, United Arab | MWX-Wuxi, China | MTR-Izmit, Turkey | MPRU-Moscow, Russia | Europe Office-Frankfurt, Germany |
| Emirates | MTJ-Tianjin, China | MIA-Indian Ananthapur | MPME-Dubai, United Arab Emirates | MPME-EG-Alexandria, Egypt |
| MQC - Shanghai, China | MCJ-Changzhou, China | MIN-Chennai, India | MPAU-Sydney, Australia | MKLO-Kuala Lumpur, Malaysia |

Major Business Sites Headquarters - Seoul Technical Center (Mabuk), Technical Center (Uiwang)

Seosan Proving Ground Jincheon Plant, Changwon Plan Manufacturing

Ulsan, Asan, Gwangju, Ewha,

Anyang, Seosan, Gimcheon, Poseung, Cheonan IP, Cheonan EBS, Chungju

Distribution

Ulsan Exports Logistics Center, Asan Logistics Center Gyeongju Logistics Center, Naengcheon Logistics Center

| | Gangneung Parts Office, |
|-----|--|
| | Gangwon Parts Office |
| nt | Western District Parts Office, |
| | Jeonnam Parts Office |
| | Chungcheong Parts Office, |
| | Southern District Parts Office |
| IP, | Gyeongbuk Parts Office, |
| | Andong Parts Office |
| | Mokpo Parts Office, |
| | Gimcheon Parts Business Office |
| | Incheon Parts Office, Seosan Parts Office |
| , | Pohang Parts Office, Suncheon Parts Office |
| | Gyeongnam Parts Office, Jinju Parts Office |
| | Chuncheon Parts Office, Busan Parts Office |
| | Jeonbuk Parts Office, Jeju Parts Office |

Northern District Parts Office,

Eastern District Parts Office

After Sales

¥ 461 --- ● 61

Business Brochure

Overview



Major Business Overview Automotive System Solutions

Future Automotive Technology





Autonomous Driving

Hyundai Mobis has strengthened its competency in the convergence of automotive parts with electronic control technology. Based on this, we are leading the development of autonomous driving solutions for accident-free automobiles of the future. While supplying Active Driving Assistant System (ADAS) that provides a convenient and safe driving experience, we are also leading the development of a Fully Autonomous Driving System that recognizes, positions, makes decisions on, and controls the vehicle.

Electrification

In response to climate change, governments around the world are tightening regulations on automobile fuel efficiency and carbon dioxide emission limits. Accordingly, we are developing various E-powertrain parts technologies such as high-power driving systems and high-capacity battery systems required for hybrid and electric vehicles, chargers, and fuel cell systems for hydrogen fuel cell vehicles. We are committed to creating new environmental values by reducing carbon emissions and increasing energy efficiency through electrification.

IVI (In Vehicle Infotainment)

Hyundai Mobis IVI solutions focus on communication and interaction with humans. In this era of IoT/connectivity where everything is connected, the solutions collect such information as in and outside the car environment and driver's conditions as well as driver-customized and optimized information and services. From infotainment modules that are a key component to IVI solutions, we produce HUD, digital cluster and premium sound system.

- 1 Autonomous Driving
- 2 Electrification
- 3 IVI (In Vehicle Infotainment)

Major Business Overview Automotive System Solutions

Chassis/Trim Products

Steering

Steering system enables drivers to control the direction of an automobile. We supply EPS that provides an optimal steering performance. The EPS provides high-precision controls that adjust to the condition of the vehicle, instead of using existing hydraulic systems. In addition, we are currently developing a next-generation steering system with improved driving performance and enhanced reactivity and safety.

Suspension

The suspension system absorbs impact for the comfort and safety of the passengers in the vehicle. We provide an air suspension system that absorbs even minute vibrations using high-pressure air. In particular, our independently developed e-ARS which controls tilting in vehicles enables electrification of braking, steering, and suspension systems, which are all essential to autonomous driving solutions.

Lamp

The lamp system secures the driver's field of view while providing information to other drivers and pedestrians. Hyundai Mobis strives to develop lamps that meet safety, design, and performance criteria. In the age of autonomous driving technology, we are researching and developing Bi-Matrix ADB that reacts to the surrounding objects and environment, as well as a DMD lamp that enables communication with nearby drivers and pedestrians.





Hyundai Mobis continues to develop an airbag system that ensures the safety of the driver, passenger, and pedestrians. We produce frontal airbags (DAB/PAB/KAB), side airbags (CAB/SAB), center airbags (CSAB) modules, and electronic parts that control the optimal airbag spread with data collected from sensors.

Brake

The brake system allows a car to decelerate, stop, and park according to the driver's intention. Hyundai Mobis conducts R&D into general CBS and ABS, as well as the brake system that suits autonomous driving and eco-friendly vehicles, including TCS, ESC, EMB, Brake by Wire, and regenerative braking.



Major Business Overview Automotive Module Manufacturing

Module Manufacturing





Cockpit Module

- Serves a direct role in providing convenient features and driving information display/ control devices, as well as ensuring the safety of passengers
- Product units supplied to the automaker production line with integrated design/ assembly of instrument panel, cowl crossbar, air conditioning system, and airbag by package and function
- Simultaneous design, development, and assembly of several parts
- Contribute to reduction (integration) of the number of parts, weight reduction, improved productivity, and enhanced quality

Chassis Module

- Product units supplied to automakers that integrate relevant parts forming the frame of the undercarriage
- Maximize productivity and quality enhancement
- Research core technology to develop optimal modules for the sharing of automakers' platforms and parts

Front End Module

- Product units supplied to automakers that integrate the frontal engine room parts e.g. radiator, headlamp, bumper beam, carrier, and AAF (Active Air Flap)
- Contributes to the integration of parts, improved productivity, and enhanced quality
- Research on improved pedestrian protection and low-speed collision safety, improved aerodynamics, integration of electronic components, weight improvement with application of new material





Cockpit Module
 Chassis Module

3 Front End Module

Management Principles

Management Philosophy and Vision

The management philosophy of Hyundai Mobis, "Improving human existence and creating a new future through ingenious thinking and continuous innovation", is our principle and the foundation of our challenge to become a top global company. Our vision is to translate mobility to moments full of joy and happiness and deliver a cleaner natural environment and safer transportation conditions to next generations. We promote five core values as the indicators to achieve our philosophy and vision and the decision-making criteria for our employees.



Sustainability Management Vision & Strategy

Hyundai Mobis has set "Innovation with Responsibility, Mobility for Clean Technology" as its mid/longterm vision for sustainability growth, and defined three pillars and directions to achieve the vision. We are committed to promoting mutual growth with our employees, contributing to the creation of values for local communities, and implementing responsible practice through supply chain sustainability management and transition to eco-friendly operation. The progress and strategies as well as our performance for sustainable management will be disclosed to stakeholders.



Sustainability Management Stakeholders

· Transparent and stable

management

· Maximizing shareholder and

investor values

| Local Communities | Partners and | Custom | ners | Global | |
|--|--|---|-------|--|--|
| A company that grows together with local communities • Various environmental protection and sharing activities • Active engagement with local communities | distributors A trusted companion -Establishing fair and transparent business relationships - Sharing information and disseminating technology | A company that pursues happy mobility · Improving technical capabilities, realizing of the best quality, bolstering customer confidence, and strengthening customer engagement | | A transparent company · Complying with and actively participating in the promotion of laws and regulations, alignment with globo policies | |
| | | | | | |
| Shareholders and investors | Employe | es | Ot | ther Stakeholders | |
| A company that inspires confidence | The best company · Fair evaluation and a | / to work for compensation, | A lec | ider in responding to climate change | |

support for professional

development

· Ensuring worker safety, providing

welfare benefits, and fostering a

pleasant work environment

climate change Join efforts for global policies on climate change Strengthening corporate competitiveness through response to climate change

11 HYUNDAI MOBIS SUSTAINABILITY REPORT 2021

Sustainable Value Chain



SUSTAINABLE IMPACT

14 Performance Highlights | 15 Response to COVID-19 | 16 Communication with Stakeholders | 17 Materiality Assessment

Performance Highlights

Operating with its mid- to long-term vision for sustainable management, Hyundai Mobis creates economic, social, and environmental value. By doing so, Hyundai Mobis promotes Sustainable Development Goals (SDGs) to fulfill our social responsibility as a responsible corporate citizen.

| Areas of Focus | Key Issues | Goals | Performance in 2020 | Plan for 2021 | Plan for 2025 |
|----------------------------------|---|--|---|---|---|
| Environmental Management | Response to climate change | Reduce energy consumption and GHG emissions | 163,165 tCO2eq (Domestic) | Reduce emissions by 6% against BAU in 2021 | Reduce emissions by 10% against BAU in 2025 (BAU, Business As Usual: Estimated 2025 emission based on GHG emissions from 2014-2019) |
| I | Creating an eco-friendly working environment | Reduce water and air pollutants | Reduced water pollutants intensity by 39% against previous year | Reduce pollutants intensity up to 10% year-on-year | Reduce pollutants intensity up to 10% year-on-year |
| | | Reduce waste production intensity | Reduced waste intensity by 8% | | |
| Win-Win Growth | Expanding the management of ESG risks in the supply chain | Complete on-site evaluations of "risk company" in accordance with supplier self-analysis result in "sustainability management risk assessment". | 100% | 100% | 100% |
| | | Reception of corrective plans for areas of improvements issued at on-site evaluation | 100% | 80% | 80% |
| | | Complete sanction reviews of the suppliers exposed in the media due to non-compliance with the code of conduct | 100% (Not occurred) | 100% | 100% |
| | Continuing win-win activities | Fair Trade Agreements Conclusion / Implementation | 333 companies | 333 companies | Total 1,665 companies (as of 2020) |
| | | Financial Support for Suppliers | KRW 204.7 billion | KRW 204.7 billion | Total KRW 1 trillion (as of 2020) |
| Social Contribution | Social contribution in line with business | Donate transparent umbrellas for the safety of children | Donated 98,841 umbrellas Strengthen local community support programs in Seosan, Taean, Gijang, and Gimpo | 100,000 umbrellas handed out Upgrade educational programs to prevent car accidents for children | Donate 1.14 million umbrellas in total Develop a new children's traffic safety program and run a comprehensive safety campaign |
| Employee Values 0 0 \[\[\] | Raising human rights awareness | Organize human rights compliance training | Completed 96.6% of employees and 100% of suppliers' employees | In-depth training content based on human rights issues | Establish and operate an integrated training system for domestic/overseas stakeholders |
| | Employee safety and health | Internalize safety culture | Establish 8 mandatory safety rules | Corporate-wide safety management analysis and evaluation - Evaluation items: system, safety culture - ISRS (International Safety Rating System) | Corporate-wide safety management analysis and evaluation - Achieve global level in the automobile sector (ISRS Lv.6) |

Response to COVID-19

Case

COVID-19 **Emergency Response System**

With the beginning of the COVID-19 outbreak, Hyundai Mobis immediately organized a TFT for emergency responses while the management organized daily meetings to focus its resources on the response process. In addition, a systematic approach has been taken based on emergency response procedures and scenarios. Furthermore, as the chance of major disasters such as earthquakes, typhoons, and infectious diseases that threaten the safety of the workplace increases, Hyundai Mobis is taking the initiative in regard to disaster recovery systems and prevention measures to make our workplaces safe. In addition, we regularly conduct simulated drills in accordance with each response scenarios, situation, and level of emergency, thus bolstering our emergency response capacity.



Introduction of **Telecommuting System**

Case

In February 2020, telecommuting was introduced to prevent the spread of COVID-19. We implemented voluntary telecommuting with remote access to in-house PCs to prevent our employees from working in crowded office environments. In addition, we also minimized face-to-face meetings with the video conference system.

In November 2020, we formally systemized the telecommuting work system which was run temporarily as a part of the COVID-19 emergency response measures, thereby creating an autonomous and proactive organizational culture and laying the foundation for a smart work environment. In order to raise awareness and promote a culture of telecommuting, we distributed the guidebook "THE Telecommuting" with such keywords as communication and performance, hence creating a more robust telecommuting culture for the company.

We are committed to promoting creativity and diversity in our workplace to secure competitive advantages in the autonomous driving and infotainment sectors.

Case **Employee Donation of Medical Supplies**

On April 3, 2020, a campaign was proposed by Gonggam D-talks, an anonymous chat room at HQ to raise funds from our employees to overcome COVID-19. After that, many executives and employees responded, and Hyundai Mobis set to organize the COVID-19 fundraising. Happy Bean, one of the largest online fundraising platforms in Korea, offered online fundraising service free of charge. The event was conducted from March 26 to April 7, 2020 for domestic employees of Hyundai Mobis. As a result, a total of KRW 77.71 million was raised from 2,096 employees. The company matched the employee donation raising a total of KRW 155.43 million. Based on the employee survey, KRW 100 million was donated to Medipeace Co. Ltd., which provides protective clothing, masks, and convenience meals for medical staff at hospitals. From May 18 to July 3, 2020, we donated supplies to 1,100 medical staff at Daegu Dongsan Hospital, Gyeongbuk Pohang Medical Center, Seoul Medical Center, and Anseong Hospital in Gyeonggi-do. Furthermore, KRW 55.43 million was donated to the National Center for the Rights of the Child, under the Ministry of Health and Welfare, from May 18 to June 30, 2020. As of the end of April, 40 regional children's centers in Chungnam, Chungbuk, Daejeon, and Sejong were selected and supported while guarantine supplies and educational materials were donated to children from low-income families.

Key Activities

Information/Promotion Company-wide text messaging and inhouse broadcasting • Distribution of training booklets • Distribution of healthcare kits e.g.

mask

CT Þ.



• Employee self-check app Regular guarantine procedures Monitor temperature Mandatory mask-wearing in all workplaces

Case **Contactless Social**

Contribution

In response to social changes caused by COVID-19, we are organizing nonface-to-face social contribution activities. The Junior Engineering Classroom, a program designed to offer science education for children, is now conducted in a non-face-to-face format using various online platforms instead of offline classes, and "GiveRun", a new concept of social contribution marathon initiative, was introduced to raise awareness and protect our environment in order to deal with depression caused by prolonged social distancing, help the disadvantaged groups at the end of the year.



Employee Telecommuting System



Employees' donation of daily necessities to Seoul Medical Center

Communication with Stakeholders

Stakeholder Engagement

Hyundai Mobis defines any persons or entities that affect or are affected by its business operation as stakeholders. They include automakers, competitors, employees, suppliers, customers, investors, governments and associations, the media and academia, as well as local communities in Korea and overseas. We operate various communication channels to ensure smooth communication with diverse stakeholders and build a deep sense of trust. Furthermore, we strive to reflect the voices of our stakeholders in our business activities. In particular, we publish our business strategies, activities, and performance through the 2021 Sustainability Report, as well as via our website, newsletters, and various company channels as part of our efforts to promote ethical and reliable practices.

Stakeholder Status, Major Communication Channels, and Activities

| Global automakers/ competitors | Global automakers and automotive parts suppliers | Production and sales policies, shared direction for product development, joint projects, tests on quality and technology capabilities, and monitoring of market trends |
|-----------------------------------|---|--|
| Employees | Korea: 10,244 employees Overseas: 22,745 employees | Employee satisfaction surveys, company-wide corporate culture assessments, ESG awareness surveys, assessments of employee awareness of business ethics (held annually), Cyber Auditing (held on-going basis) |
| Suppliers | Korea:1,405 companies Overseas: 584 companies | Regular meetings, executive-level conferences, seminars for supplier company CEOs and overseas suppliers (held annually), online grievance resolution center (held on-going basis) |
| Customers (dealers/consumers) | Korea: 1,892 dealerships Overseas: 472 agencies, 14,299 dealers garages, repair centers, end users | Agency policy seminars, council meetings for executives, customer satisfaction surveys (held annually) |
| Investors | Institutional investors, individual investors, domestic and international credit rating agencies, ESG rating agencies for investors | Non-deal roadshow (NDR), disclosures, annual shareholder meetings, ESG evaluations (held annually) |
| Government/Associations | Administrative organizations, constitutional institutions, local governments, and associations | Responses to public policies and institutions, joint projects |
| Media/Academia/ ESG agencies | Korean and international media, ESG associations, ESG regulators, technology forums | Brand recognition surveys, ESG communication activities, industry-academia R&D alliances |
| Local communities | Local governments, social and environmental organizations, NGOs | Social outreach partnerships |

Communication Channels



Materiality Assessment

The materiality assessment was conducted on 43 issues of business relevance and stakeholder impact, taking into account the specificity of the auto parts industry and our current business situation. The reporting principles of the GRI (Global Reporting Initiative) Guidelines - Stakeholder Inclusivity, Sustainability Context, Materiality, and Completeness - were considered and EcoVadis Sustainability Indicators were reviewed to identify key trends within the industry. We also listened to and collected opinions from stakeholders and experts to identify the characteris-

tics of the impact of each issue on the business. As a result of the materiality assessment, the importance of eco-friendly management such as GHG emissions was recognized, and it was confirmed that interest in such issues as sustainable supply chain, work-life balance for employees, and occupational safety and health has increased. Accordingly, we selected the creation of future value along with eco-friendly management and increasing stakeholder value as Strategic Focus Areas of this year's report and included them in the list of our major activities.

2021 Results of Materiality Assessment



Materiality Assessment Process

| Step 1. | Step 2. | Step 3. | Step 4. |
|--|---|--|---|
| Create a Pool of Topics | Prioritize Topics | Conduct Materiality Assessment | Identify Core Issues |
| Based on the level of stakeholder interest, as well as economic, environmental, and social impact on overall management activities, we created a pool of 43 potential topics through an analysis of international standards, industry benchmarking, media research, review of internal data, and interviews with persons in charge. | To prioritize the pool of potential topics, we conducted a survey of Hyundai Mobis stakeholders including customers, employees, suppliers, and local communities. Based on the results, we identified the level of sustainable management and its impact and performed a materiality evaluation based on the effect on business and the level of stakeholder interest. | Business impact - Review of internal information: Hyundai Mobis strategy, newsletters, various official letters, etc. - Industry benchmarking: Conducted on 18 companies with strong sustainability in the industry - Review of GRI Standards, DJSI, ISO 26000, UN SDGs Stakeholder interest - Reflect results of stakeholder surveys - Media research: 2,500 media articles were analyzed in 2020 | Issues of interest were identified from those classified as "high" based on economic, environmental, and social indicators defined in the GRI Standards, while material topics were selected in consideration of their significance, scope, impact, reporting period, and limitations. In addition, the boundaries of the issues were set based on the scope of organizational impact, results of due diligence on human rights, survey results, and the value chain. |

Impact on business

| | Stakeholders | | | Impact of Issues | | | | | | | |
|---|--------------|-----------|-----------|----------------------------|--------------------|------------|-----------------------|-------------------------|--------------------|-------------------|------------------|
| No. 2021 Core Issues | Customers | Employees | Suppliers | Shareholders/ Investors | Local Community | Government | Finance ¹⁾ | Operation ²⁾ | Risk ³⁾ | GRI Topic | Page |
| 1. Sustainable supply chain | | | • | • | | • | | • | | 414-1,2 | 32-33 |
| 2. Eco-friendly products and services | • | | | • | • | | • | • | | 301-2,3 | 23, 27-28 |
| 3. New growth engine and diversification of business | • | • | | • | | | • | | | 201-1 | 19-24 |
| 4. GHG emissions management | | | • | • | • | • | | • | • | 305- 1,2,3,4,5 | 54 |
| 5. Local community engagement and social contribution | | • | | | • | | | | • | 203-1 | 15, 65-67 |
| 6. Work-life balance | | • | | | | | | • | | 401-3 | 30, 59-62, 64 |
| 7. Occupational safety and health | | • | • | • | | • | | • | • | 403-1,2 | 31, 57-78 |

1) Finance: short-term impact directly or indirectly related to financial gain or loss

2) Operation: impact on business operation, activities, and process

3) Risk: impact on trust and reputation of stakeholders e.g. customers, local community

02 STRATEGIC FOCUS AREAS



Overview Sustain

Sustainable Impact St

Strategic Focus Areas

ok Appendix

Focus Area 1.

Creating Sustainable Value



Management Approach

BACKGROUND

The automotive industry is facing a major paradigm shift as we enter the Fourth Industrial Revolution. A hyper-connected society is becoming a reality, and we are facing a trend of self-driving based on digital technology and electrification. It requires proactive response to changes and presents the direction of innovation in mobility. As a result, it demands businesses enhance both R&D and risk management capabilities to take proactive actions.

RISK & OPPORTUNITY

As the lines between industries blur and the paradigm shifts, it is called out to bring innovation throughout the product development process. With the emergence of new technologies, we face new regulatory requirements and risk factors. Recognizing these changes and potential risks and responding to them proactively will create new opportunities for us. We can create sustainable value by developing products and services that take into account the needs of stakeholders based on advanced technologies.

PRINCIPLE & STRATEGY

Hyundai Mobis is committed to leveraging its technological expertise and making its products sustainable in pursuit of the highest level of customer satisfaction. By implementing quality innovation across the entire process from R&D to sales, we commit ourselves to provide quality products that satisfy our customers. In addition, we strive to foster experts in the hightech industry, based on our belief in the importance of specialist talents with professional capabilities.

| | | 2020 Performance | 2021 GOAL |
|---|------------------|----------------------------|----------------------------|
| - - - - - - - - - - - - - - - - - - - | R&D Cost | KRW 1.0122 trillion | KRW 1.0655 trillion |
| <u>(</u> | R&D Personnel | 5,387 people | 5,851 people |





1) PoC (proof of concept): a test used prior to acquisition of a new technology, which consists of proving the validity of a specific method or idea by achieving it.

Product Innovation Strategy

We are implementing detailed action plans under the vision of achieving the highest level of technological expertise and reaching a leadership position in future automotive technology by 2025. In order to focus on the development of future automotive technologies, we are transitioning into software-centric company while promoting open innovation and taking an active role in the global R&D network. Furthermore, by recruiting global talents, we are upgrading our R&D strategy and roadmap, as well as our overall system, with the aim of enhancing our R&D capabilities.



Development of Future Technology

Next-generation infotainment holographic AR-HUD technology

HUD is designed to help the driver to access road and driving information while focusing on the road ahead. Through equity investment and collaboration with Envisics, a leading holographic technology company, our automobiles will be able to provide optimized information for self-driving vehicles with wide screens, small package, and multiplane technology. We expect to see direct promotional effects thanks to a strong market position as it reduces the development cycle and the rights to work with companies that have a large customer base as a technology leader.



In-cabin passenger detection radar system

In the first quarter of 2020, Hyundai Mobis developed a radar-based rear passenger detection system. As there is a regulatory and market demand for passenger detection to prevent accidents involving children left in the rear seat, we plan to add such features as seat belt alert, passenger breathing, and heart rate monitoring to enhance safety and convenience.



Slim light source module (Anamorphic, MLA, MFL)

Hyundai Mobis is working on the research and development for slim light source modules to meet the demand for a compact headlamp system lineup. In addition to new module development, we are committed to maximizing customer satisfaction through R&D projects on existing modules that are already being mass-produced.



| Class | Height | eatures | Progress |
|--|-----------------|--------------------------------------|---------------------|
| G80 | 25mm | Aspheric lens | Mass-production |
| Vehicles to be developed after G80 | Maximum 25mm | Anamorphic MFL, MLA and others | Proposed for R&D |

* Anamorphic: atypical lens,

MLA: Multi Lens Array, MFL: Multi Facet Lens

Safety Control Module (SCM)

Hyundai Mobis successfully developed the world's first integrated active/passive sensor and protective system controller. The SCM (Safety Control Module) ensures optimal passenger protection by detecting collisions before and after an accident and controlling the point of deploying safety systems. We have achieved active sensor utilization and passenger behavior prediction through new algorithms, and improved rollover detection and forward collision detection through enhanced sensor performance.



Open Innovation

First Mover Strategy for next-generation infotainment technology

Hyundai Mobis plans to form a partnership with Envisics, a global AR HUD¹⁾ technology leader, through equity investment, and jointly develop an AR HUD optimized for autonomous driving. This allows us to develop an AR HUD optimized for autonomous driving level 3 or higher using deep learning-based digital holographic technology and introduce next-generation AR HUD technology that improves safety and convenience without distracting the driver's attention. Based on this technology, we are targeting the global market. The development of AR HUD is currently in the early stage of market formation, but it is considered a blue ocean sector in the infotainment field that is expected to grow over the next 10 years. It is part of our First Mover strategy that will lead the next-generation infotainment market by combining autonomous driving and connectivity based on the competitiveness of our products.

1) AR HUD (Augmented Reality Head Up Display): Next-generation safety and convenience system that matches driving information with the road in real-time and displays it on the windshield

M.START China, a promising technology start-up program in China

For the development of startups with promising new technology and initial PoC²⁾, MVC³⁾ held an automotive open innovation event in order to launch the Chinese version of M.START, an open innovation program, M.START China in March 2021 with Hyundai CRADLE, Tencent, and Shanghai Jiangjiang Hi-Tech Park. MVC co-hosted this event to secure our market position in China and find local startups that want to sign a PoC partnership with the company and identify the latest automotive technology trends. More than 50 local startups in the fields of Connectivity & Smart Cabin, Digital Marketing, New Energy, and Automated Valet Parking participated in this event. MVC plans to conduct initial technology PoC by the final selection of start-ups in the technology field in line with headguarters' strategy.

 PoC (Proof of Concept): used before the introduction of new technology to prove its validity through a specific way or idea
 MVC (Mobis Ventures China): Open innovation base of Hyundai Mobis China in Shenzhen, China

VC funds in North America

In the first half of 2020, Hyundai Mobis invested a total of USD 20 million in two VC funds established by the Silicon Valley venture capital, ACVC Partners and Motus Ventures, as part of its strategy to secure future car technology. The fund is a startup investment fund specializing in the automotive field, and is expected to create opportunities for collaboration through network expansion in the North American startup ecosystem and discover promising technology startups through investment. Going forward, we will continue to gain competitive advantages by raising VC funds and investing directly in equity.

In-house startup development program, "Startup Challenge"

"Startup Challenge" is a program designed to promote project development and support start-ups, to inspire the entrepreneurial spirit of our employees. It is expected to promote a culture of creativity and challenge based on the experience our employees accumulate by leading project development and create synergy by supporting startups. For example, there is an "App-based non-face-to-face vehicle mobility and management mobility platform (Bring Team)" as an in-house start-up. It is a vehicle movement and management service that is provided to the owner or non-face-to-face through a hardware product that is digitized using an existing smart key. Even though the service has not been officially launched, it coordinates with various platform partners such as driver hiring service, car wash, and insurance. Hyundai Mobis carries out the selection process every year to discover promising in-house startups and provide continuous financial and office support so that they can grow into businesses.



Quality Management throughout Data Science

Strengthening Global Quality Management System

Aiming to achieve customer safety through innovative products and a stable production process, Hyundai Mobis applies stringent quality assurance standards throughout our value chain. In 2002, starting with the first ISO/TS16949 certification in Korea for excellence in our automobile quality, we laid a solid foundation for achieving zero-defect quality based on streamlined processes. As of 2020, we acquired and renewed certification for 15 domestic and 23 overseas sites in line with the transition to the new IATF16949¹⁰ quality management system in 2016. In addition, to achieve the quality requirements in Europe, we implemented a global quality system for manufacturing automobile parts based on VDA 6.3^{20} , and conduct quality data analysis and pre-quality prevention activities using various AI technologies to keep pace with the recent digital transformation.

Pre-Quality Inspection Process for Product Unit

In response to the growing demand for eco-friendliness and quality assurance of new technologies and products including autonomous driving and connectivity, we reposition our design and new vehicle/mass-production quality organization under divisions. In doing so, we were able to stabilize our quality management process at the customized development stage for each model while conducting quality assurance from the customers' perspective and validating mass productivity. Aiming to improve safety, we are building a simulation virtual test system based on this scenario.

Data-based Quality Management System using AI

Appendix

We are working on the transition to a "data-based quality management system" through the convergence of data and AI technology. For optimized process management standards, MDPS³ product process data analysis using machine learning techniques and key factors were developed and applied to the production line in 2020, and it will be applied to 9 products in 2021. Furthermore, the development of field claim data⁴) classification and pre-detection algorithm and system construction are underway for the prediction and management of market quality problems. In the long term, we plan to build a foundation of the Smart Factory by establishing optimized models for design and development, mass production, the integrated connection of field quality data, and real-time process factor.



1) IATF16949 (International Automotive Task Force): a standard established in response to customer-specified requirements of the automotive industry based on ISO 9001 (Quality Management System)

2) VDA 6.3 (Verbund der Automobilindustrie): a standard for the minimum requirements for process audits in the German automotive industry during the parts development and mass production to ensure the quality in product life span

3) MDPS (Motor Driven Power Steering): electric steering system / 4) Field Claim Data: data collected from field technicians or sales managers

Focus Area 2.

Eco-friendly Management



Management Approach

BACKGROUND

With the rising importance of practicing enhanced low-carbon energy management, the emergence of a new climate regime under the Paris Climate Agreement assigns companies new roles and responsibilities in creating global environmental values, beyond the environmental impact we leave as we carry out our value-creating corporate activities.

RISK & OPPORTUNITY

Environmental damage caused in the entire process of distribution, production, and consumption of raw materials for auto parts is gaining attention as businesses' environmental responsibility increases. In particular, carbon emissions and energy consumption impact not only production costs but also financial performance, as they are targeted by regulations. Addressing these issues with a proactive response system can become an opportunity to prevent management risks and enhance our reputation as an eco-friendly company.

PRINCIPLE & STRATEGY

Hyundai Mobis practices detailed environmental management activities outlined by our strategic management for environment and energy. Having received ISO14001, ISO50001 certification for our Environmental and Energy Management System, we also participate in eco-friendly energy management certification such as CDP (Carbon Disclosure Project) while reducing energy corporate-wide by establishing GMEMS (Global Mobis Energy Management System).

| | 2020 Performance | 2021 GOAL |
|---|------------------|-----------|
| Domestic GHG emissions (Unit: tCO2eq) | 163,165 | 168,211 |
| Waste intensity (Unit: ton/ KRW 100 million) | 0.06 | 0.056 |

Environmental Management System

Mid- to Long-term Environmental Management Strategy

Hyundai Mobis recognizes the importance of reducing environmental impact and supports "Green Acceleration" to protect the earth and future generations by promoting eco-friendly practices throughout the value chain. We set three goals for the transition to eco-friendly practice - carbon neutral, environmental management of products, and resource circulation - and expanded our existing roadmap.

Environmental Management Direction



| Action tem | | | | |
|--|---|------------------------------------|--|--|
| Build a system in response to climate change | Conduct assessment throughout product life cycle | Introduce circular economy | | |
| Manage GHG emissions in supply chain | Enhance product hazard management process | Promote resource circulation | | |

Response to Risk of Climate Change

Response to Risk of Natural Disasters

With the increased risk of natural disasters such as typhoons, floods, heavy snow, and droughts caused by global warming, the risks of industrial accidents such as destruction of production facilities, fires, and explosions are also on the rise. These accidents may cause delayed or disruption of logistics which in turn can lead to decreased productivity and sales. To this end, we are taking a proactive approach by setting the key areas of risk management and adopting preventive measures to minimize impact and damage. In addition, we maintain close coordination between teams so we can mobilize company-wide resources to resolve emergencies that require collective cooperation to overcome.

Response to Regulations on GHG Emissions

In South Korea, businesses with average GHG emissions of 50,000 tons for 3 years consecutively are subject to regulations on vehicle fuel efficiency and GHG and energy target management systems, while those emitting 125,000 tons are subject to the GHG emissions trading scheme starting from 2015. Hyundai Mobis was designated as a target management company in July 2014 and has implemented reductions to meet the government's emission target quota since January 2016. As a major exporter of automotive parts, there is a risk from importing countries' strengthening regulatory requirements. This translates into higher costs for Hyundai Mobis. Under these circumstances, we take a proactive approach in responding to environmental regulations by introducing various technologies for reduction.

RE100 (Renewable Energy 100%)

As one of the ways to achieve carbon neutrality, we are committed to 100% renewable energy at our business sites. We analyzed the energy usage of individual business sites, including domestic and overseas production facilities, R&D labs, quality centers, and subsidiaries, and established a roadmap for the implementation of RE100 by reviewing regulatory requirements and social and environmental data. We set mid/long-term targets to achieve 65% by 2030 and 100% by 2040. To this end, we are working closely with related sectors. To further improve renewable energy efficiency, we are seeking ways to implement various programs in line with social and environmental conditions including self-solar power generation and use of green rates by country.

Joined K-EV100

Hyundai Mobis joined K-EV100, the Korean electric vehicle transition campaign where corporate-owned and leased vehicles are switched to EV or FCEV. Starting with the purchase of four additional pollution-free vehicles in 2021, we set 30% in 2025, 70% in 2028, and 100% in 2030 as the 3-stage mid/long-term targets. In order to promote the use of pollution-free vehicles, we plan to build charging stations in business sites. Three charging stations are scheduled to be built in 2021, and a roadmap has been established to install an infrastructure with 200 pollution-free chargers, including 12 fast chargers in the business sites by 2030. By joining the K-EV100 and implementing the roadmap, we will reduce the amount of carbon generated in our business sites and enhance our response to climate change and other environmental issues.

Response to Risk of Natural Disasters



Response to GHG Emission Regulations



Mid- to Long-term Roadmap



Eco-friendly Products

Development of Medium/Large-sized Hydrogen-powered Forklift

In 2020, Hyundai Mobis developed a hydrogen-powered forklift jointly with Hyundai Motor Company and Hyundai Construction Equipment. This hydrogen forklift is equipped with the "hydrogen fuel cell power pack" developed by Hyundai Mobis and boasts excellent performance with its short charging time and high continuous output compared to electric forklifts of the same class. Targeting commercialization by 2025, we schedule to start the first demonstration at the Hydrogen Free Regulatory Zone in 2021 and plan to expand it to the construction and industrial machinery sectors.



Eco-friendly Hydrogen-powered Forklift

In-Wheel Motor System

Development of Virtual Engine Sound System

Highlight.

More Than 1,000 Eco-friendly Patents and International Certifications

As of 2020, Hyundai Mobis acquired more than 2,100 intellectual property rights, of which there are about 1,000 patents and international certifications for eco-friendly management. We have also obtained a total of 150 international certifications, including ISO14001 (Environmental Management System), ISO45001 (Occupational Safety and Health), and IATF16949 (Automotive Quality Management Systems), and 778 designs, utility models, and patents related to eco-friendly mobility. In particular, we are committed to building an environmentally-friendly ecosystem by sharing our patents with our suppliers. Along with the establishment of the "Hazardous Chemicals Quality Analysis Office", an integrated management system has been implemented to conduct inspections throughout the entire process of product development and final production. Moving forward, we will continue to develop our expertise in eco-friendly products and technologies to acquire related patents and international certifications and to secure global competitive-ness as a leading eco-friendly manufacturer.

Development of In-Wheel Motor System to Lead Mobility Innovation

The future of mobility requires technologies to maximize indoor space and share vehicle body platforms to provide a variety of customized mobility (PBV: Purpose-Built Vehicle) solutions based on self-driving EV technology. After launching the preliminary development of the inwheel motor system*, we produced prototype samples in 2020. Going forward, we will focus on the durability and control of the system to ensure its safety.

Development of Eco-friendly Virtual Engine Sound

Based on our expertise in eco-friendly auto parts, we have developed the world's first virtual engine sound system using the electric vehicle grill cover. The AVAS (Acoustic Vehicle Alert Sound) is a speaker system that makes a sound outside the vehicle so that pedestrians can recognize when eco-friendly vehicles approach without making noise for safety. It also includes the turn signal and charging notification sounds and the efficiency and performance of the system have been greatly improved from the previous model. Going forward, we will develop engine sounds that have emotional appeal to consumers through collaboration with artists and strengthen our position in the market.

* In-wheel motor system: a next-generation electric vehicle drive system that integrates the drive motor inside the wheel

Eco-friendly Product Development Target

Hyundai Mobis has set the development of eco-friendly products as a key strategy for promoting eco-friendly operation and focuses our resources on technical innovation and mass production capabilities. We will continue to increase our R&D investments in the eco-friendly sectors such as electrification parts and develop products with global competitiveness to build mid- to longterm growth engines. Furthermore, we plan to maximize the positive impact of eco-friendly products, such as reducing carbon emissions through the supply of motorized parts, environmental practice based on strict control of hazardous substances, and recycling of resources throughout the value chain including manufacturing. In addition, we aim to achieve our three environmental management goals by minimizing the environmental impact of our products.

Eco-friendly Technology Development Strategies and Goals



Building Electrification Product Portfolio

Drive

System

Controller

As a result of focusing our resources on the development of electrification parts in response to the global trends, we have built a portfolio of core electrification parts such as drive systems, controllers, battery systems, and fuel cells. The fuel cells in particular are a key component of hydrogen-powered vehicles and currently under mass production based on advanced technology. Furthermore, we are in the process of developing core technologies such as in-wheel motors, drive modules, and fuel cells while enhancing our competitiveness in the eco-friendly sectors by diversifying our portfolio.

Battery

System

Fuel Cell

Promoting Eco-friendly Market Development

Hyundai Mobis is diversifying the source of revenue in the global market by supplying electrification parts. In South Korea, we have established a large mass production system, supplied parts for hybrid, battery, and hydrogen-powered vehicles, and plan to reduce costs using a dedicated platform. To global OEs in Europe and the Americas, we will expand the supply of our standard electric motorized parts to gain competitive edges in the global market.

Development of Core Technologies

In-wheel motor (direct drive)

Develop premium in-wheel systemsDevelop direct drive in-wheel systems



Drive module (integrated)

Test integrated reducer and motor
Test durability

SW (battery system SW)

 Develop the internalization of battery state estimation logic



 Developing highly active and durable fuel cells

 Developing low-cost structure design technology

1) MEA: Membrane Electrode Assembly

Strategic Focus Areas

Focus Area 3.

Increasing Stakeholder Value



Management Approach

BACKGROUND

Companies are facing more and more stakeholders, so it is essential to maintain active communication with various groups of stakeholders such as employees, customers, suppliers, shareholders, investors, and local communities for sustainable growth and competitiveness. With growing demand and expectation from stakeholders, companies' commitment to meet these is an important indicator for determining their sustainability.

RISK & OPPORTUNITY

Stakeholders make decisions based on the information provided by the company. Companies cannot earn trust from their stakeholders if they fail to disclose transparent and reliable information. On the other hand, if a company actively engages in stakeholder communication based on clear and reliable information and commits to enhance stakeholder values, the company and its stakeholders may achieve mutual and sustainable growth.

PRINCIPLE & STRATEGY

Hyundai Mobis recognizes the importance of creating values for its stakeholders in order to promote sustainable growth and is implementing policies to enhance the value of each stakeholder group including employees, customers, partners, shareholders, investors, and local communities. The Focus Areas are defined based on the major issues selected through annual surveys and materiality assessment to collect stakeholders' inputs and introduces activities to enhance value throughout the report, including the Factbook.

| | 2020 Performance | 2021 GOAL |
|--|------------------|-----------|
| Completion rate of on-site assessment as a result of self-assessment of suppliers <sustainability management risk assessment></sustainability | 100% | 100% |

Creating a Healthy Corporate Culture

Innovating Corporate Culture

With "Challenge and Collaboration" as our corporate culture identity, we set a mid- to long-term strategy to promote mutual respect and creativity and create a corporate culture that drives sustainable growth and innovation.

Creating an Environment for Corporate Culture Innovation

To create a corporate culture that takes into account changes in industry and business strategy, the composition of employees within the company, as well as the changes in perception, we are carrying out various initiatives and establishing core tasks based upon 'Work', 'People', and 'Company'. In 2019, we defined "Challenge and Cooperation" as our corporate culture identity through employee surveys and interviews, and implemented change management to internalize this new identity. Despite the restriction of face-to-face activities due to COVID-19 in 2020, online meetings with the CEO, active communication, and non-face-toface online concerts were held as part of the employee awareness program while creating and sharing excellent leadership videos.

Improve Corporate Culture by Organizational Culture Assessment

We conduct an annual 'Organizational Culture Assessment' which targets aspects of corporate culture which can be improved upon from the perspective of employees. This Assessment is largely composed of four areas, namely 'culture', 'leadership', 'effectiveness', and 'creative innovation'. Through this initiative, Hyundai Mobis can assess the organizational culture effectively and subsequently build and put into practice improvement measures. Culture Agents (CA) collect opinions by division which are then used to conduct customized improvement activities. In 2021, we are set to strengthen our management capability based on CA-centered corporate culture changes.

Improving Working Environment

Work-Life Balance

As part of our efforts to maintain a healthy work-life balance, we have reduced the working hours and introduced 2 weeks of "refresh" leaves at the workplace to improve productivity and provide our employees with opportunities to gain non-work-related experience.

| Jnit: % | 2018 | 2019 | 2020 |
|---|------|------|------|
| Positive Response in Employee Satisfaction Survey | 61 | 63 | 72 |

By introducing the PC-Off program and flexible work schedule management, we have been able to maximize productivity and enable employees to benefit from reduced work hours, while simultaneously building a foundation for responsible job performance.

Family-friendly program

We are implementing a family-friendly program for all employees. In addition to education, we are preventing the departure of outstanding human resources and improving work satisfaction and work efficiency through childcare centers, parking support for the pregnant, and encouraging childcare and maternity leave.

Employee Communications

Flat Communication

In order to integrate various inputs provided by our employees into our management practices, we regularly designate Culture Agents (CA) and organize Corporate Culture Committees. Through meetings with the CEO and CAs, as well as via interactions among divisions, positions, and generations, we pursue our commitment to promote flat communications. We have established D'talks anonymous bulletins to communicate with their colleagues. We also organize various seminars to encourage communication and cooperation between teams.

Employee Development and Motivation

Hyundai Mobis aims to achieve the highest level of performance through employee development and motivation which is built upon coaching and the feedback provided. To this end, we operate year-round performance management processes to encourage employee communication, and based on this, perform fair and reasonable performance evaluations.

Communication Channels for Labor Affairs

We comply with local labor relations laws in all countries where we do business and carry out our operations in conformance with laws related to the freedom of association and rights to form labor unions and collective bargaining agreements. Presently, our company has three labor unions which operate based on local conditions, the workplace environment, and the characteristics of work. In addition to negotiating with unions, we organize labor-management council meetings on a quarterly basis and conduct collective bargaining and joint labor-management seminars every year in order to strengthen communications between labor and management.

| Unit: % | 2018 | 2019 | 2020 |
|---|------|------|------|
| Percentage of Labor Union Membership | 51.1 | 52.5 | 54.7 |

* 100% of employees are subject to the agreement entered into with the Labor Union.

| Parental and maternity leave Status | | Unit | 2018 | 2019 | 2020 |
|--|--------------------------|--------|------|------|------|
| Parental and maternity | Female | Person | 43 | 125 | 80 |
| leave Status ¹⁾ | Male | Person | 21 | 39 | 42 |
| Percentage of employees retu parental/ maternity leave | urning to work after | % | 92 | 96 | 99 |
| Percentage of employees wor after returning to work ²⁾ | rking at least 12 months | % | 92 | 96 | 99 |

As of December 2020, the number of female and male employees subject to parental leave at domestic workplaces was 290 and 2,740, respectively.
 Number of employees working at least 12 months after returning to work as of December 2020: 80 (female), 41 (male) (1 resigned)

Performance Evaluations

2020

| | Reference (person) | Target (person) | Percentage (%) |
|---|--------------------|-----------------|----------------|
| KPI-based evaluation ¹⁾ | 10,244 | 10,244 | 100 |
| Multi-faceted evaluation ²⁾ | 10,244 | 10,244 | 100 |
| Compensation based on relative evaluation ³⁾ | 10,244 | 4,631 | 45.2 |

No directly linked compensation, although evaluations are linked to KPIs / 2) Multi-faceted evaluation expanded for all employees from 2019
 All employees are subject to relative evaluation, but a system of compensation linked to the evaluation results is followed for managers and upper-level officers (43%)

| Employee Compensation | Unit | Average basic salary for female employees | Average basic salary for male employees | Ratio of basic salary and com- pensation of men to women |
|---|------|---|---|---|
| Executive officers (basic salary) | KRW | | 293,226,667 | - |
| Managers (basic salary) | KRW | 57,946,215 | 72,605,458 | 79.8% |
| Executive officers (basic salary + cash incentives including bonus) | KRW | | 357,179,253 | - |
| Managers (basic salary + cash incentives including bonus) | KRW | 68,533,810 | 87,847,584 | 78.0% |
| Non-managers | KRW | 66,126,859 | 93,912,397 | 70.4% |

| | Unit | 2020 |
|---|-------|---------------|
| Total CEO Compensation (including retirement income) | KRW | 1,440,563,794 |
| Median annual compensation of all employees, excluding the CEO | KRW | 89,393,066 |
| Ratio of total annual CEO compensation compared to median employee compensation | Times | 16.11 |
| Mean annual compensation of all employees, excluding the CEO | KRW | 86,463,466 |
| Ratio of total annual CEO compensation compared to mean employee compensation | Times | 16.66 |

Safety and Health Management System

Safety and Health Strategy

In order to create a "safe and healthy" working environment, Hyundai Mobis established "safety first management policies" that places safety as the top priority in business management. With an aim to create safe workplaces and increase employee satisfaction, we have established plans to reduce serious natural and industrial disasters through the promotion of various policies.

2021 Areas of Focus



Improving Company-wide Safety Practice

We ensured organic and efficient safety work processes by reorganizing the Safety and Environment Team into the Safety and Environment Office and positioning Safety Support Team, Environmental Management Team, and Safety Diagnosis Team under the office. The Safety Support Team is responsible for establishing company-wide safety policies and managing indicators, operating safety training cultural programs and emergency response systems, and operating health management systems. The Safety Diagnosis Team prepares safety standards for enterprise facilities and equipment and conducts safety inspection of business establishments. The Environmental Management Team establishes company-wide environmental policies, manages environmental facilities, and manages overall environmental practices such as air/water quality, waste, and soil to support company-wide safety practices.

Occupational Safety and Health Committee

The "Occupational Safety and Health Committee" was organized to review and make decisions on occupational safety and health policies and thereby create a safer and healthier work environment. Held on a regular basis, the committee meetings comprise an equal number of representatives from labor and management respectively, who discuss major safety and health items such as prevention of industrial accidents, measuring work environment, and distribution of protective gears. The committee also carries out joint inspections of on-site risk factors and subsequently make improvements.

Safety and Environment Management System Certification

To raise the level of safety and environmental management, we have acquired ISO45001* certification to enhance the reliability of our safety and health management system.

* ISO45001:

International Organization for Standardization 45001

Supply Chain Management Strategy

Hyundai Mobis helps our suppliers gain a competitive advantage and manages risks via our supply chain management policies. Through evaluations conducted on a regular basis, we select our suppliers in a fair and transparent manner and customize the management process to enhance their overall competitiveness. In addition, when signing contracts with suppliers, we make sure that they minimize environmental pollution, use of hazardous substances, comply with environmental laws, and establish an eco-friendly management system in the entire process of design, production, packaging, and transportation. For supplied products, we check whether the requirements of hazardous substances such as heavy metals have been complied with.

Safety and Health Management in the Supply Chain

Establish and Operate Mutually Beneficial Cooperation System for Internal Suppliers

Hyundai Mobis plans and executes safety and health plans with its suppliers in order to strengthen the health and safety standards of suppliers and achieve win-win growth in regard to health and safety. We also conduct monthly workplace council meetings with suppliers to share related information and case studies, as well as to reflect their input in our practice. We provide support for enhancing our suppliers' self-capacity in managing safety and health in the workplace and attained ISO 45001 certification, in addition to operating the Safety Call Center which provides our suppliers with easy access to health and safety information and Q&A.

Safety Support for External Suppliers

Hyundai Mobis is committed to exerting continuous efforts to ensuring the safety of our suppliers' workplaces. We initiated this mutually beneficial activity based on the firm belief that the efficiency of production and supply is maximized when workplace safety is ensured for our suppliers and their employees. In 2020, we offered safety technical support to our 68 key suppliers and shared the results of this support, and provided safety guidelines to promote sustainable win-win cooperation programs.

Selection and Evaluation of Suppliers

Evaluation Target

Hyundai Mobis is presently engaged in series production contracts with 593 first-tier suppliers out of a total of 1,405 suppliers. Of these, we have identified 59 companies as "Core First-Tier Suppliers" based on the supply of major parts, business relation, and purchase volume¹⁾. We also categorize 58 companies as "Core Second- and Third-tier Suppliers" in recognition of their core technologies. When it comes to second and lower-tier suppliers, we deal with those that have the quality management system in place as required through MSQ (Mobis Supplier Quality) and SQ (Supplier Quality) certification systems. In addition, we use the supplier information management system to manage ISO certification information in terms of quality, safety, and environment.

1) Number of partners as of early 2021

Supply Chain Management Process

Awareness

| 2020 Top Purchases | 2020 Amount of Purchase | |
|---|-------------------------|--|
| 1. Mass production | KRW 15.6754 trillion | |
| 2. Aftermarket services | KRW 2.2725 trillion | |
| 3. Goods/Packaging | KRW 255.4 billion | |
| 4. Overseas subsidiaries KRW 12.8972 trillion | | |
| 5. Miscellaneous | KRW 482.7 billion | |

Action

Corrective measures

End of

business partnership

Guidance & Monitoring

| Purchase from Supply Chain* | | 2020 | Remarks | |
|-----------------------------|------------------------|----------------------|--|--|
| Domestic | Total no. of suppliers | 1,405 companies | 1st-tier parts suppliers directly working with headquarters (mass production, aftermarket service, goods, and packaging) | |
| | Total purchase amount | KRW 18.2033 trillion | 1st-tier parts suppliers directly working with headquarters (mass production, aftermarket service, goods, and packaging) | |
| | Other purchases | KRW 482.7 billion | Headquarters general, facilities, raw and subsidiary materials | |
| Overseas | Local suppliers | 584 companies | Suppliers working with overseas subsidiaries | |
| | Local purchase amount | KRW 12.8972 trillion | Purchase amount of overseas subsidiaries | |

*Domestic purchase: 59.2%, overseas local purchase: 40.8%



Supplier Selection Procedures and Areas of Evaluation

Hyundai Mobis selects suppliers with sustainable operations through a review meeting held every month or when there is a specific agenda. The review committee members consist of the head of the relevant department or those in higher ranks. All suppliers are informed of the Code of Conduct and are reviewed for compliance with ethics, environment, labor, human rights, safety, and health. New suppliers are screened using GCMS, and at this time, they are required to sign the ESG compliance pledge and Code of Conduct compliance pledge.

When it comes to signing contracts and business operations with 2nd and 3rd-tier suppliers, 1st-tier suppliers are required to analyze their compliance with the Code of Conduct and take necessary actions against any violations or risks. For new suppliers, prior to system registration, we conduct quality management system evaluation (including safety management) and check for any financial risks. In order for newly registered suppliers to receive orders, they need to meet our standards during the annual "supply chain ESG sustainability risk" pre-screening process, and the number of supply chain ESG analyses is steadily increasing. The existing suppliers are rated based on a comprehensive evaluation of quality, delivery, and technology. If there are any risks identified through self-analysis and on-site analysis of the "supply chain ESG sustainability risk", the suppliers are restricted from transactions. The overall evaluation score is reflected in the selection process, and incentives or penalties are given depending on the rating. Suppliers that are rated highly receive rewards while those with low ratings may be excluded from selection for new projects. Thanks to continuous quality improvement and efforts to develop new technologies and processes, the overall evaluation score is improving every year.

Supply Chain ESG Risk Check¹⁾

| Sustainability Risk Monitoring | 1st-ti Suppl | ier iers | 2nd or lov Suppli | w-tier ers | | High Risk | 2) | Low R | lisk |
|--|-----------------------|-------------------|----------------------|---------------|--|-------------|--------------|---------------|-------|
| Self-Analysis (no. of suppliers) | 310/353 | 88% | 97/100 | 97% | Result of Analysis (no. of suppliers) | 6 | 1.5% | 401 | 98.5% |
| Sustainability Risk Monitoring | 1st-tier Suppliers | 2nd or lo Supp | ow-tier liers | Total | | Corrections | Recor dat | nmen- ions | Total |
| On-site Analysis (no. of suppliers) | 3 | | 3 | 6 | On-site Analysis (no. of suppliers) | 2 | | 4 | 6 |
| | | | | | | | | | |

This is the result in 2020, and risk checks are conducted for all the 1st-tier suppliers that maintain a business relationship with us.
 Number of high-risk suppliers and reasons for classification as high-risk suppliers

- As a result of monitoring the sustainability risk of suppliers, 6 of them have been classified as high-risk suppliers and subject to on-site analysis. - If the suppliers fail to meet our requirement for the score of [Sustainability Risk Self-Analysis Sheet], they are classified as high-risk suppliers.

Supply Chain Sustainability Assessment Areas

| Classification | Remarks | Delivery | Technology | Win-Win | |
|-----------------|------------------------------|-------------------|----------------------------|--------------------|--|
| KPIs | Quality Management System | Shortage | Basic/Future Competency | Payment Terms | |
| | Defect Rate | Policy Compliance | Performance | | |
| ESG Perspective | Safety/Environment | | | Ethics | |
| | Risk Management | | Hazardous | Mutually | |
| | - | | Substances | Beneficial | |
| | | | Prohibition | Cooperation | |
| | Field Safety Managemer | nt | Environmental | Transparent | |
| | | | Management | Management Support | |

Corrective Measures Against Sustainability Risks

Case Study

No channels for reporting violations

Establishment and operation of an in-house anonymous reporting channel (no identification or disadvantages to the reporter)

Poor dissemination of the supplier code of conduct In-house dissemination training, management's

commitment to compliance, self-monitoring for compliance

Unclear technical data management standards and regulations

Management standards and regulations for each type

of technical data e.g. customer development data Improve (storage location, security plan, access rights, etc.)

No reflection of anti-discrimination rules in employment/personnel regulations

Prohibition of discrimination based on religion, country of origin, marital status, and political opinion when hiring

Regular inspections are in progress, but certain improvement measures are missing Risk factors found as a result of the inspection, separate records are kept and checked whether improvement measures are done

Conflict Minerals

Response to Conflict Minerals

In order to comply with the U.S. Dodd-Frank Action Section 1502 Regulation on conflict minerals, we demand that relevant suppliers establish a control system that meets OECD management standards and refrain from using minerals from conflict zones. To ensure this, the Hyundai Mobis Automotive Parts Sales Team and Purchasing Division conduct annual inspections on the status of global OE sales part and conflict minerals and classify the country of origin considering transaction status with certified smelters. When we find suppliers in the target supply network that receive raw or subsidiary materials from smelters that are not certified as conflict-mineral restricting companies, we promote and encourage certification to avoid the use of conflict minerals. We will maintain a conflict mineral response system that continues to promote and encourage certification of smelters along with the relevant supply network.

Conflict Minerals Due Diligence Process

Step.

 \mathbf{V}

2

Step

 \checkmark

Step 3

Target selection

Select inspection target
 Identify suppliers with conflict mineral risk

Inspection

 Issue written notification of due diligence and CMRT documentation request
 Document review and analysis

Improvement Management

 Request improvements by non-CFS certified smelters Monitor improvement progress (Submit supply chain report and improvement plan when necessary)

03 SUSTAINABLE MECHANISMS

.

* Missed call 🔿 1 hour ago News feed 🔿 2 hours ago

A/C

70.7*

35 Corporate Governance | 38 Compliance Risk Management | 41 Risk Management | 44 Information Protection

Appointed for his expertise in the implementation of responsible

management of Hyundai Mobis and Hyundai Motor Group, and

presenting a vision for autonomous driving, electrification, and

R&D and electrics fields with the capabilities to drive technical

innovation and competitiveness in new project development

extensive experiences and expertise in planning and finance

Appointed for his expertise in planning strategy for inorganic

industry and finance, who is expected to serve as a bridge

An expert in technology management and management

innovation strategy who can contribute to the company's new

An expert in future automotive management and technology,

who advises technological innovation of automotive parts to the

An expert with profound experience and keen insight in corporate

An expert who can present the company's strategic direction

based on extensive knowledge of production management and

between shareholders and the company.

An expert with extensive experience and insight in the automotive

Appointed as a CEO based on experience and expertise in

Expected Roles

Member of Independent Director Candidate Recommendation Expected to contribute to the vision of Hyundai Mobis based on

leading the future mobility market.

growth of Hyundai Mobis

R&D and innovation strategy

strategies to the company.

supply chain

Management Committee, and Independent Director Candidate finance and investment, who advises sustainable growth

— Corporate Governance

Board of Directors

Composition of the BOD

Name

(male)

(male)

(male)

(male)

(male)

(male)

Euisun Chuna

Sung Hwan Cho

Hyungkeun Bae

Youngsuk Ko

Young Chang

Dae Soo Kim

Jina Kang

Brian D. Jones

Karl-Thomas

Neumann

(male)

(female)

(male)

Classification

Executive

Directors

Independent

Directors

Date of

Appointment

Mar. 2002

Mar. 2021

Mar. 2019

Mar. 2021

Mar 2020

Mar. 2018

Mar. 2021

Mar 2019

Mar. 2019

3 vears

1 vear

3 vears

1 vear

3 years

3 years

3 years

3 years

3 vears

curement and Supply Management, Young CHANG

Roles within the BOD

Committee

Recommendation Committee

Member of the Independent Director Candidate

Committee and Compensation Committee

Chairperson of Audit Committee

Recommendation Committee

Recommendation Committee

Candidate Recommendation Committee

Committee and Compensation Committee

Member of Corporate Sustainability Management Committee

Member of Corporate Sustainability Management Committee

Member of Audit Committee and Independent Director

Chairperson of Corporate Sustainability Management

Member of Audit Committee, Corporate Sustainability

Member of Audit Committee, Corporate Sustainability

Member of Audit Committee, Corporate Sustainability

Management Committee, Independent Director Candidate

Recommendation Committee, and Compensation Committee company.

Chairperson of Independent Director Candidate

Management Committee, and Compensation Committee.

and Independent Director Candidate Recommendation

Composition & Indopendence of the POD

Expertise & Diversity of the BOD

The Articles of Incorporation and the Corporate Governance Charter - established in December 2019 - both stipulate independent directors should be professional in the fields of business administration, economy, law, or automobile technology. The goal of the policy that the independent directors have a wide range of professional backgrounds is to promote the soundness and stability of corporate governance. Hyundai Mobis actively considers diversity factors including gender, race or ethnicity, nationality, or origin to prevent any favoritism towards specific backgrounds and occupations. Dae Soo KIM (professor of Korea University Business School) is an expert in production logistics, who headed the Korean Production & Operation Management Society and Korea Association of Pro-

is an expert in accounting and finance who was the branch and research head of UBS Seoul, and Jina Kang (professor of Seoul National University College of Engineering) is an expert in technology management/management innovation strategy who is founding director of Korea Mobility Society and vice president of the Korean Society of Strategic Management. Brian D. JONES is a partner of Bankcap Partners, a US-based investment company and also an expert in finance, accounting, and investment. Karl-Thomas NEUMANN was CEO of OPEL, Continental, and VW China, and is an expert in future automobile management and technologies.

To support diversity not only in profession, knowledge, and experience but also in nationality within the board, two directors have American nationality (Dae Soo KIM and Brian D. JONES) and one has German nationality (Karl-Thomas NEUMANN), and Article 29 of the Articles of Incorporation was amended in March 2021 so that the board of directors does not solely consist of a specific gender.

Restrictions on the Appointment of Independent Directors

Hyundai Mobis places and complies with restrictions when appointing independent directors that are more stringent than the Commercial Act. This is to enhance the check on the BOD through independent directors with verified independence in decision making processes and form a healthy governance structure.

<Restrictions on the Appointment of Independent Directors>

 Current executive directors, executive officers, or employees of the company, or persons who served as executive directors, auditors, executive officers, or employees within the past 2 years

Career Highlights

Engineers

(Managing Director)

Supply Management

Seoul Office

Society

University

Mohis

Current) Chairman of Hyundai Motor Group

Current) CEO/President of Hyundai Mobis

Current) FMT Manager, Hyundai Mobis Former) IR Executive, Hyundai Mobis

Current) Young & Co CIO / CEO

Former) Head of Corporate Strategy Department

Current) CEO of Hyundai Motor Company, Hyundai Mobis

Current) Vice President of the Korean Society of Automotive

Current) Head of Finance Division (Vice President) of Hyundai

Current) Head of R&D Planning Department, Hyundai Mobis

Former) Branch Manager and Research Head of UBS Securities

Current) Professor of Business Administration, Korea University

Former) Chairman of Korea Association of Procurement and

Current) Professor of College of Engineering, Seoul National

Current) Partner and CEO of Bankcap Partners

Former) Bear Sterns Senior Managing Director

Current) Founder & CEO of KTN GmbH

Former) OPEL, Continental, VW China CEO

Current) Founding Director, Academic Society of Korea Mobility

Former) Vice President, Korean Society of Strategic Management

Former) Chairman of Korean Production & Operation Management

As of March 2021

- 2. Major shareholders, their spouses, children, or parents
- 3. If the major shareholder is a company, that company's directors, auditors, executive officers, or employees
- 4. Spouses, children or parents of directors, auditors, and executive officers
 - 5. Directors, auditors, executive directors, or employees of the parent companies or subsidiaries
- 6. Directors, auditors, executive directors, or employees of companies that have considerable interests in Hyundai Mobis
- 7. Directors, auditors, executive directors, or employees of companies where directors, auditors, executive directors, or employees of Hyundai Mobis serve as directors or executive directors
- 8. Company's advisors or consultants, senior management's advisors, and those who have affiliation with the company
- 9. Those who engage in personal business or have signed a service contract with the company or the company's senior management

----- Corporate Governance

Committees within the BOD

Corporate Sustainability Management Committee

On March 17, 2017, the Ethics Committee was expanded in terms of its roles and responsiveness into the Corporate Governance & Communication Committee, which was to maximize shareholders' value and protect their rights. The purpose of the expansion was to further incorporate the protection of the shareholders' rights as well as transparency in internal transactions and ethical management.

On February 18, 2021, the Corporate Governance & Communication Committee was expanded and reorganized into the Corporate Sustainability Management Committee to support the comprehensive management and improvement of ESG (Environmental, Social, Governance) and bolster the risk management systems related to occupational safety and health as well as serious disasters. We are also strengthening the transpar-ency of the board of directors and promote communication with stakeholders while seeking various policies and activities for the protection of shareholders' rights, ESG management, and safety and health environment in order to communicate our growth strategy with shareholders and pave the way to a sustainable future.

Major management decisions are reviewed and the appointment and activities of members in charge of protecting shareholders' rights and interests are reported. ESG activities and strategies are discussed by the committee and approved by the board. Additionally, the committee oversees the implementation of the voluntary fair trade compliance program, transactions between related parties, major policies related to ethical management and CSR, and the establishment/ amendment and implementation of the code of ethics. The committee consists of five independent directors and one executive director to ensure its independence. The Corporate Sustainability Management Committee included 1 internal director (CEO) as a member in addition to the existing 5 independent directors. This is to stress the importance of new areas of ESG and to secure more efficient support. In 2020, the committee meeting was held 10 times.

Independent Director Candidate Recommendation Committee

The Independent Director Candidate Recommendation Committee appoints independent director candidates, conduct fair and independent qualifications and background checks of each candidate based on related laws and bylaws, and make final recommendations to the BOD.

One of the five independent directors' seats is set aside for the one who is recommended by shareholders irrespective of their share ownership. In March 2020, a new independent director was appointed for the first time through the recommendation process. The approval process started with candidate recommendations by shareholders and the long list of candidates was then passed to a 3-member independent outside advisory panel – whose members do not have any special interest relations with the company – who checked the qualifications and backgrounds of each candidate to make a shortlist. The first shareholder-recommended independent director, Young Chang, was approved at the annual general meeting.

As of March 2021, there are 4 independent directors, including foreigners, and 3 executive directors. The majority of the committee consists of independent directors. We maintain the independence of the committee and ensure diversity in director candidates. In

March 2021, a female independent director candidate was recommended, and after approval of the board of directors and resolution at the annual general meeting, Jina Kang was appointed.

For the third-party assurance, an Independent Director Qualifications Form that shows the candidates' independence and legal qualifications was submitted to the Korea Exchange for independent verification. In 2020, there were three committee meetings.

Compensation Committee

The Compensation Committee is to set a proper compensation scheme to help the management including the BOD deliver better performance and thereby help the company grow further. To this end, the committee reviews agenda ranging from setting BOD members' compensation limits to be approved at the annual general meeting of shareholders, establishing and revising compensation schemes.

Two of the three committee members are independent. The reason there is one internal director within the committee is to set a proper compensation scheme for those responsible for the massive investments in the future technologies in the auto industry, which is well represented by MECA that stands for Mobility, Electrification, Connectivity, and Autonomous, despite the low profitability in a short term.

In the second half of 2020, the roles and responsibilities of the committee were clarified, and for more effective operation, we conducted benchmarking/ model consulting from outside firms and reported to the committee. In March 2021, one independent director was added to the committee to further promote its independence. Compensation Committee had three meetings in 2020.

Audit Committee

The Audit Committee is to promote independence by checking and supervising the fairness and transparency in accounting as well as the overall operation of the company. The committee is empowered to inspect the assets and operations of the company and is also entitled to make an official request to the BOD to make any business-related report to the committee. To secure the independence of the Audit Committee, all of the requirements related to the composition of the committee, prior professional backgrounds of committee members, etc. should be met. In particular, all of the committee members are independent directors including two experts in finance and accounting - Young Chang and Brian D. Jones. Seven committee meetings were held in 2020 to review and evaluate guarterly earnings, major plans, internal control, etc.


----- Corporate Governance

Evaluation and Compensation of the BOD

Performance Evaluation and Compensation

Hyundai Mobis plans to conduct regular evaluations on the board of directors from 2021. On the other hand, the compensation for registered directors (including independent directors) is determined at the general meeting of shareholders in accordance with Article 388 of the Commercial Act and the Articles of Incorporation, and is paid within the limit approved by the general meeting according to the rules established by the Compensation Committee as follows:

Stock Ownership of the Management

Hyundai Mobis issued common and preferred shares, each common share has one equal voting right.

<Summary of Regulations on Payment of **Compensations for Registered Directors>**

- The compensation for an internal director shall consist of annual salary, incentive based on business performance and severance pay.

- The service allowances of an independent director shall be all the compensation allocated to the independent director.

- The annual salary for an internal director shall consist of base pay and role pay, and shall be determined in overall consideration of the director's position, title, expertise, duties performed, and contributions to the Company. - The annual salary for an internal director shall consist of base pay and role pay, and shall be determined in overall consideration of the director's position, title, expertise, duties performed, and contributions to the Company. - The Company shall pay 100% of the relevant fixed amounts to the independent directors without any separate incentives linked to business performance.

Requirements of the Audit Committee Members

The committee members are recommended and approved based on Articles 415 and 542 of the Commercial Act to ensure fair trade.

Conformity

As of December 31, 2020 / Unit: KRW million

Total

5.765

546

Amount

Average per

Person

1.441

109

No. of

5

Directors

Risk Training for Independent Directors

Hyundai Mobis establishes an annual plan to develop the expertise and knowledge of risks, and conduct training for independent directors at least once a year.

As of March 2021

| Appointment Criteria | Conformity | Training Organization | Subject |
|--|-----------------------------|-----------------------|--|
| Composition of three directors or more | 5 directors | JP Morgan | Global and domestic economic forecast and key risks |
| Two-thirds of the members must | All independent directors | | (market, policy, etc.) |
| be independent directors | | Audit Committee Forum | Audit Committee regulations |
| One of the members must be an accounting or financial expert | Brian D. Jones, Young Chang | | and guidelines and key risks (government policies, management, lack of |
| Committee chair must be an | Young Chang | | supervision, etc.) |
| independent director | | JP Morgan | 2021 economic and foreign |
| Other disqualification requirements such as related | Not applicable | | exchange forecast and key risks (market, policy, etc.) |
| | | | |

| | | | | As of March 2021 |
|---------------|--------------------|------------------------------|----------------|---------------------|
| Name | Job Title | No. of Shares (Common Stock) | Percentage (%) | Base Pay Multiplier |
| Euisun Chung | CEO | 303,759 | 0.32 | 65.95 |
| Sung Hwan Cho | CEO | | 0.00 | 0.26 |
| Hyungkeun Bae | Executive Director | 460 | 0.00 | 0.26 |
| Youngsuk Ko | Executive Director | 1,000 | 0.00 | 0.87 |

| 95 | | | |
|----|--------------------|---|--|
| | Executive Director | 4 | |

Appointment Criteria

requirements such as related parties of the largest shareholder

BOD Compensation

Independent Director

* The base pay of CEO Sung Hwan Cho (unregistered executive in 2020) and Executive Director Youngsuk Ko is calculated based on the average pay of unregistered executives in the business report.

* The base pay is calculated based on the amount paid in 2020

2 — Compliance Risk Management

Compliance Management System

Recognizing compliance management as an integral part of sustainable growth, we have established a system to promote compliance and ethical management in our relationships with all our stakeholders including employees, customers, and suppliers.

Compliance Management Regulation System

We established a compliance management system with the focus on "Hyundai Mobis Code of Conduct", which promotes corporate ethics and compliance, and "Compliance Business Regulations", which are the top-level business rules for operating a compliance management system, and "Compliance Control Standards", the highest ground of our compliance management system. As a result, we have a compliance regulation system that includes policies-regulations-guidelines for each area of compliance. In 2020, global standards for external compliance and ESG were reflected with the revision of the supply chain policy, the "Code of Conduct for Hyundai Mobis Suppliers" and the establishment of "Hyundai Mobis Human Rights Policy".

Compliance Management Operation System

In order to support the "Tone at the Top" principles and promote awareness of compliance, we established the "Compliance Committee", the top decision-making body composed of management, to share the status of risk management and progress, review the results of compliance checks and improvement agendas. Furthermore, we appointed a compliance support manager and a dedicated organization in charge of compliance activities, implemented a risk management, standardized contract and internal control procedures, and prevented illegal and unethical issues. Additionally, major compliance activities, including ethics and compliance support programs, are reported to the board of directors and disclosed to the public through business reports. Moreover, we have introduced the "Compliance Partner" program to ensure that compliance activities for each key area of practice are carried out smoothly. A "CPO (Compliance Officer)" is also appointed at each overseas subsidiary so that they can support compliance activities in communication with the compliance organization at headquarters.

Improving Response to Laws and Regulations

To ensure strict compliance with local laws and regulations, we are strengthening our relevant response systems. We keep track of any regulatory changes and certifications and incorporate them into the policies governing Hyundai Mobis and its products. We have also established detailed strategies to reflect them into business processes and products while sharing any changes with relevant departments and incorporating them rapidly into our practice.

Compliance Risk Management

Based on the compliance management system, Hyundai Mobis implements a risk management system that involves the company as well as key stakeholders. Our approach to risk management encompasses all major areas of compliance. We operate the system to prevent risks in terms of corruption, safety, protection of personal information, and fair trade. In addition to the management areas that have been considered important in the past, we have introduced areas such as preventing abuse of authority, corporate brand management, and human rights that are growing in importance. To enhance the effectiveness of risk management, we will continuously strengthen our compliance activities including regular inspection, distribution of compliance guidelines and checklists, and operation of the management committee and councils in key areas.



Hyundai Mobis Code of Conduct / Compliance Control Standards

| Compliance program | | | | | |
|--|--|--|--|--|--|
| Prevention | М | onitoring | Follow-up | | |
| Identify regulatory trend Establish/reestablish codes Establish manual/guidelines Employee training and campaign Self-inspection | On-site mail Responses and current managemail Report and | onitoring s to issues nt condition ent d risk management | Analysis and evaluation of the result of responses to issues Establish improvement measures Check implementation progress | | |
| Management syst | tem | G | irievance Handling System | | |
| Contract management system Legal system Subsidiary trade fairness review process Supplier information request system Early warning system for information security Risk management system | | Fair trade of Cyber Aud Ethics star Report on Complaint (supplier sy Sexual hard | Fair trade counseling and report center (website) Cyber Audit Office (website) Ethics standards and the Center for Inquiries and Report on Improper Solicitation and Graft Act Complaints reporting center for suppliers (supplier system) Sexual harassment consultation center | | |

("Hello HR" system, Healing Center)

2 — Compliance Risk Management

Spreading the Culture of Compliance

Compliance Commitment Pledge

Hyundai Mobis shares with all employees its commitment toward ensuring compliance and ethical practice and creating a fair and transparent corporate culture. As part of these efforts, we encourage our employees to sign a Pledge of Compliance for fair trade. The pledge encompasses the area of fair trade, corruption-free conduct, information security, prohibition of conflict of interest, and privacy protection.

Compliance Letters

Hyundai Mobis issues "Compliance Letters" on a regular basis to raise awareness of compliance among employees and business partners and to practice compliance management. We are promoting compliance and preventing risks by sharing major domestic and international trends in laws and policies, and compliance issues through major platforms and e-mails.

Compliance Campaign Programs

Hyundai Mobis runs compliance campaigns for employees and stakeholders to promote a compliance management culture and raise awareness. Every year during major holidays, a campaign is organized, distributing compliance guides to employees and operating a gratification report center, and the company's compliance policy by sending a guide letter to stakeholders including suppliers and distributors for cooperation. In 2020, we implemented the "Code of Conduct Error Finding Campaign" to effectively convey the main content of the "Hyundai Mobis Code of Conduct" which is the highest level of code of conduct. We are also planning and running various campaigns to promote our compliance culture.

Compliance Training Programs

We conduct on/offline training sessions for employees, both new (when first joined) and current (once a year, including contract workers and dispatched workers), to promote employee awareness of compliance management and reduce risks in advance. The training covers areas such as ethical practice, corruption-free conduct, information security, prevention of sexual harassment, safety, enhanced awareness of legal risks, and more positive awareness of disabled persons inside the company. We adhere to compliance and ethical management in all our work processes by sharing detailed regulations, guidelines, and specialized training based on case studies. We also provide compliance training for overseas subsidiaries, suppliers, and agencies several times per year to affirm our commitment to compli-

2020 Compliance Training Performance

| | | Classification (2020) | No. of Employees |
|-----------|----------|--|---------------------|
| Employees | Basic | Compliance awareness and competency training in key areas (compliance management system (Code of Conduct), ethics, anti-corruption, human rights, information security, safety & environment, raising awareness of contract risk, sexual harassment in the workplace, awareness of the disabled in the company-7 modules) | 7,996 |
| | Advanced | Ethics/anti-corruption compliance training - office/ team-based in a single area (training) | 445 |
| | | Fair trade and subcontract compliance training | 1,148 |
| | | Information security compliance training | 669 |
| | | Tax and accounting compliance training | 5,108 |

| Suppliers | No. of Companies |
|---|------------------|
| Compliance awareness and competency training in key areas | 548 |
| Environmental regulatory compliance training | 340 |
| Tariff regulatory compliance training | 10 |

ance and ethical management, and to prevent corrupt practices throughout the value chain. Going forward, we plan to implement continuous enhancements in the training programs to internalize the awareness of compliance and the practice of ethical management.

Compliance Report and Counseling Channel

We have a counseling center for resolving ethical issues along with on/ offline grievance handling systems to which violations can be reported. Employees can report any issues regarding corruption and bribery to the Ethics and Anticorruption Report Counseling Center within the Employee Groupware for resolution. In order to handle matters related to fair trade, we operate the "Fair Trade Counseling/Report Center" on our

Article 13 (Operation of Internal Reporting Channel and Protection of Informants)

 The CEO may establish an internal reporting system that encourages direct reporting to the compliance officer, etc. regarding illegal or unfair business conducts of employees.

- The compliance officers may request the relevant departments to take necessary measures for the operation of various internal reporting/reporting channels related to compliance so that related channels can operate efficiently. When any new compliance risks arise, they can ask the company to install a new reporting channel in response.
- 3. The person who receives or handles the reports from whistleblowers must keep the personal information of the whistleblower and the details of the report confidential.
- 4. If it is necessary for compliance risk management, each compliance reporting/reporting channel operation department may share related matters with or request cooperation from a compliance officer as long as Paragraph 3 is not violated. The compliance support organization may request follow-up measures to prevent the repetition of compliance risks in response to reported cases.
- 5. The company is obliged to protect the whistleblower who has discovered and reported a violation of the internal compliance standards through confidentiality, job security, and reduction or exemption of liability. If the whistleblower reports any violations or irregularities involving the whistleblower, it may be taken as a mitigating factor, and whistleblowers shall not be subjected to any disadvantages in career advancement due to whistleblowing. However, the company shall take appropriate measures when the whistleblower or reporter requests personnel measures such as a transfer at work according to the wishes of the person concerned for fear of being disadvantaged in personnel affairs.

website. For issues related to harassment including sexual harassment, through the "Hello HR" system, we conduct investigations and handle the process, including measures to protect victims, while improving the organizational culture and training programs to prevent sexual harassment. We are also committed to preventing sexual harassment and creating a healthy corporate culture through the "Sexual Harassment Prevention Guidelines." We receive online reports on violations from external stakeholders, as well as employees, through the Cyber Audit Office, and take a proactive approach in our response. To operate the reporting and counseling channel, protect informants, and handle violations, Hyundai Mobis includes in "Hyundai Mobis Compliance Regulations" the following provisions.

Article 14 (Handling Violations)

1. When violations of the compliance control standards and this regulation are found, the compliance officer may notify the person in charge of the relevant department or report them to the CEO and request appropriate measures such as suspension, improvement, correction, and sanctions. If necessary, a comprehensive response plan can be prepared in consultation with relevant departments, etc., and this can be suggested to the CEO, etc. However, in case of an emergency, the compliance officer may, at his/her own discretion, take necessary measures, such as requesting the relevant employees to stop, improve, or correct the related acts before he or she proceeds with the above report or suggestion.

2. The company shall take appropriate disciplinary measures commensurate with the importance of any violations of the Compliance Control Standards and the current Regulations.

3. The compliance officer may request the HR Department and the Disciplinary Committee to take disciplinary actions corresponding to the degree of violations for the violators of the compliancerelated norms discovered through compliance control activities, etc. Relevant detailed procedures, etc. shall be in accordance with the Personnel Regulations and the Employment Rules.

4. The compliance officer may come up with a plan to prevent the repetition of the same or similar violations and suggest it to the Board of Directors, the CEO, or the Compliance Committee. When a plan to prevent repetition is finalized, the compliance officer shall notify the relevant departments and related departments and reflect it when improving related programs and policies.

2 — Compliance Risk Management

Response to Ethical Violations

At Hyundai Mobis, any acts of demanding or receiving monetary value from stakeholders are strictly prohibited. Stakeholders are all those who have a business interest in Hyundai Mobis, including employees, suppliers, and government agencies. Monetary value includes money, valuables, congratulatory and/or condolence money, entertainment, and the provision of convenience. Bribery is subject to severe disciplinary action, with no leniency permitted in this matter. Cases of violations of the Code of Ethics that are discovered through reporting and annual internal inspection are subject to disciplinary actions according to the HR Management Regulations, and disciplinary actions will be taken according to the procedures described in the Disciplinary Committee Regulations. Out of 43 reports,

2020 Ethical Management Counseling

| Classification | No. of Cases |
|--|--------------|
| Customer complaints on supply of parts | 22 |
| Employees | 8 |
| Suppliers | 6 |
| CS response | 7 |
| Total | 43 |

| Actions | No. of Cases | Violations of the Code of Ethics and the Code of Conduct | Measures Taken |
|----------------------------|-----------------|--|--|
| HR measures | 6 | 4 cases in conflict of interest 2 cases of failure to comply with the Business Regulations 0 cases of corruption 0 cases of discrimination and harassment | 4 dismissals (for conflict of interest) 1 severe penalty 1 minor penalty (for failure to comply with the Business Regulations) |
| Internal training, etc. | 33 | - | - |
| Others | 4 | - | - |
| Total | 43 | - | - |

* There have been no actions or lawsuits related to corruption in 2020

6 cases of violation including conflict of interest and failure to comply with the Business Regulations were discovered and measures were taken in 2021.

Fair Trade Compliance

Fair Trade Compliance System

Recognizing fair trade and competition as integral parts of sustainable growth, Hyundai Mobis is committed to creating an environment that promotes fair trade. To this end, we introduced the CP (Compliance Program), our in-house compliance system, in December 2002. The Compliance Manager who oversees the CP operations of Hyundai Mobis manages corporate-wide compliance with the Fair Trade Act and prevention of its violation with the authority and responsibility directly given by the CEO. To support their roles. Hyundai Mobis has set up a "Compliance Bureau" through which CP operations are managed; further, the expertise for CP activities is secured through the Legal Team. Additionally, we have established detailed action principles in the "Employee Code of Conduct" and "CP Operation Rules" to ensure full compliance by stakeholders with respect to fair trade.

Fair Trade Compliance Review

Hyundai Mobis carries out corporate-wide compliance review activities to prevent violations of fair trade laws and regulations in our daily trade. If there is a risk of violation or if a law or regulation is unclear, it is mandatory to conduct a preliminary review of the matter through the Legal Support System as part of our prevention measures. To make it easier for our employees to access information about fair trade, we operate counseling and report channels to which our employees can submit questions about fair trade. There are checklists distributed and publicly posted that can help employees monitor their own risk of violations. The Compliance Bureau conducts improvement activities in business processes in compliance with laws and regulations related to government policies. In particular, it engages in corporate-wide preventive activities as well as regular reviews and improvements of work processes. In response to changes in government policies and laws/regulations, the bureau also carries out risk analyses based on the Fair Trade Act and Subcontracting Act.

Fair Trade Compliance Training

Hyundai Mobis conducts employee training to raise awareness of the fair trade and reports the results to the BOD semiannually. In particular, we organize annual compliance training for employees working in areas related to the Fair Trade Act, and fair trade managers participate in external training programs to improve their expertise and keep track of relevant policies and laws. To raise overall awareness, the entry-level training program for fair trade is included in our training for new employees. In 2020, a total of 1,148 employees completed compliance training.

Fair Trade for Dealing with Suppliers

Every year, we sign a fair trade agreement with our suppliers to promote fair business transactions and support win-win growth. Specifically, internal regulations were established to ensure compliance with the Subcontracting Act (Four Actions for Subcontracting: Good Contract Management Regulations; Regulations for Supplier Registration and Operation Management; Establishment of Internal Review Committee & Operation Management Regulations; Regulations for Good Document Issuance and Retention Management). In 2020, we signed our 12th Fair Trade Agreement with 333 suppliers for transactions worth KRW 4.39 trillion. We also

Fair Trade Compliance System



encouraged our 1st and 2nd-tier suppliers to sign fair trade agreements, and as a result, agreements were formed between 173 1st-tier and 268 2nd-tier suppliers.

Unfair Trade Report Channel

With a trading system to manage areas such as contract bidding, we prevent unfair trade in advance. Further, we operate an anonymous reporting channel, and investigate unfair trade and make necessary improvements in a timely manner. We also prevent the recurrence of violations through continuous training in relevant areas.

2020 Fair Trade Compliance Training

| Measures Taken | No. of Participants |
|-----------------------------------|---------------------|
| Departments related to Fair Trade | 977 people |
| New employees | 171 people |
| Suppliers | 548 companies |

Fair Trade with Suppliers

| Classification | 10th | 11th | 12th |
|--------------------------------------|---------------------------|---------------------------|---------------------------|
| Period | Jan. 1 - Dec. 31, 2018 | Jan. 1 - Dec. 31, 2019 | Jan. 1 - Dec. 31, 2020 |
| Participants (no. of companies) | 339 | 343 | 333 |
| Purchase amount (KRW 100 million) | 51,072 | 50,586 | 43,902 |

* Refers to the total purchase from suppliers subject to the agreement in the relevant year

3 — Risk Management

Risk Management System

Hyundai Mobis operates a Corporate Risk Management Committee led by the Business Planning Team. The head of the Business Administration Support Division serves as the CRO (Chief Risk Officer). The committee is divided into 17 departments to develop expertise and ensure prompt responses. The head of each department is responsible for managing the risk of each division, while the CRO takes care of company-wide risk management. Business divisions and the Business Management Team immediately report identified risks to management through the Risk Management Committee. Additionally, through the compliance risk management process, they also monitor risk management activities and the appropriateness of the Risk Management Committee's responses, thereby overseeing the effectiveness of the overall risk management system.

Risk Management Council Operation

We hold monthly Risk Management Council meetings to identify risk factors and implement response strategies and action plans. The Management Strategy Meeting is organized by the CEO to share the results of the risk assessment of the internal and external business environment. In addition, council meetings are held by the head of the Business Administration Support Division together with the heads of the Planning/Management Departments. These meetings aim to share insights into potential risks and engender collaboration with relevant divisions when handling risks that cannot be resolved by one department alone. Meanwhile, the Risk Management Council consists of risk managers in each department to review the outcome of risk monitoring.

Managing Risk by Category

Economic and industrial environmental risks, such as changes in the market environment and geopolitical factors, are reported to management on a regular basis as they can affect overall business operations. Financial risk is classified into foreign exchange loss from foreign currency bond and debt, net cash flow, and debt ratio analysis for management. Social, environmental, and regulatory risks are also subject to strict management.



In this regard, we implement a variety of measures, such as improving compliance in fair trade and building a system to respond to global environmental regulations and climate change. We conduct preventive management for unpredictable risks, such as industrial and natural disasters, by designing scenarios for each case. This allows us to reduce their impact while maintaining close cooperation, so corporate-wide efforts can be made for recovery in an emergency situation.

Core Risk Management

Hyundai Mobis reviews the severity, probability of occurrence, and impact of individual risk factors through the Risk Management Council, and defines risks with a high level of importance as core risks identifying the key factors that must be managed and focused on. Core Risk factors are updated and revised annually to establish a prompt response system to changes in the global business environment and global environmental regulations. This enables us to strengthen our monitoring system for potential risks that may affect our business performance.

Core Risks

| Туре | Areas of Focus | Action Plans | |
|--|---|--|--|
| Pandemic Risks | Global COVID-19 outbreak | Monitor trends and prevent COVID-19 through emergency response TFT | |
| Deterioration of Business Environment | Impact from customs duties imposed by the US on all import automobiles | Company-wide response planning on business impact (in case risk escalates) - Build comprehensive contingency plan including operating manufacturing bases strategy to expand | |
| | Impact from additional tariffs on Chinese imports to the USA | | |
| | Regulatory impact from implementation of USMCA in the USA | localization, plan to recover losses | |
| Political, Economic | Exchange rate trends (revenue, cost, and benefit, FX loss, etc.) | Enhance monitoring of operations in high-risk countries | |
| Instability in Developing Countries | Sales trends and government policy for completed automobiles (automobile industry, labor, etc.) | | |
| Fluctuations in Financial Markets | Foreign exchange and interest rate risks | Monitor financial market and company's liquidity situation | |
| Increase in Raw Material Prices | Increase in production costs (material costs, transportation costs, manufacturing expenses) | Review manufacturing cost trends and plan to improve profit | |
| | Price fluctuation of raw materials such as the international oil price | | |
| Regulations on Safety and Environment | Regulatory trends in safety and health by country (EU Reach ¹), NCAP Assessment ²¹ , etc.) | Enhance material data management system in response regulatory demands | |
| | Ministry of Environment (Korea), regulation on harmful substances in products (Act on the Registration, Evaluation, etc., of Chemicals) | | |
| | Occurrence of mass recalls, diminishing quality ratings | Enhance monitoring of quality defect and its trends by | |
| | Increase in financial and environmental management risk per the strengthened domestic and international climate change and green regulations. | external organizations Analyze the cause of problems and establish measures to prevent recurrences Establish eco-friendly policies and prevent risks through ESG declaration (e.g. RE100) | |
| Compliance Risk | Compliance with relevant laws and regulations | Enhance monitoring, inspection, improvement, training, and campaign | |

1) REACH: Registration, Evaluation, Authorization, and Restriction of Chemicals / 2) NCAP: New Car Assessment Program

3 — Risk Management

Potential Risk Management

| Classification | Definition/Description of Risk | Potential Impact on Business | Response |
|-------------------------------------|--|---|--|
| Climate Change | Climate change caused by continuous rise in global average temperatures widely influences the lives of all humankind, including the auto parts industry. Physical risks including flooding, hurricanes, sea-level rise, heatwaves, and the transition risk to a low-carbon economy associated with the regulation, market, and awareness changes may occur as well. | Technological gaps with companies that are driving innovation due to climate change can lead to weakening business competitiveness and compromising corporate brand image Physical risks such as logistics disruption, raw material supply and quality degradation caused by intensified environmental instability due to extreme weather events may occur | Built an eco-friendly line such as a driving system, battery system etc. around Chungju's eco-friendly parts plants Secure original technologies and expand production bases for new eco-friendly parts in response to a growing demand for eco-friendly cars Increase the use of renewable energy in workplace to achieve RE100 and carbon neutrality |
| Transition of Industry Structure | The paradigm shift in the automotive industry is expected to change the end user's demand for mobility and the way they use it. We expect to see a transition from where users simply purchase and use cars produced as a means of transportation, to the mobility-based trend that provides customized services to the intended use and purpose of the end-user. Failure to respond to the transition process may expose us to its risks. | Purpose-based mobility (PBV) is expected to account for 25% of global automotive market demand by 2030. Need to secure R&D resources in response to changing mobility demands Develop expertise in manufacturing parts for future mobility platforms | Secure future mobility technology and increase investment e.g. developing in-wheel motor system prototypes Develop purpose-based mobility based on autonomous driving e.g. M. Vision S, M. Vision X S, and M. Vision POP Respond to the transition of industry structure by securing mid/long-term growth engines e.g. purpose-based mobility (PBV), urban aviation mobility (UAM), robotics, etc. |
| ICT / Network Infrastructure | As the importance of ICT (Information and Communication Technology) increases, it is becoming more important to manage risks related to system breakdown and security vulnerabilities in information asset management systems. If technological progress, such as data management solutions and security systems against unauthorized access, is not continuously made, the possibility of malfunctions and accidents related to information security may increase due to aging technology limitations. It may also cause negative effects on company-wide activities. | Increase in the importance of securing core technologies in the ICT sector to gain competitive edges in terms of software Negative impact on credibility and reputation if failed to secure stable software performance and customer information security e.g. hacking, unpredictable temperature/humidity | Organize software training in preparation for the future e.g. autonomous driving and connectivity (for research personnel at Yongin R&D Center) Develop research capabilities in global bases e.g. Vietnam, and secure more than 4,000 staff in software R&D by 2025 |

Case.

Risk Identification and Management Process - COVID-19



1. Initial response and crisis management
Contingency planning based on scenarios
Establishing employee protection policies
Short-term cash management
Short-term supply chain management

· Shut-down management

2. Stabilizing business operation

Stabilizing core projects
Reviewing/stabilizing suppliers/
partners
Supply chain/inventory management

management

· IT system expansion

· Sales protection and customer



3. Preparation for recovery and post-pandemic strategy • IT system upgrade

 Ramp Up planning based on scenarios
 Internalizing lesson learned from crisis
 Improving resilience
 Responding to new business environments

Tax Risk Management

Tax Policy

Compliance with tax laws and the fulfillment of tax obligations are part of our corporate responsibility towards customers and the national economy. Based on our profound understanding of domestic and overseas tax laws and regulations, Hyundai Mobis practices full compliance with local tax laws and regulations in all our business transactions. Furthermore, we promote fairness in taxation by submitting required information and meeting the requirements set by the tax authority of each country. In addition, we clearly define the roles and responsibilities of each manager in terms of tax reporting and payments. If clarification regarding tax laws is required, we consult external experts such as accounting firms etc. to come up with optimal solutions.

Fulfilling Overseas Tax Obligations

For international transactions with overseas subsidiaries, the company has established and implements a transfer pricing policy based on the arm's length principle, which complies with the South Korean tax laws and transfer pricing guidelines. Accordingly, the company prohibits the transfer of value created in low tax jurisdictions and the use of tax structures that do not have a business entity. In principle, offshore tax evasion using tax havens and tax evasion using international transactions are prohibited. We fulfill all our obligations for corporate tax and submissions of information required by local tax authorities with support from headquarters and follow the tax laws of the country in which we operate our business.

We identify risk factors related to our overall business operations through the analysis of changing social trends, as well as changes in the internal and external environment. We then implement a strategic response to turn potential risks into opportunities.

3 — Risk Management

Human Rights Risk Management

Human Rights Policies

Hyundai Mobis declared human rights policies to actively implement human rights management and prevent violations while reducing risks. In addition, we comply with international human rights and labor standards and guidelines including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the International Labor Organization Constitution, and the OECD Due Diligence Guidance for Responsible Business Conduct.

Scope of Application

All employees (executives, employees, and non-regular workers) of domestic and overseas production and sales companies, subsidiaries, and joint ventures are subject to our human rights policy. In addition, employees of Hyundai Mobis follow the human rights policy when dealing with suppliers and sales/service organizations, and further encourage all stakeholders in business relationships to respect this policy. If they conflict with local laws, the latter should be observed first, and our human rights policy can be revised to reflect the local laws and industry or establish other detailed policies. Unless there are special provisions such as the laws of the country or articles of incorporation, all employees of Hyundai Mobis should perform their duties in accordance with this human rights policy.

Human Rights Risk Management System

To protect the human rights of all employees and prevent associated risks, Hyundai Mobis established an internal system for the implementation of human rights management in accordance with the human rights policy while evaluating and dealing with the risks, and sharing the results with stakeholders regularly. The human rights management organization of Hyundai Mobis implements the human rights risk management system based on the principle of good faith, periodically reviews management procedures, and updates the management system by actively reflecting social changes.



Results of 2020 Human Rights Due Diligence

In 2020, Hyundai Mobis conducted due diligence on human rights and completed corrective measures for the findings. (Period: Jan. 1 - Dec. 31, 2020, Scope: Hyundai Mobis, subsidiaries subject to consolidation, and supply chain)

| Employees Classification | Labor ¹⁾ | Ethics ²⁾ | Safety, Health and Environment ³⁾ |
|-----------------------------|---------------------|----------------------|---|
| Total no. of cases | 10,244 | 60 | 24,102 |
| No. of abnormal cases | 0 | 1 | 97 |
| No. of corrected cases | 0 | 1 | 97 |

Working hours management (system), all domestic employees
 "Hello HR" (employee grievance reporting system) reports and actions

(Jan. - Dec. 2020), no reported discrimination cases

3) 29 special and regular inspection of safety and environmental standard system (Jan. - Dec. 2020)

Human Rights Due Diligence Process

Based on the Universal Declaration of Human Rights, the UN Guiding Principle on Business and Human Rights, and the OECD Due Diligence Guidance, Hyundai Mobis assesses potential human rights impacts in the entire business process. We consider forced labor, child labor, working hours, discrimination and harassment, freedom of association, safety and health, environment, etc. which are human rights issues that can affect stakeholders including Hyundai Mobis employees (including foreign workers), employees of consolidated subsidiaries and suppliers, and local communities.



Basic Principles of Human Rights Management

Anti-discrimination

No employees are discriminated against in terms of recruitment, employment, promotion, education, pay, and benefits based on their gender, race, ethnicity, nationality, religion, disability, age, family status, social status, and political opinion without justifiable reasons. We are committed to promoting diversity in our workplace. In addition, all forms of harassment and sexual misconduct are prohibited, and employees can report them using the grievance handling system ("Hello HR" system, Healing Center and Cyber Audit Office). Education is integrated into regular compliance training.

Compliance with working conditions

We comply with the regulatory requirements on working hours of each country in which we operate our business, and pay all employees a reasonable compensation for their work along with their pay stubs. In addition, to develop the competency of all employees and improve the quality of life, we provide sufficient educational opportunities and a healthy work environment for job performance.

Humane Treatment

We respect the privacy of all our employees and their personal information and do not engage in mental or physical coercion, abuse, or unreasonable treatment

Freedom of Association and Collective Bargaining

We respect local labor laws subject to our human rights policy and provide sufficient opportunities for communication.

Prohibition of Forced Labor and Child Labor

We do not force any employees to work against their will through assault, intimidation, or imprisonment, or by requiring identification cards or visas. Child labor is prohibited in principle, and their educational opportunities should not be limited by work.

Occupational Safety

We regularly inspect facilities, equipment, and tools at our workplace so that all employees can work in a safe working environment, and take necessary measures and follow-up to prevent physical and mental risks.

Human Rights of Local Community

All employees are required to take special care not to infringe on the human rights of local residents when performing work, and protect their right to health and safety and freedom of residence.

Human Rights of Customers

When offering products or services, our employees are required to place the life, health, and property of customers first, and do their best to protect their personal information collected through business operations.

4 — Information Protection

Protect National Core Technology

Hyundai Mobis possesses national core technologies for the future automotive industry. When the security of critical technology is breached or used improperly, it may gravely damage the company's competitiveness, as well as that of the country. To prevent this risk, Hyundai Mobis established a security management system in consideration of each component including core technology, assets, and human resources. We also comply with the Act on Prevention of Divulgence and Protection of Industrial Technology, which oversees the protection and management of national core technologies. In addition, we provide year-round training specialized in the protection of core technology for employees who deal with them. Furthermore, we undergo annual reviews from relevant regulatory authorities on the adequacy of the protection systems for these core technologies. In addition, we strive to safeguard national core technology by running close cooperative councils with relevant authorities and securing expertise. To establish the best security management system, we engage in various security initiatives including the introduction of the latest ICT, company-wide training, and sharing information with team security personnel.

Information Security Management System

Hyundai Mobis operates a security management system in accordance with relevant laws and regulations concerning information security (Act on Prevention of Divulgence and Protection of Industrial Technology, Unfair Competition Prevention and Trade Secret Protection Act, and Personal Information Protection Act). In particular, we apply a security system tailored to the needs of each workplace both domestically and abroad, based on which we carry out inspection, improvement, and progress management in the administrative, physical, and technical areas in our major domestic and oversea business sites. We also provide important security information, technology, on-site instructions and guidance to raise their security awareness and strengthen information security throughout the entire value chain.

Raising Security Awareness

At Hyundai Mobis, we engage in the following activities to raise the security awareness of our employees:

- The information protection day is held every month to check the physical work environment and security measures including "Clean Desk". We also distribute security training materials, including internal security regulations and daily practice rules, to ensure compliance with the security rules of each department.
- Strengthen security measures to prevent and deal with ransomware, leakage of critical information, and payment fraud using malicious codes by conducting simulated training for domestic and overseas employees.
 Encourage employees' engagement and raise security awareness by rewarding excellent security practices and organizing company-wide security campaigns.

Smart Security Environment

Hyundai Mobis established a next-generation security architecture with a focus on coordination and sharing and supports efficient business performance by applying security policies and improving the environment accordingly. Our next-generation security architecture is designed to ensure flexible responses to changes in external environments such as non-face-to-face work processes due to COVID-19.

Personal Information Protection

Hyundai Mobis ensures strict protection of the personal information of its customers and employees which we consider the most important part of the operation. To protect personal information, we have established the following management system:

Our employees comply with the principles of handling personal information to prevent security breaches and violation of privacy. Designate a Chief Personal Information Protection Officer
 Establish a manual for internal personal information management
 Year-round training and information protection pledge for major personal information handlers

 Inspect and improve measures for securing the safety of the personal information processing systems
 Comply with domestic and overseas personal information regulations (Personal Information Protection Act, Act on Promotion of Information and Communications Network Utilization and Information Protection, EU GDPR, Cyber security Law of the People's Republic of China, etc.)

Organizational Structure for the Management of Information Security



04 FACTBOOK

—— Economic & Business Performance

Economic Performance

1

Distribution of Economic Performance

The ultimate goal of Hyundai Mobis is not only to create sustainable revenue but also to share and promote values in coordination with all its stakeholders. To this end, we are committed to the fair distribution of the results of our economic performance to our various stakeholders including shareholders, customers, employees, and suppliers in the forms of shareholder dividends, social contribution, and payment of tax. In 2020, Hyundai Mobis created an economic value of KRW 36.6265 trillion, which the company shared with every stakeholder.

| Classification | | Unit | 2018 | 2019 | 2020 |
|-----------------|-----------------------------------|-----------------|---------|---------|---------|
| Suppliers | Purchase from suppliers | KRW 100 million | 311,425 | 333,020 | 315,832 |
| Employees | Wages | KRW million | 792,864 | 887,360 | 871,722 |
| | Retirement benefits | KRW million | 61,761 | 76,116 | 83,379 |
| | Employee benefits | KRW million | 161,558 | 168,413 | 182,322 |
| Government | Taxes and dues | KRW million | 586,677 | 919,983 | 591,130 |
| Local community | Expenses for social contributions | KRW million | 27,942 | 21,071 | 24,089 |
| Creditors | Expensing of interest expenses | KRW million | 63,662 | 75,005 | 54,543 |

| Shareholding Structure | As of De | ecember 31, 2020 |
|--|---------------------------------|-------------------|
| Classification | No. of shares (common stock) | Percentage (%) |
| Largest shareholders and person with special interest | 29,672,024 | 31.22 |
| National Pension Service | 11,201,108 | 11.78 |
| Treasury stocks | 2,532,600 | 2.66 |
| Other shareholders | 51,648,962 | 54.34 |
| Total | 95,054,694 | 100 |

Korea Corporate Governance Service (KCGS) ESG Evaluation

| Classification | 2018 | 2019 | 2020 |
|------------------------------|------|------|------|
| ESG Class | B+ | A | А |
| Environmental responsibility | Α | Α | B+ |
| Social responsibility | Α | A+ | A+ |
| Governance | В | B+ | Α |

R&D Investment

Major Financial Performance

| Classification | Unit | 2018 | 2019 | 2020 |
|---------------------------------|-------------|------------|------------|------------|
| Total assets | KRW million | 43,071,132 | 46,606,064 | 48,497,676 |
| Total liabilities | KRW million | 12,367,704 | 14,196,442 | 15,169,553 |
| Capital stock | KRW million | 30703,428 | 32,409,622 | 33,328,123 |
| Sales ¹⁾ | KRW million | 35,149,219 | 38,048,768 | 36,626,504 |
| Gross profit | KRW million | 4,567,004 | 5,229,169 | 4,704,238 |
| Operating profit | KRW million | 2,024,957 | 2,359,257 | 1,830,292 |
| Operating expense ²⁾ | KRW million | 33,124,262 | 35,689,511 | 34,796,212 |
| Profit before income taxes | KRW million | 2,474,883 | 3,214,294 | 2,117,980 |
| Corporate tax | KRW million | 586,677 | 919,983 | 591,130 |
| Net income | KRW million | 1,888,206 | 2,294,311 | 1,526,850 |

| Classification | Unit | 2018 | 2019 | 2020 |
|--|-------------|---------|---------|-----------|
| Total R&D expenses | KRW million | 835,006 | 965,360 | 1,012,183 |
| R&D personnel | persons | 4,126 | 4,987 | 5,38 |
| % of R&D personnel among all employees* | % | 12.8 | 15.6 | 15.4 |
| % of R&D expenses in regard to total sales | % | 2.4 | 2.5 | 3.0 |
| | | | | |

* All employees in domestic/overseas business sites

1) 2020 domestic sales KRW 18.092244 trillion and overseas sales KRW 18.53426 trillion

2) Cost of goods sold + general & administrative expenses

Special Page | Shareholder Value Maximization Strategy

Shareholder Value Maximization Strategy

Hyundai Mobis established a consistent and predictable policy to share its business outcome through active and organic communication with shareholders and investors. To this end, we changed dividends payout from an annual to quarterly basis in 2019 (not implemented in 2020 due to COVID-19), and are also implementing purchase and retirement of treasury stock as part of our mid/long-term shareholder return policy. In addition, we are implementing strategies to increase shareholder value, such as investment for the future technology to enhance corporate value and engage in activities to improve corporate governance. The current status and results of these activities are disclosed to all shareholders and other stakeholders.

Shareholder Return Policy

Hyundai Mobis is committed to maximizing shareholder value based on the mid/long-term shareholder return policy announced in 2019. We are implementing a consistent policy of distributing 20% to 40% of the free cash flow every year for a total shareholder return of KRW 2.6 trillion¹⁾ for three years, including the retirement of treasury stocks that have been implemented since 2019.

1) KRW 1.1 trillion of dividend, KRW 1 trillion of treasury stock purchase, and KRW 460 billion of retired treasury stock in total

Shareholder Return

| Classification | 2018 | 2019 | 2020 |
|------------------------------------|--|--|---|
| Dividend policy | 20% - 40% of FCF ¹⁾ | 20% - 40% of FCF | 20% - 40% of FCF |
| Amount of dividend | KRW 378.8 billion (KRW 4,000 per share) | KRW 375 billion (KRW 4,000 per share) | KRW 370.1 billion (KRW 4,000 per share) |
| Treasury Stocks | - | Purchased: KRW 322.5 billion / Retired: KRW 473.6 billion | Purchased: KRW 234.8 billion / Retired: KRW 62.5 billion |
| Amount of return ²⁾ | KRW 378.8 billion | KRW 697.5 billion | KRW 604.9 billion |
| Percentage of return ³⁾ | 21.1% | 30.4% | 39.6% |

1) Free Cash Flow

2) Sum of dividend and purchased treasury stock

3) Sum of dividend and purchased treasury stock is divided by net income

Increasing Future Corporate Value

Hyundai Mobis discloses its cash flow plans and maximizes shareholder value through the proactive and successful execution of plans. In particular, we invest in parts for electrification in line with the trend of the automobile industry and expand domestic and overseas electrification bases, including Ulsan and Daegu. Furthermore, we will continue to invest in promising industries and technologies to secure competitiveness. In 2020, to gain competitive advantages in the mobility sectors, we invested in Boston Dynamics, a robot developer, and acquired shares of the semiconductor division of Hyundai Autron to enhance business capabilities. Going forward, we will continue to invest in our competitiveness to improve corporate value and share performance with our shareholders and investors.

Strengthening Corporate Governance

Hyundai Mobis has engaged in various activities to strengthen its corporate governance by appointing foreign directors, organizing the Compensation Committee, and establishing the Corporate Governance Charter, etc. In 2020, we introduced the electronic voting system, appointed independent directors recommended by shareholders, and published a corporate governance report in English to promote communication not only for domestic shareholders and investors but also overseas as well. In addition, our progress was recognized as we were rated A as a result of the governance sector evaluation by the Korea Corporate Governance Service. In 2021, we will further improve our governance structure by reorganizing the Corporate Sustainability Management Committee (formerly Corporate Governance & Communication Committee) under the BOD to expand its roles, appointing female independent directors, and broadcasting the general meeting of shareholders to allow shareholders to participate online.

Corporate Governance Improvement Milestones

| Classification | Highlights |
|----------------|--|
| Feb. 2019 | Announced the shareholder value maximization strategy - announcement of dividend policy, interim dividend implementation, treasury stock purchase and retirement |
| Mar. 2019 | Appointed a foreign independent director |
| Dec. 2019 | Organized Compensation Committee |
| Dec. 2019 | Established Corporate Governance Charter |
| Feb. 2020 | Introduced electronic voting system |
| Mar. 2020 | Appointed independent director recommended by shareholders |
| Jun. 2020 | Published corporate governance report in English |
| Feb. 2021 | Reorganizing Corporate Sustainability Management Committee (formerly Corporate Governance & Communication Committee) - strengthen ESG and occupation safety and health |
| Mar. 2021 | Appointed a female independent director |
| Mar. 2021 | Broadcast the general meeting of shareholders |

Customers

Stable Supply of Aftermarket Service Parts (Aftermarket Service Parts Supply System)

As a supplier of aftermarket service parts for finished vehicles, Hyundai Mobis is committed to delivering parts in a faster and more accurate way. As of the end of 2020, there were more than 58.44 million vehicles produced by Hyundai Motors and Kia around the world. We supply more than 2.4 million parts for 193 models including those no longer produced. Under Korea's Framework Act on Consumers and Motor Vehicle Management Act, parts must be available for up to 8 years after the discontinuation of the model. Therefore, to ensure the timely and reliable supply of aftermarket service parts, we are enhancing the accuracy of demand prediction and improving the efficiency of our logistics systems using an AI-based, next-generation demand forecast and logistics standard system. In particular, we manage the warehouses and shipments of all items in real-time through our intelligent warehouse system using barcodes. We are also responsible for supplying aftermarket service parts for Hyundai Motors and Kia all over the world using a global parts supply network. Through rigorous testing and stringent quality control, we ensure that vehicles maintain the highest level of performance throughout their lifecycle. When problems are identified through self-inspection or customer reporting, we ensure customer safety as a top priority through immediate recalls. If the parts needed by a customer are not available at the location, we source parts from the nearest location via coordination between the customer service system (MINDS) and the parts operation system (SMART). Going forward, we will further advance our demand forecast system by taking advantage of actual demand and big data and provide the best possible service to our customers.

Domestic/Overseas Parts Sales Network

| Classification | | 2018 | 2019 | 2020 |
|----------------|---|-----------|---------|-----------|
| Domestic | Parts sales offices | 22 | 22 | 22 |
| | Logistics centers | 4 | 4 | 4 |
| | Service parts sales teams | 41 | 41 | 41 |
| | Agencies | 1,917 | 1,910 | 1,892 |
| Overseas | After sales parts subsidiaries and divisions | 15 | 15 | 15 |
| | PDC | 57 | 57 | 57 |
| | RDC | 2 | 2 | 2 |
| | Branches and offices | 2 | 2 | 2 |
| | Agencies | 472 | 494 | 470 |
| | Dealer (person) | 14,299 | 13,288 | 12,962 |
| Recall | Number of vehicles recalled in Korea and overseas | 1,609,723 | 547,024 | 1,549,892 |
| | | | | |

PDC: Parts Distribution Center RDC: Redistribution Center



Service Management for Customer Satisfaction

Support for Enhancement of Agency Competency

Hyundai Mobis recognizes our agencies and dealers as essential customers that purchase after-sales service parts and also as core partners in enhancing our customer service quality. Therefore, we provide various support and training programs to help them improve their operating environment and develop their management skills. Through competency enhancement support for agencies and dealers, we have built a virtuous cycle that creates greater value for our customers.

| Agency Training Program | ns | | | Unit: person |
|--------------------------------------|--|-------|-------|--------------|
| Classification | Program Description | 2018 | 2019 | 2020 |
| Business academy for agency CEOs | Agency CEOs leadership training to improve management skills (Staff coaching skills, Change management skills, etc.) | 281 | 269 | - |
| Fostering next-generation leaders | Leadership and job competency training to support for management succession | 91 | 78 | - |
| Online job training | Agency Staff Online training (changed in 2018) to enhance basic job capability of agencies | 1,319 | 1,136 | 647 |

* The agency group training was suspended in 2020 due to COVID-19 (Preparing to expand online training)

Agency Business Support Program

| Classification | Program Description | 2020 |
|--|--|-----------------|
| Win-win Fund support | Created the Win-Win Fund (KRW 20 billion) to provide low-interest loans for agencies planning to make large investments in environmental protection using borrowings from the financial sector | KRW 160 million |
| Management consultations for agencies | Dispatch Hyundai Mobis employees with management consultation qualifications to each agency for four weeks, and analyze the overall management problems of the agency, including organizational management, sales, marketing, inventory, and logistics, to implement improvements | 27 agencies |
| Support for environmental improvements | Provide part discounts in accordance with agency investment costs to improve the warehousing environment, targeting agencies with poor environments of storage (Implemented as of July 2019) | 19 agencies |
| Enhancing agency inventory | Support inventory cost-saving measures and distribution control enhancement programs for agencies by sharing the burden of the misuse of components that occurs during the process of storage and distribution | KRW 4.6 billion |
| Support agency operation system fee | Provide support for expenses incurred by the integrated agency operation system for efficient IT operation | KRW 970 million |
| Provide supplies to agencies | To supply quality customer service through a standardized shop environment, we provide items needed in operations including uniforms, signboards, wall images, and car stickers, among others. | KRW 190 million |
| | | |

Strengthening CS Competency

With customer satisfaction as a top priority, we are engaging in various CS competency enhancement programs. We organized training programs to improve the CS mindset of employees at wholesale/retail contact points and created VOC webtoons on the topics of good practice and complaints from customers to raise awareness. Every year, we conduct a customer satisfaction survey and assess service manual compliance to make necessary improvements. Going forward, we plan to create a customer-centered and customer-oriented corporate culture through various CS engagement programs based on the concept of awareness training and campaigns to improve the way service personnel speak.



| Classification | Training Details | No. of Trainees | Number of Training Sessions | Training Hours |
|---|---|--------------------|--------------------------------|-------------------|
| VOC response improvement training | Training in improving capacity to cope with out of stock and VOC for staff at touch points in wholesale | 100 | 4 | 5 |
| Leadership training | Leadership training in customer management for team leaders at touch points in retail | 41 | 3 | 3 |
| Training to strengthen work competency | Training in sharing VOC cases and improving the mindset of customer service for new employees to help them adjust to their jobs early | 20 | 1 | 3 |
| Customer service training for accounts receivable/clerical staff | Training to be familiar with Standardized customer response procedures and improve the attitude of serving customers | 75 | 3 | 8 |
| Customer service training for new employees at contact points in retail | Service manual and basic response training for new employees at customer contact points through regular training | 33 | 6 | 6 |
| Customer service response coaching clinic | Customized coaching based on the results of visiting customer contacts and checking staff's attitude in customer service | 51 | 7 | 37 |
| Training in customer service campaign implementation | Monthly customer service campaign to improve customer-oriented mindset at contact points in retail | 160 | 24 | 12 |
| Hyundai Mobis Parts Mall app usage training | Training on user manuals and agency response guides to improve the understanding of app usage by wholesale business employees | 160 | 4 | 4 |
| Training in how to use Parts Mall app and non-face-to-face payment system | Training on how to use the app for dealerships, payment systems, and general customer response manual | 340 | 4 | 4 |

* Hyundai Mobis Parts Mall APP: An application that supports the search for distribution networks where parts can be purchased by vehicle number and Vin number in order to improve the convenience of parts search for consumers and the convenience through sharing of missing product information.

Win-Win Management

Win-Win Growth System

Hyundai Mobis has established a win-win growth system to support its supply chain based on win-win development. Through the support systems for win-win growth with the focus on financial support, cash payment, R&D partnership, and training support, we are implementing win-win growth programs with suppliers.



Win-Win Growth Strategy

Based on mutually beneficial cooperation, we set our strategy with a focus on creating such a culture by strengthening global competitiveness, building a foundation for sustainable growth, communication, and consensus. To this end, we have implemented a system to support our suppliers with financing assistance, competency development, and increased communication. In addition, we assist our suppliers to pursue sustainable management through detailed action plans called the "Seven Beautiful Promises".

R&D Cooperation for Strengthening Sustainability of SMEs

Securing a technological edge is essential to achieving corporate growth. To strengthen the R&D competencies of our suppliers, we share our patented technologies with suppliers and facilitate their technological development. Furthermore, we also provide our suppliers with access to the authorized test facilities to help them save test expenses and offer financial support for test equipment, calibration and certification costs in order to promote the development of parts and components. With the guest engineering system, we provide research spaces and facilities for free and contribute to the improvement of technical expertise through joint technology development and patent applications.

| Program | Description | Performance in 2020 | |
|---|---|---|--|
| Freely share and transfer | · Provide access to our latest patented technologies | Shared pool of patents: 294 patents | |
| intellectual property rights | Transfer patents to suppliers free of charge | Patent transfer: 3 | |
| Provide support for the development of new product/ | Provide financial support for R&D projects to enable independent development | Support for new product/technology development Amount: KRW 39.07 billion / No. of cases: 197 | |
| technology | Support localization for lower reliance on imported parts and improved technological competency | | |
| Provide support for testing equipment | Provide access to the Shanghai Test Center in China and to the electromagnetic darkroom at the Center | Financial support for testing at the Shanghai Test Center Amount: KRW 243 million / No. of cases: 1,992 | |
| | Support for supplier's testing equipment calibration, purchase, test, and certification | Test analysis support: KRW 60.92 million / 117 cases | |
| Guest Engineering | Provide space and facilities for free for joint part design and R&D with business partners. | Free space and facility rental: KRW 143 million / 239 cases | |
| Facilitate joint patent application | Apply for patent registration through joint technology development | No. of joint patent applications: 93 patents | |
| Provide financial support for | Provide financial support for joint patent applications | Support provided: KRW 14 million/ | |
| patent applications | Provide financial support for joint patent application/ registration of technology developed by suppliers | No. of cases: 28 | |

Support for Improving Training Performance and Productivity

We share the latest technological information, quality improvement plans, and legal and regulatory trends with our suppliers and provide training for suppliers' employees. Furthermore, we provide training required for positions in practice, quality, and technology to help our suppliers improve their quality with their enhanced competency.

| Program | Description | Performance in 2020 | |
|--|--|---|--|
| Technical training with on-site quality volunteer groups | Provide consultation on quality improvement at the supplier's site | Instructors: 46 companies | |
| Management consultation for supplier support groups | Provide consultations on improving overall management competency in areas such as strategy, finance, marketing, and organization | Instructors: 93 companies | |
| Technology and Quality Training Academy | Provide technology and quality training for 1st and 2nd tier suppliers | Participants: 1,045 people (853 companies) | |

Supplier Support Fund

1

Hyundai Mobis has established various financial support systems and payment terms to help our suppliers maintain a healthy financial position and liquidity. In particular, we take account of the financial pressure on small- and medium-size suppliers in relation to the development of new moldings which typically require large-scale investment. To provide relief regarding this issue, we cover the full hourly costs before mass production to improve supplier cash flow.

Support Program for 2nd- & 3rd-Tier Suppliers

We support the improvement of our suppliers' competencies by enhancing the quality of high-performing suppliers and sharing process improvement know-how, thereby expanding the scope of win-win partnership with 2nd- and 3rd-tier suppliers in these programs.

| Classification | Program De | scription | | | | | |
|----------------------------------|-------------------------------|--|-----------------|-------|-------|-------|--|
| Win-Win growth fund | Deposited Kl | Deposited KRW 3 billion to raise a dedicated fund for low-interest loans for 2nd-tier suppliers | | | | | |
| Support smart plant construction | Productivity finished proc | Productivity improvement support e.g. production automation for 1st/2nd-tier suppliers, establish initial/mid/ finished products inspection equipment, ERP etc. | | | | | |
| Classification | | | Unit | 2018 | 2019 | 2020 | |
| Direct support | Molding cos | ts | KRW 100 million | 372 | 528.5 | 1,132 | |
| Mixed support | Loans | Raised ¹⁾ | KRW 100 million | 1,142 | 1,717 | 2,037 | |
| | | Supported ²⁾ | KRW 100 million | 598 | 975 | 1,654 | |
| Special support | Contribution | 1 | KRW 100 million | 33 | 67.9 | 88 | |

* Based on average balance before adjustment

Raised: the amount that suppliers can loan from a pool of funds that Hyundai Mobis deposited in a bank for supplier loan purposes.
 Supported: the actual amount of loan drawn by suppliers from the fund

| Fiografii | |
|------------------------------|---|
| Financial support program | Provide various modes of financial support, e.g. full hourly cover for molding cost of SMEs, mutual cooperation loans, win-win growth funds, and future growth funds (exclusively for 2nd-tier suppliers) Establish a win-win growth fund and operate a support guarantee program to provide low-interest loans for 1st-and 2nd-tier suppliers |
| Improved payment terms | Increase cash payments and operate a win-win payment system to support the cash flows of 2nd-and 3rd-tier suppliers Making cash payments in full for small- and medium-sized companies with less than KRW 500 billion in sales since 2016 |

Description

Enhancing Communication with Suppliers

In order to collect on-site feedback and diversify grievance resolution routes for our suppliers, Hyundai Mobis operates diverse communication channels including a cooperation committee, committees by industry, and anonymous online communication channels. In addition, we regularly visit our suppliers to identify their needs and reflect their input into our business practices.

2020 Program Plans

| Program | Description |
|--|--|
| Executive meetings with 2nd-tier suppliers | Promote understanding of the various supplier support programs and operate executive meetings in order to resolve grievances between 1st- and 2nd-tier suppliers (3 areas) |
| Regular general cooperation committee meetings and executive board | Organize policy presentations and seminars for sharing the performance analysis of cooperation committees in 2020 and plans for 2021 Keep track of performance and progress and seek ways to develop cooperation committees |
| Operate industrial committees | • Operate industry-based committees every year to share industrial, technological, and mutual growth trends in the automotive industry. |
| Incentive programs for outstanding suppliers | Provide incentives annually for suppliers with outstanding performance |
| Anonymous online grievance report center for suppliers | • Operate the Shinmungo (Anonymous whistleblower system) to handle grievances and complaints and reflect suggestions by suppliers and their employees in regard to policy improvement |

Sharing Performance and Promoting Consensus

| Program | Description |
|---|--|
| Introduce and operate a win-win payment system | Operate a payment system that allows prompt monetization at low risk with discount loans for goods for 2nd- and 3rd-tier suppliers using the Hyundai Mobis credit rating |
| Support the development of domestic and overseas sales channels | Installation and operation of joint booths and full support of expenses including accommodation to promote participation by SME suppliers at international automobile parts exhibitions in five countries. |
| Operate a performance sharing system | Endorse performance sharing contracts in order to distribute the outcomes, which are generated through joint development with suppliers, joint cost reduction, and productivity improvement |
| Support HR recruitment | Hold a Hyundai Mobis Supplier Job Fair and operate the online supplier recruitment center, "iONE-JOB" |

Performance of the Win-Win Payment System

| Classification | Unit | 2018 | 2019 | 2020 |
|---|-----------------|--------|--------|--------|
| Mobis > 1st-tier suppliers | KRW 100 million | 43,879 | 48,121 | 48,952 |
| 1st-tier suppliers > 2nd-tier suppliers | KRW 100 million | 617 | 1,022 | 1,073 |

Creating Jobs in Supply Chain

In order to secure talents and support employment, we organize a joint job fair with the Hyundai Motor Group every year. Since 2019, we have been operating an online supplier job center on the iONE-JOB website with IBK to resolve manpower shortages of SMEs and provide job opportunities for youths.

Promoting Win-Win Management

For 1st-tier suppliers who have signed a fair trade agreement, we provide 2nd-tier supplier support programs as well as consulting services related to fair trade practices. As a result, 1st-tier suppliers can expand their win-win management strategies to 2nd-tier suppliers, thus creating a sustainable ecosystem in the supply chain.

Win-Win Management Program

| Overseas Business Support | Improving Productivity | Cost Saving | | |
|---|---|--|--|--|
| Joint Hyundai Motor Group Partners Booth was built and operated to support participation to provide overseas business opportunities e.g., invitation of overseas buyers, accommodation expenses | Help small- and medium-sized suppliers with poor technical expertise improve their productivity through specialized technical guidance | Provide support for cost-reduction programs r such as testing and analysis of parts manufactured by suppliers targeting Chinese markets | | |
| | | Provide inventory information to our suppliers and distribute the savings in inventory management costs to our suppliers for cost reduction | | |
| (2020) | (2020) | (2020) | | |
| Overseas buyer export contract and transaction - KRW 41.1 billion | Cost reduced - KRW 15.65 billion | Cost reduced - KRW 240 million | | |

Environmental & Safety Performance 2

Environmental Training and Certification

Raising Environmental Awareness through Training

To pursue a proactive approach in our response to changing environmental issues, we provide on/offline training programs for personnel working in the environmental sector; this training covers areas such as water quality, air, waste, GHG emissions, and chemicals. We also keep track of changes in regulatory requirements every month which is then shared with managers and form in-depth discussions and bonds through safety and environment workshops which hands-on managers semi-annually participate in. To the end, we are preparing ourselves to be able to respond proactively to tightened environmental regulations. In addition, we conduct periodic corporation-wide inspections on emissions concentration levels and provide on-the-job and online training programs for sites close to 50% of legal emissions limits. Through these efforts, there were no violations of environmental laws and regulations in 2020.

| Classificat | ion | Target | ISO45001 certified | Percentage | ISO14001 certified | Percentage |
|-------------|---|--------|--------------------|------------|--------------------|------------|
| Domestic | Production plants | 2 | 2 | 100% | 2 | 100% |
| | Production bases | 17 | 17 | 100% | 17 | 100% |
| | Parts business sites (incl. logistics centers) | 29 | 29 | 100% | 29 | 100% |
| Overseas | Production companies | 19 | 15 | 79% | 15 | 79% |
| Total | | 67 | 63 | 94% | 63 | 94% |

Certified Environmental Management System

As of December 2020, our 48 domestic sites and 15 overseas production subsidiaries established an environmental management system with ISO 14001 certification. By conducting annual reviews for certification, we regularly check the progress of our environmental management and make necessary improvements.

Safety & Environmental Management System Certifications

| Classification | | | ISO 45001 | ISO 14001 |
|----------------|---------------------|-------------|-----------|-----------|
| Domestic | Jincheon | | 0 | 0 |
| | Changwon | | 0 | 0 |
| | Ulsan | | 0 | 0 |
| | Asan | | 0 | 0 |
| | Gwangju | | 0 | 0 |
| | Ewha | | 0 | 0 |
| | Anyang | | 0 | 0 |
| | Seosan | | 0 | 0 |
| | Gimcheon | | 0 | 0 |
| | Poseung | | 0 | 0 |
| | Cheonan IP | | 0 | 0 |
| | Cheonan EBS | | 0 | 0 |
| | Chungju | | 0 | 0 |
| | Service (29 sites)* | | 0 | 0 |
| Overseas | China | MBJ | 0 | 0 |
| | | MJS | 0 | 0 |
| | | MWX | 0 | 0 |
| | | MTJ | 0 | 0 |
| | | MCQ | 0 | 0 |
| | | MCJ | | |
| | USA | MAL | 0 | 0 |
| | | MAL-GA | 0 | 0 |
| | | MNA-MI | | |
| | | MNA-OH | | 0 |
| | Brazil | MBR | 0 | 0 |
| | Mexico | MMX | 0 | 0 |
| | Europe | MSK | 0 | |
| | | MCZ modules | 0 | 0 |
| | | MCZ lamps | 0 | 0 |
| | | MRU | 0 | 0 |
| | India | MIN | 0 | 0 |
| | | MIA | | |
| | Turkey | MTR | 0 | 0 |
| | | | | |

* Service ① Service BU (1 site) - HQ

(2) Logistics center (5 sites): Gyeongju Logistics Center, Naengcheon Logistics Center, Asan Logistics Center, Ulsan Export and Logistics Center 1, Ulsan Export and Logistics Center 2 & 3

③ Parts Sales Offices (23 sites): Northern District, Western District, Gangwon, Gangneung, Chuncheon, Eastern District, Incheon, Southern District, Chungcheong, Seosan, Jeonbuk, Jeonnam, Suncheon, Mokpo, Jeju, Busan, Gyeongbuk, Andong, Gimcheon, Pohang, Gyeongnam, Jinju Sales Office, Cheonan Reserve Warehouse

------ Environmental & Safety Performance

Response to climate change

Energy Management

In line with global environmental and energy policies, Hyundai Mobis is committed to improving the efficiency of our energy systems as part of our sustainable energy management initiatives. With a GMEMS (Global Mobis Energy Management System) installed in 21 workplaces in Korea and abroad, we monitor, compare, and analyze the company-wide energy usage to achieve efficient energy management. In 2020, we are developing intelligent control systems, including one which automatically sends an e-mail or text message to managers when standby power is generated (in emergencies). In addition, we installed an air conditioning inverter at the Seosan Proving Ground and got a high-efficiency compressor at Ulsan Export Logistics as part of our efforts to strengthen energy efficiency.

Energy Consumption

| Region | (In) Material Consumption / (Out) Emission | Unit | 2018 | 2019 | 2020 |
|----------|--|--------------------|-------|-------|-------|
| Total | Domestic/overseas Consumption | TJ | 7,608 | 7,652 | 7,238 |
| | Domestic/overseas Energy Intensity | TJ/KRW 100 million | 0.022 | 0.020 | 0.020 |
| | Domestic Energy Consumption | ŢJ | 3,100 | 3,163 | 3,308 |
| | Overseas Energy Consumption | IJ | 4,508 | 4,489 | 3,930 |
| | Domestic/overseas renewable energy consumption | IJ | 135 | 136 | 59 |
| Domestic | Electricity | TJ | 2,804 | 2,863 | 2,933 |
| Overseas | Electricity | | 3,873 | 3,791 | 3,354 |
| Domestic | Fuel (city gas, propane, other oil) | LT LT | 296 | 300 | 375 |
| Overseas | Fuel | LT | 603 | 664 | 546 |
| Overseas | Others (steam) | | 32 | 34 | 30 |

GHG Emissions Reduction

Hyundai Mobis continues its dedication to the reduction of GHG emissions, which are a major cause of climate change. Since the implementation of the Mobis Greenhouse Gas Management System (MGMS) in 2011, we have estimated the company's GHG emissions, analyzed the statistics, and have continued to build a database through regular updates. We have also participated in the Carbon Disclosure Project (CDP) to offer transparent disclosure of our GHG emissions management performance to our stakeholders. Furthermore, we are proactively responding to government regulations on GHG emissions. In 2014, we were designated as a GHG energy target management company under the Framework Act on Low Carbon, Green Growth. Since 2016, we have carried out reduction programs every year to meet the targets set by the government. In July 2019, we were designated as a business with a GHG emissions allotment. As a result, we will be obliged to comply with the GHG emissions trading scheme starting from 2020.

GHG Emissions¹⁾

| Unit | 2018 | 2019 | 2020 |
|-------------------------|--|---|---|
| tCO₂eq | 412,624 | 410,494 | 387,432 |
| tCO2eq | 152,877 | 155,945 | 163,165 |
| tCO2eq | 259,747 | 254,549 | 224,267 |
| tCO2eq | 48,265 | 51,283 | 49,088 |
| tCO2eq | 16,704 | 16,875 | 20,706 |
| tCO2eq | 31,561 | 34,408 | 28,382 |
| tCO2eq | 364,359 | 359,211 | 338,344 |
| tCO2eq | 136,173 | 139,070 | 142,459 |
| tCO2eq | 228,186 | 220,141 | 195,885 |
| tCO2eq | 10,616 | 13,190 | 11,977 |
| tCO₂eq /KRW 100 million | 1.17 | 1.08 | 1.06 |
| | Unit tCO2eq tCO2eq tCO2eq tCO2eq tCO2eq tCO2eq tCO2eq tCO2eq tCO2eq tCO2eq tCO2eq tCO2eq | Unit 2018 tCO2eq 412,624 tCO2eq 152,877 tCO2eq 259,747 tCO2eq 259,747 tCO2eq 48,265 tCO2eq 16,704 tCO2eq 31,561 tCO2eq 364,359 tCO2eq 136,173 tCO2eq 228,186 tCO2eq /KRW 100 million 1.17 | Unit 2018 2019 tCO2eq 412,624 410,494 tCO2eq 152,877 155,945 tCO2eq 259,747 254,549 tCO2eq 48,265 51,283 tCO2eq 16,704 16,875 tCO2eq 31,561 34,408 tCO2eq 364,359 359,211 tCO2eq 136,173 139,070 tCO2eq 228,186 220,141 tCO2eq /KRW 100 million 1.17 1.08 |

1) The electricity emission factor for each country is applied, and the data for 2018-19 is changed according to the recalculation

(2013 IEA power emission factor for each country is applied)

2) Scope3: business trip, the rental site of domestic sales teams at the finished car site, the consignment production plant

Air Pollution Management

In order to minimize our impact on air quality, Hyundai Mobis prohibits the use of Ozone-Depleting Substances (ODS) in the manufacturing processes used by our domestic plants and suppliers. Furthermore, we maintain a rate of 50% of the legal limit on all air pollutants generated within our business sites. We also monitor the concentration of emissions through an internal environmental safety system and report both the analysis as well as follow-up measures on sites that exceed the limit to management to manage problematic issues. We prevent the emission of VOCs (volatile organic compound) which is the main cause of global warming and ozone destruction and control harmful air pollutants emitted from processes and facilities through regular inspections. In 2020, we tested the emission of certain hazardous chemicals at all our domestic business sites and took necessary measures to improve air quality, such as checking the operation of air emission and prevention facilities and replacing outdated facilities to optimize performance. By doing so, we continue to improve and facilities and strengthen management.

Air Pollutant Emissions*

| Classification | | Unit | 2018 | 2019 | 2020 |
|-------------------------|------|--------------------|-------|-------|-------|
| Air pollutant emissions | | ton | 16.01 | 13.27 | 14.04 |
| Emission intensity | | Kg/KRW 100 million | 0.08 | 0.06 | 0.06 |
| Air pollutants control | NOx | ton | 0.61 | 0.42 | 2.67 |
| | SOx | ton | - | - | - |
| | Dust | ton | 1.74 | 1.66 | 0.92 |

* Data change for 2018-19 due to the addition of production specialists (1 location), production specialists (Poseung) was added in 2020

2 — Environmental & Safety Performance

Raw Materials Management

Metals

A growing number of automotive parts are being replaced with high-strength, lightweight materials such as plastic and aluminum to reduce the weight of vehicle and frames. In 2020, a total of 109,959 tons of metal were used as raw materials, marking a 6.4% increase from the previous year.

Plastics and Rubbers

In order to improve the recycling rate, Hyundai Mobis is making efforts to increase the recovery rate of materials and the range of plastics applications. Doing so allows us to reduce the weight of vehicles and improve fuel economy. In 2010, we introduced a recycling process that collects paint scattered while being applied to lamp lenses, thereby improving both the loss rate and the efficiency of solvents. In 2020, the amount of plastic and rubber used totaled 9,674 tons, a 5.7% drop compared to the previous year. The total use of solvents reached 1,347 tons, a year-on-year decrease of 53.6%.

Raw Material Consumption¹⁾

| Classification | Unit | 2018 | 2019 | 2020 ²⁾ |
|----------------|------|---------|---------|---------------------------|
| Metals | ton | 126,202 | 103,368 | 109,959 |
| Plastics | ton | 11,093 | 10,260 | 9,674 |
| Solvents | ton | 1,354 | 2,904 | 1,347 |

1) Data change for 2018-19 due to the addition of production specialists (1 location) and unit conversion errors

2) Percentage of renewable raw materials (metals and plastics): 98.9%, non-renewable raw materials (solvents): 1.1%

Management of Hazardous Materials in Products

Through the Mobis Chemical Management System (MCMS), we prevent the use of hazardous substances in our products and ensure their systematic management. Through this system, we have set the standard for managing information on substances in order to meet the requirements for finished vehicles at the R&D phase, and carry out analysis and review of product safety in compliance with local regulations on the chemical reporting process. In addition, we collect information on the registration status of hazardous substances in automotive parts through constant monitoring using the International Material Information System and ensure a timely response to any major regulatory changes. In 2018, we strengthened our management system to respond to regulations on hazardous chemicals in products and launched Safe Environmental Quality Team to bolster our reputation as an eco-friendly company. Furthermore, in 2019, we formed a task force team to build a corporate-wide Hazardous Material Management Process which included setting the corporate standard for hazardous materials. By adopting such a proactive approach (Reporting/Registration/Notification) and taking prompt administrative measures, we have been able to monitor the use of hazardous materials and secure management sustainability. In 2020, we inspected not only our products in development and mass production, but also the major parts of suppliers that supply parts to us, and organized training for environmental regulation trends and international material information system. In 2021, we plan to support preliminary analysis for our suppliers by establishing a dedicated hazardous chemical analysis facility.

Prohibition of the Use of Four Heavy Metals

Hyundai Motor Group is implementing the "Global Standards for Four Heavy Metals" to ensure compliance with laws on vehicle disposal in Korea and the EU. To this end, Hyundai Mobis controls the use of four heavy metals (lead, cadmium, hexavalent chromium, and mercury) contained in our parts and raw materials while developing alternative materials. In addition, we signed agreements with our suppliers for the supply of eco-friendly parts to comply with regulatory requirements of the use of heavy metals.

Resource Recycling

Waste Reduction and Resource Recycling

As part of company-wide efforts to recycle and reduce waste, we monitor the entire waste management process from discharge to transportation/disposal using an online waste disposal system (Allbaro System; a comprehensive waste management system operated by the Ministry of Environment). We are dedicated to meeting regulatory requirements under the Producer Responsibility Recycling System when it comes to plastic packaging materials (air cap, vinyl, PE cushioning materials) and lubricants. We signed the "Voluntary Agreement for Recovery/Recycling of Plastic Wastes" with the Ministry of Environment in 2012 to improve the recycling rate of the five aftermarket service parts containing plastic – bumper, molding, undercover, washer tank, and cooling water tank – and thereby minimize the environmental impact of our products. In 2020, our domestic work sites produced 14,169 tons of waste. This is an 8% decrease from the previous year, 59.4% of which was recycled.

Development of Eco-friendly Materials

In order to provide eco-friendly products, we use raw materials that have passed the hazard test at the product development phase and are continually working on the development of materials that are safe for our bodies and the environment. Using plant resources as raw materials, we developed a bioplastic based on biotechnology and chemical technology for our automobile interior products. In addition, we developed lead-free solder for vehicles in mass production and are presently engaged in efforts to increase the area of its application responding to the EU ELV (End-of-Life Vehicles) Directive. Meanwhile, we are working on the mass production of a bio-composite material co-developed with Hyundai Motor Company and in the process of developing additional technologies for further expansion of its production.

Increase in Eco-friendly Packaging Materials

To reduce waste production and the impact on the environment of the production distribution process, we are expanding the application of eco-friendly packaging materials. When it comes to aftermarket parts, we are minimizing the use of packaging materials and resources to save on disposal costs for consumers and improve overall cost efficiency. In addition, we are applying product statements using eco-friendly water-based ink and non-alcohol printing methods to packaging materials while developing eco-friendly packaging materials to replace existing ones to further reduce the consumption of resources and minimize the use of plastics.

------ Environmental & Safety Performance

Waste and Recycling*

2

| Classification | | Unit | 2018 | 2019 | 2020 |
|----------------------|-------------|---------------------|--------|--------|--------|
| Waste production | | ton | 18,935 | 15,435 | 14,169 |
| Production intensity | | ton/KRW 100 million | 0.09 | 0.07 | 0.06 |
| Recycling rate | | % | 55.7 | 63.8 | 59.4 |
| Designated Waste / | Incinerated | ton | 1,878 | 1,917 | 1,632 |
| Hazardous Waste | Buried | ton | - | 1 | - |
| | Recycled | ton | 114 | 146 | 435 |
| General waste | Incinerated | ton | 5,778 | 2,764 | 3,823 |
| | Buried | ton | 739 | 903 | 292 |
| | Recycled | ton | 10,426 | 9,704 | 7,987 |

* Data change for 2018-19 due to addition of production centers (9 centers)

Environmental Improvement through Product Supply Chain

We reduce the amount of raw materials used by making modules/parts light-weight through changes in raw materials, reduction of the number of parts, and simplification of structures. This also contributes to reducing greenhouse gas emissions by improving vehicle fuel efficiency.

Water Resource Management

Water management (Including water sources)

Given the nature of our products with their intensive assembly process, we use a small amount of water resources and are improving the recycling rate by investing in facilities, preventing the overflow of cooling towers, and increasing the recovery of steam condensation water. Of the total water consumption, waterworks and industrial water takes up 97.4% and underground water 2.6% with no direct discharge after use. In the case of water pollutants, most of the wastewater generated in the parts cleaning process is discharged through a wastewater treatment facility at each business site or to a sewage treatment facility for reprocessing. In 2020, 833,740 tons of water were used, an increase of 9% compared to the previous year.

Water Resources*

| Classification | Unit | 2018 | 2019 | 2020 |
|---------------------------------|---------------------|---------|---------|---------|
| Total amount of water resources | ton | 723,615 | 764,423 | 833,740 |
| Municipal water | ton | 698,688 | 740,683 | 812,440 |
| Underground water | ton | 24,927 | 23,740 | 21,300 |
| Consumption intensity | ton/KRW 100 million | 3.53 | 3.38 | 3.63 |
| | | | | |

* Data change for 2018-19 due to addition of production centers (9 centers)

Water Pollutants¹⁾

| Classification | Туре | Unit | 2018 | 2019 | 2020 |
|----------------------------------|--|--------------------|--------|--------|--------|
| Total amount of water pollutants | Discharged to sewage treatment facility | ton | 1.2 | 0.93 | 0.57 |
| discharged ²⁾ | Untreated discharged | ton | 0 | 0 | 0 |
| Emission intensity | | Kg/KRW 100 million | 0.0059 | 0.0041 | 0.0025 |
| Wastewater treatment | BOD (Biochemical Oxygen Demand) | ton | 0.1 | 0.049 | 0.034 |
| | COD (Chemical Oxygen Demand) | ton | 0.326 | 0.202 | 0.11 |
| | TN | ton | 0.399 | 0.599 | 0.364 |
| | SS | ton | 0.11 | 0.06 | 0.043 |
| | N-H | ton | 0.04 | 0.007 | 0.002 |
| | T-P | ton | 0.242 | 0.014 | 0.018 |

1) Data change for 2018-19 due to additional confirmation of wastewater treatment at the workplace (Jincheon) 2) The amount of water pollutants reflects the highest level of concentration measured.

2 — Environmental & Safety Performance

Safety & Health

Safety Management Strategy

Creating Safe and Healthy Workplace

At Hyundai Mobis, we focus on safety and health in business operation in line with our safety-first management policy. At the same time, various policies have been implemented to create a workplace that is safe and keeps employees satisfied.

Operation/

maintenance

Joint inspection

of the safety

environment

Inspect equipment function

NG

ок

ок

Workplace Safety Management

Preliminary Safety Assessment System

Hyundai Mobis applies to its operations a preliminary safety evaluation system that meets domestic and international standards on equipment and auxiliary facilities to secure their basic operational safety. In addition, we commit ourselves to improving the safety of all operating equipment and reducing safety risk factors by inspecting basic safety specifications on equipment.

Implementing the Safety Improvement Project

Hyundai Mobis is building a mid- to long-term safety management system to strengthen the safety management system and capabilities of all its places of business to a global level. Starting with the company-wide project declaration ceremony in May 2021, we plan to identify risk factors and vulnerabilities in various ways and fundamentally improve them by conducting a safety system and culture level diagnosis using the techniques of global certification organizations. In particular, we plan to develop our own evaluation method suitable for Hyundai Mobis to establish a sustainable safety management system.



OK

Preparation (design/

finalize specifications)

Review/

approve safety

Purchase/

manufacture/install

ОК

ОК

NG

Inspecting Environment for Safety

Hyundai Mobis has co-organized 365 Safety Patrol and Advisory Committee with outside organizations to minimize accidents in our workplace and ensure safety and health. Additionally, we selected targets for standard management (29 categories) and inspection (265 items) for regular and special inspection by season and theme (thaw period, storm/flood damage, winter, summer holiday seasons). The head office also conducts regular safety operation inspections at domestic sites (every year) and overseas sites (every three years), and improves the risk factors at workplaces through unannounced inspections. In addition to these activities, we support employees' rights to stop or refuse any work assigned to them if they find it dangerous or recognize risk factors in accordance with the "SHE Regulations Management Rules".

% Due to COVID-19 in 2020, safety inspections at overseas sites were postponed.

| Safety Indicators* | | | | | |
|--|--------------------|-----------------------------|-------|-------|-------|
| Classification | Category | Unit | 2018 | 2019 | 2020 |
| Rate of Industrial Accidents | Employees | % | 0.05 | 0.07 | 0.06 |
| Lost Time Injury Frequency Rate (LTIFR) | Employees | per 1 million working hours | 0.43 | 0.54 | 0.53 |
| | | per 200,000 working hours | 0.086 | 0.108 | 0.106 |
| | In-house Suppliers | per 1 million working hours | 0.89 | 1.61 | 1.54 |
| | | per 200,000 working hours | 0.178 | 0.322 | 0.308 |
| Occupational Illness Frequency Rate (OIFR) | Employees | per 1 million working hours | 0.16 | 0.21 | 0.14 |
| | | | | | |

* Reinforcement of accident management standards for suppliers in 2019 (shutdown injuries for 3 days or more -> shutdown injuries for more than 1 day)

Signed MOU for Joint Safety Technology Support

In order to prevent occupational accidents and raise safety awareness, we signed an MOU for joint safety technology support with outside organizations in January 2021. Based on the agreement, we will make our workplace safer and healthier by focusing our resources and expertise.



2 — Environmental & Safety Performance

Employee Health Management

Corporation-wide Health Promotion

Hyundai Mobis implements various programs to support the prevention of illness and maintenance of the health of our employees. We have health administration offices at each workplace and provide tailored health checkups. We also offer Healing Center services to reduce employee work stress.

| Program | Description | | |
|-------------------------------|--|--|--|
| Medical expenses | Cover medical expenses for employees and their family members | | |
| Health checkup | Cover 50% of the costs of general health checkup for employees 35 years of age or older (100% every 5 years) | | |
| Work uniform/ workout clothes | Provide employees working onsite with work uniforms/ workout clothes for each season | | |

Implementation and Operation of HIMS

To raise awareness of self-directed health care by encouraging employees improve their lifestyle, we introduced HIMS (Health Integrated Management System) and installed InBody systems at our workplaces so all our employees including those of internal suppliers can check and maintain their health.



| HIMS Hoalth Integrated Hanagement System | MOBIS | HIMS | egniled writ System | MOBIS | HIMS |
|---|--------|----------------------|------------------------|------------|------|
| 대시보드 상세 번화 | 영킹 | 대시보드 | 상세 변화 | 행킹 | 건강겉 |
| 최근 헬스리포트 | + 검사추가 | 3 203 | 10. 05.13 16:32 |) (| - |
| 2020.05.13 16:32 | | 부위별 상세 데이터 | 4 | | |
| *** 50.2kg | | 117 | | A10 | |
| | | 1111 | E.0. | 2 26.7kg | Ť |
| are 32.5kg | | 115% 115% 115% | 258 -0.3 2598 -0.3 | 2 3.45kg | |
| 441 20 1kg | | | 2.0 | 2 3.27kg | 1 |
| ZU.Ikg | 777 | | -0.3 | 10.27kg | |
| 1 25.2 ₄₁ | | #0 894 | 표준이라 오픈 오픈다리 *0.1 | 2 9.74kg | |
| | | 97% | 59% | | |
| <u>4768 25.2</u> % | | 종합분석 | | ~ | |

Promoting Safety Culture

Implementation of Safety and Health Training System

All employees at Hyundai Mobis complete annual mandatory safety training to prevent potential accidents at workplaces and raise their safety awareness. We also provide online training to all construction personnel before they access Hyundai Mobis workplaces. The system prohibits access to any construction personnel who failed to complete the training. In addition, safety leadership training is regularly organized for management, including the CEO, as part of our safety-first management.

| Classification | Training Details | Duration/ Frequency | Number of Participants |
|------------------------------------|---|------------------------|---------------------------|
| Regular safety training | Occupational safety and accident prevention | 2 hrs/month | 7,105 |
| Special safety training | Workflow and traffic of forklifts and cranes and accident response measures | 16 hrs | 388 |
| Safety training for new employees | "Occupational Safety and Health Act" and general management | 8 hrs | 197 |
| Manager/supervisor training | Job process risks and hazards and disaster prevention methods | 16 hrs/year | 443 |
| Corporate-wide compliance training | Safety and health management policies, basic safety rules, and case studies | Once/year | 7,770 |

Initiate the Implementation of a Safety Culture

At Hyundai Mobis, we make diverse efforts to establish our unique safety culture where individual members act with keen safety awareness to secure a safe environment for all. In addition, we continue to promote the Eight Basic Safety Rules and continue to promote daily safety practices for enhanced employee safety awareness. Going forward, we will make efforts to facilitate our employees internalizing safety awareness by expanding and offering safety culture programs.



Human Resources Development

Human Resources Development

Recognizing our employees as the key to our sustainable growth, we established the Hyundai Mobis Business Academy (HMBA-2020) as a mid- to long-term human resources development system under the vision of self-directed growth. Setting sustainable development of leaders, creative experts and satisfaction of employees as three key strategic directions, we are committed to creating a sustainable culture and flexible leadership, and improving job expertise at both domestic and overseas workplaces.

Direction of Human Resources Development Strategy

| Vision Mission | Self-initiated growth Fostering flexible leader who promote growth Stimulating voluntary growth centered on leaders and members | | | | | |
|-------------------|--|---|---|--|--|--|
| Strategy | Develop Leadership Strengthen leadership from the perspective of sustainable growth | Develop Expertise Strengthen expertise in creative problem-solving | Employee Satisfaction Help employee experience and life planning | | | |
| direction | | | | | | |

Training infrastructure

[System] Provide flexible, prompt skills upgrade through a non-stop learning system [Structure] Plan employee growth through an integrated HRM-HRD structure

Talent for the future

Talent with ability to adapt to changes and agility

Strengthening Job Expertise

Operating IDP (Individual Development Plan)

Hyundai Mobis has implemented its Individual Development Plan (ID-P) System, in which employees establish their own training plans and then engage in learning programs based on their plans, thereby creating an environment for voluntary learning. IDP is a competency development program that guides participants as they assess their current level of competency and establish a development plan followed by an interview with the development manager (team leader) who helps participants reach their career goals. An individual employee is currently setting 3.2 plans per year. Hyundai Mobis has also built career development infrastructure which enables employees to align individual goals to our organizational targets and facilitate their effective implementation.

Reskilling / Upskilling Training

For the purpose of self-directed career development, we operate job training to provide opportunities for re-education of professionals and job conversion. We operate an upskilling program which cultivates experts by strengthening the competency in the existing core sector, and a reskilling program which secure organizational competency through intensive retraining in future core technology fields.

Coaching Support Center

With the focus on coaching/feedback, communication, and development of coaching skills of leaders which are the key part of the performance management practice, we accumulate HR data and align it with system improvement. Major programs include one-on-one personalized all-time coaching for team leaders and cell leaders, and there are skills clinics on various topics each month tailored to the performance cycle, such as setting performance goals, IDP, and evaluation. Through this, a process and system that can improve leadership on an ongoing basis is established, and the "HOW TO" of leadership is provided regularly to keep up with changing environment and technology and drive sustainable growth and commitment of employees.

Job Training

New Employee Training

As part of the introductory training, we aim to develop talents who will drive future growth by raising self-esteem and establishing a personal vision. In addition, we operate courses to acquire basic knowledge and understand basic structures in specialized fields such as practical training in automobile structure.

Training for New Team Leaders and Managers

We support leadership-customized tools and training programs to help employees who serve in new positions to recognize their new roles and perform their jobs. Through this curriculum, we will provide opportunities for continuous self-reflection and experimentation and develop fundamental changes and future-oriented organizational culture.

| Classification | Program | Description |
|--------------------------|---------------------------|---|
| New team leaders | On-board guidebook | Checkpoint of new team leader by situation and time (right after being assigned) |
| New manager/team leaders | Organization unit meeting | Checkpoint of new team leader by situation and time (within one month after being assigned) |
| Direct supervisor | Direct supervisor letter | New team leader's interview by time (before 1 day, after 2 weeks of assignment) |

Supporting Community of Practice (COP)

In order to create a corporate-wide, self-directed learning environment and improve job expertise through learning programs focused on theories, research trends, and new technologies, we support Community of Practice (COP) programs. Any group of at least three employees can establish a COP where they can share their ideas and promote communication. In 2020, we increased the types of communities and promoted sharing of knowledge. A total of 258 employee clubs were established and operated with a total of 2,981 participants. In 2021, we will continue to encourage sharing knowledge through community activities.

Talent Development

TDP (Talent Development Program)

We are actively developing and supporting talent with high potential who perform with excellence into leaders with diverse experience and broad perspectives. After finishing TDP, we continuously monitor the personnel, and we will continue to expand the scale.

DEP (Development of Executive Pipeline)

By acting as the secretary of the heads of departments/business managers, we improve the understanding of other divisions within the affiliated division and provide opportunities to improve work capabilities.

| 01. Strategy Skill | 02. Followship | 03. PM Leader |
|--|--|---|
| Recognition of in/external environment and practice of analysis Analysis of competing companies | Understanding of followership Self-diagnosis Followership practice by major situations | Extraction of conflict causes in organization or between members and establishment of alternatives Management of junior staff and superiors Reinforcement of leadership as middle manager |

Employee Training

| Classification | | Unit | 2018 | 2019 | 2020 |
|------------------------------|---|----------------------|---------|---------|---------|
| Training cost | Total costs for training | KRW 1 million | 9,703 | 9,686 | 8,367 |
| | Training hours per person | KRW1 million/ person | 0.97 | 0.95 | 0.83 |
| Training hours ¹⁾ | Total training hours ²⁾ | hours | 647,171 | 585,537 | 452,948 |
| | Training hours per person | hour/person | 64.6 | 57.6 | 45.2 |
| Participation by program | Ethics training ³⁾ | person | 12,024 | 7,564 | 8,441 |
| | Internal job training | person | 40,218 | 61,545 | 40,083 |
| | External job training | person | 1,293 | 1,024 | 309 |
| | COP (Community of Practice) | person | 1,428 | 1,405 | 2,981 |
| | S-OJT | person | 196 | 16 | 10 |
| | Mentoring | person | 527 | 328 | 193 |
| | Knowledge acquisition (Continuous learning contents) | person | 26,432 | 34,988 | 8,445 |

1) Internal and external (group) training was reduced due to COVID-19 in 2020.

2) The combination of training hours for senior managers (including executives) and those for junior managers, contract workers/production workers (in on-/offline training).

3) The calculation has been changed to the number of participants in compliance awareness, competency building in key areas, and ethics and anti-corruption compliance training. As a result, the figures for 2018 and 2019 have been changed.

Pre-Retirement Training

To help employees adapt to changes after retirement, we offer various programs including change management, life planning, financial planning, and career exploration to support their retirement planning.

| Classification | | Classification | | |
|---|--|---|--|--|
| Staff, Managers and Field Personnel | In the year of retirement (60) | Career planning and design after retirement - career exploration: start-up, re-employment, rural migration Career exploration training - personalized programs | | |
| | One year before retirement (59) | Understanding the need for preparation - understanding change and retirement Relationship training - relationship with family, communication, etc. | | |
| Supervising Managers or Higher Level | In the year of retirement (60) | Life planning - career management: career management after retirement - financial planning: retirement pay management, etc. Special program on change management - changes in the relationship | | |
| Re-Skilling Career Market | Administrative/research positions (55 - 59) | Purpose - transition to motivate employees with passion despite their senior position/seniority Procedures - application submission, review and interview, result guidance | | |

Digital Talent Development

Mobis SW Academy

We operate the Mobis SW Academy to strengthen employee software R&D capabilities with the end goal of creating future automotive technologies such as autonomous driving and connectivity technology. At the Academy, we provide training and education in convergence software specialized in autonomous driving such as sensors and recognition, decision-making, and controls. Other areas of instruction include mechanical engineering such as the operating principles of autonomous vehicles.

| Convergence software training Focus on control- centered convergence software | Enhancing expertise in convergence software Differentiated training based on competency level | [Before: Operating system + software coding/tools] + [Control & new technology: Recognition/ decision/ control, Deep Learning/vehicle security] [Lev. 1 to 3] Job skill-based software training and environment [Lev. 4 to 5] Development of software architects and Software Master's program |
|--|--|--|
| Software certification Software certificate for practice-focused Software implementation | Software Certification Test | [1st] Algorithm problem solving - programming [2nd] Software Engineering - multiple choice/written answers |
| | Applied to Human Resources Recruitment | Conduct code algorithm test for recruiting software researchers (with/without experience) |

Software Algorithm Contest

In 2020, Hyundai Mobis held the first Software Algorithm Contest to promote creative and free thinking among employees. In the final round, based on international programming contest standards, contestants chose one of the three computer languages to compete in coding skills against each other.

Developing AI Experts through Specialized Training

Hyundai Mobis introduced a specialized training program to enhance our employee's AI utilization capabilities. This is part of the plan to integrate new AI-related technologies, such as Deep Learning SW algorithms for autonomous driving, in our business processes. To this end, we plan to develop practical AI experts with AI for Mobis training courses in order to achieve corporate-wide dissemination of the AI application capacity.

Strengthening Global Competencies

Building HRD Fundamentals for Overseas Subsidiaries

As part of our integrated HRD management, we are building and operating HRD Fundamentals for overseas subsidiaries based on the Two-Track system at headquarters and overseas subsidiaries.

| Manage changes based on the overseas training system | Provide a platform for sustainable/efficient delivery of contents Incorporate common content retained by headquarters Allow local personnel to access the system for continuous learning |
|---|---|
| Develop content and monitor dissemination/ execution | Specialized Job Competency Program (BizPro): Enhance overseas job competency by developing local internal instructors and creating/disseminating contents e-CarTech: automotive technology highlights, automotive manufacturing process Induction of New Hires: develop content for new local employees and implement mandatory training programs (core values, compliance, cultural diversity) |

Developing Overseas Local Talents

We are operating a variety of programs to develop local talent and strengthen the HRD performance of our overseas subsidiaries.

| Global HRD Forum | Invite HRD managers of overseas subsidiaries to the forum Share and discuss directions and action plans of GHRDS and headquarters Share the results of analyses on the level of each subsidiary (in advance) and hold workshops to identify areas requiring improvement Build a training system and provide training for content development |
|---|---|
| HRD Consulting for Overseas Subsidiaries | Select overseas subsidiaries that urgently require direct support and conduct internal consulting based on the results of overseas HRD analysis (1 month per subsidiary) Establish detailed action plans/roadmap by subsidiary and monitor performance |

Development of Global Leaders

In order to dispatch talented employees to our subsidiaries around the world, we focus on local talent development programs. We have improved our training program for expatriate employees to help them learn local languages and culture. To this end, we are systematically developing a pool of local experts in various regions including the English zone (U.S.A., Europe), Chinese zone (China), and other zones (Mexico, Brazil). This helps our employees gain insights into the local culture, language, and work style so that they can quickly adapt to their new work environment. We also organize a Biz Skill program to help employees develop the business communication and language skills they need for working overseas. Furthermore, we operate programs to develop global leadership and promote cultural diversity, while offering training opportunities concentrating on the roles and responsibilities of expatriate employees, the local safety environment, case studies of overseas subsidiaries and the Foreign Corrupt Practices Act (FCPA). In addition to training for expatriate employees, we organize workshops and seminars for their family members to help them learn about and adapt to the new environment and local culture, in addition to exchange opportunities with returning family members of expatriate employees.

Overseas Cultural Experience Program "Culture Tour"

Culture Tour is a leave system that allows employees to use their annual and monthly leave when they go on a business trip overseas. This system allows our employees to gain new experiences and broaden their creative out-look after their work is done, while simultaneously improving their job performance. In 2019, based on Culture Tour feedback, we included different countries in the same cultural regions, thus enabling more flexibility and thereby increasing the level of satisfaction and convenience of our employees. In 2020, a total of 70 cases and 414 days of Culture Tour were used.

Employment Status

Discrimination against gender, race, age, and social status is strictly prohibited at Hyundai Mobis. We also comply with the Labor Standards Act in Korea, as well as the ILO's Conventions on Child Labor and Conventions on Forced Labor.

Employment in Korea and Overseas

| Classification | | Unit | 2018 | 2019 | 2020 (in Korea and Overseas)* |
|--|--------------------------|--------|--------------|--------------|----------------------------------|
| Total number of employees | | person | 10,013 | 10,172 | 32,989 |
| Gender | Male | person | 8,914 | 9,052 | 25,841 |
| | Female | person | 1,099 | 1,120 | 7,148 |
| Permanent positions | Male | person | 8,763(90.6%) | 8,912(90.6%) | 22,049(77.1%) |
| | Female | person | 905(9.4%) | 925(9.4%) | 6,555(22.9%) |
| | Sub total | person | 9,668 | 9,837 | 28,604 |
| Temporary positions | Male | person | 151(43.8%) | 140(41.8%) | 3,792(86.5%) |
| | Female | person | 194(56.2%) | 195(58.2%) | 593(13.5%) |
| | Sub total | person | 345 | 335 | 4,385 |
| By age | Under 30 | person | 1,783(17.8%) | 1,609(15.8%) | 9,222(27.8%) |
| | 30 - 50 | person | 6,619(66.1%) | 6,758(66.4%) | 19,821(60.1%) |
| | Over 50 | person | 1,611(16.1%) | 1,805(17.7%) | 3,946(12.1%) |
| Employment of socially vulnerable groups | People with disabilities | person | 141(1.4%) | 138(1.4%) | 328(1.0%) |

* Reported by integrating domestic and overseas employees from 2020 in accordance with the expansion of the scope of data management

Employee Status by Region

| Classification | Unit | 2018 | 2019 | 2020 |
|---------------------------|--------|--------|--------|--------|
| Total number of employees | person | 32,302 | 32,065 | 32,989 |
| South Korea | person | 10,013 | 10,172 | 10,244 |
| China | person | 7,274 | 6,163 | 5,358 |
| America | person | 5,893 | 5,731 | 6,608 |
| Europe | person | 5,754 | 6,296 | 6,786 |
| Asia-Pacific/others | person | 3,368 | 3,703 | 3,993 |

Employee Status by Region*

| Classification | Unit | 2020 |
|----------------------|--------|---------------|
| South Korea | person | 10,217(99.7%) |
| China | person | 6(0.06%) |
| America | person | 6(0.06%) |
| Canada | person | 4(0.04%) |
| Others ¹⁾ | person | 11(0.11%) |
| | | |

* As of 2020

1) Germany 3, India 1, New Zealand 1, Mexico 1, Azerbaijan 1, Japan 1, Kuwait 1

Female Employee Status

| 21.7 |
|------|
| 17.5 |
| 25.5 |
| 0 |
| 11.2 |
| 13.9 |
| |

* Changes in values for 2018 and 2019 due to changes in the classification criteria for managerial positions 1) Science, Technology, Engineering, Mathematics

Recruitment and Retirement*

| Classification | _ | Unit | 2018 | 2019 | 2020 |
|--|--------------------|--------|------|------|------|
| Newly recruited ¹⁾ | | person | 576 | 376 | 298 |
| Years of employment | | Year | 12.9 | 13.3 | 13.8 |
| Transfer rate ²⁾ | Transfer rate | % | 5.5 | 4.2 | 5.4 |
| | Voluntary transfer | % | 2.7 | 1.7 | 1.4 |
| Internal recruitment ratio ³⁾ | | % | - | 4.2 | 8.4 |

* Recruitment and retirement in Korea

1) Number of new hires in 2020: male 260, female 38 (under 30: 152, 30-50: 87, over 50: 59) 2) Number of retirees in 2020: male 395, female 154 (under 30: 242, 30-50: 115, over 50: 192)

3) The ratio of persons recruited through Career Market, a system for sourcing internal talent.

Fair HR Practice

| Classification | Description | | | |
|---|---|--|--|--|
| Recruitment | Hire female employees for positions in management support, training, IT, and design outside the manufacturing positions | | | |
| valuation and promotion Prevent disadvantage and discrimination in evaluation and consideration for promotion | | | | |
| Reward | Introduce a compensation system based on the employment contract such that it does away with gender discrimination | | | |
| Training and positioning | Support the internal career development program through CDP | | | |

Welfare Programs

We offer various welfare programs to enhance employee satisfaction and loyalty, and to help employees focus on their jobs in a pleasant workplace environment. We identify our employees' needs through surveys, suggestion systems, and various meetings, and subsequently incorporate them in our welfare programs.

Work / Life

| Program | Description | | | |
|------------------------------------|---|--|--|--|
| Flexible work schedule | Implemented a corporate-wide flexible work schedule system where employees can manage their work schedule within the total monthly work hours | | | |
| Telecommuting | Company-wide introduction of voluntary telecommuting based on in-house PC remote access | | | |
| Paid maternity / parental leave | Grant pregnant employees 90 days of leave, and male employees 10 days of paid leave (more than prescribed in the Labor Standards Act) | | | |
| Parental Leave | Provide up to two years paternity leave to workers who require child support under the age of eight (second grade of elementary school) | | | |

Culture / Recreation

| Program | Description | | | | | |
|-----------------------------------|--|--|--|--|--|--|
| Clubs | Cover monthly expenses | | | | | |
| Cultural activities support | Support for various cultural activities including musical programs, plays, concerts and exhibitions discounted up to 80%) | | | | | |
| Cyber training centers | Customized training programs for development of employee competencies by job/position | | | | | |
| Four Seasons Resort (condominium) | Provide accommodation at membership rate at 37 resorts | | | | | |
| My Children's Happy Trips | Support five-star hotel accommodation for pregnant employees and employees who recently had a child | | | | | |
| Long service rewards | Provide leave, vacation bonus, and commemorative gifts every 5 years (from 10 to 35 years of employment) | | | | | |
| | | | | | | |

Living Support / Convenience

| Program | Description |
|---------------------------------------|--|
| Condolence and congratulation | Condolence and congratulatory money and official leave |
| Tuition for children | Support for early childcare expenses, education expenses for children with disabilities, and college tuition fee support |
| Relocation expenses | Financial support for relocation such as appointment and moving expenses |
| Automobile discount | Discounts on automobile, tires, parts, and repair costs based on years of employment |
| Points | Welfare points, cyber money, and self-development points that can be used in the employee online shopping mall |
| Personal pension | Personal pension of KRW 20,000 per month for employees |
| Accommodation | Accommodation facilities for new employees, experienced employees (single), relocated and dispatched employees |
| Workplace nursery/ daycare centers | Yongin (Gyeonggi), Jincheon (Chungbuk), Yeoksam (Seoul) workplaces / Changwon (Gyeongnam) workplace |

Other Programs

| Program | Description |
|-------------------------------------|---|
| Domestic/overseas business travel | Accommodation and travel expenses for domestic/overseas business travel |
| Affiliated discount - Power Sponsor | Affiliated employee discounts for financial services, wedding/funeral services, car rental, and fitness |

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HAPPY

3 — Social Performance

Social Contribution

Social Contribution System

Hyundai Mobis takes a systematic approach to its social contribution programs based on 6-MOVE Strategies with the focus on safety, eco-friendliness, and convenience. In addition, we are committed to promoting growth with the local economy by engaging in such activities as 1-Company, 1- Community Partnership and Meer Forest.





Contactless "GiveRun" & Drive-in Hope Concert

Through contactless social contribution campaign, we try to raise awareness and promote charitable donations. This also serves as an environmental program where participants pick up trash while jogging. All the registration fees go to charity. A total of 1,500 people applied for the campaign on a first-come, first-served basis. A drive-in concert is also held for the participants. The tickets were distributed through a raffle for the participants and held online streaming concert for every participants.











Our employees are actively participating in various volunteer programs to create social values under the slogan "Joy of Sharing". We formed a partnership with social welfare facilities located near our business sites and visit each month to participate in various activities. Furthermore, we purchase products and support workers during the harvest season through 1-Company, 1-Community Partnership Campaign. Our employees are also donating to support living expenses and school uniforms by raising funds for children (elementary, middle, and high school students) whose parents died from traffic accidents or have severe disability. Since 2019, we have been taking the lead in reducing fine dust by making wooden lockers for local children's centers and organizing Hyundai Mobis gardens building campaign with their families along the Han River in the Ichon area of Seoul. In 2020, social distancing was implemented due to COVID-19. Accordingly, 1,360 employees participated in this program for the underprivileged by running a non-face-to-face donation campaign.



------ Social Performance 3

Junior Engineering Class



Since 2005 Hyundai Mobis, has offered a Junior Engineering Class where we provide educational opportunities in areas not included in the regular school curriculum such as autonomous driving and hydrogen electric vehicles. In addition to the regular class sessions, Hyundai Mobis organizes a "Visiting Junior Engineering Class" where we hold plays on the science bus. We also host "Youth Engineering Leader" contests in which high school student participants have the opportunity to build self-driving vehicle models and to participate in "Visiting Junior Engineering Class" education volunteering. Yet another initiative is the "Junior Engineering Class with Customers," offered at motor shows and exhibitions for the benefit of children who attend. In 2020, we offered non-face-to-face programs for 4,301 students including children of our employees in 30 schools in Korea.



15 LIFE ON LAND

SDGs

Increasing corporate value

Increasing carbon sequestration

ALL-CALL A ADAR



As a part of its local community support program and environmental protection for future generations, Hyundai Mobis planted a forest of 108 hectares in Chopyeong-myeon, Jincheon together with Jincheon County and the Natural Nature Trust. Meer Forest is an eco-friendly forest whose natural setting has been preserved to the greatest extent possible in order to minimize anything artificial and is shared with the people through six themed forests. The Meer Forest Experience Programs offer opportunities to learn from expert guides how best to enjoy a stroll in the forest, enjoy the views, and experience nature in a variety of ways through "Forest Walking" and a Wetland Experience. The Meer Forest Concert is another event where people can listen to music while taking in the view of Chopyeong Lake.

Mobility Support for Children with Disabilities

10 REDUCED

SDGs

disabilities

Increasing interest in corporation

· Improving the quality of life for children with

코리나19 긴급 희망보

In order to enhance mobility and enable physically challenged children to have more social participation opportunities, Hyundai Mobis provides mobility aids and position stabilizers for disabled children. In 2020, due to the COVID-19 pandemic, we stopped the family travel program temporarily to ensure the safety of children and families, and changed the "Hope Package" partially to "COVID-19 Support Package" for their livelihood. Moreover, we publish 3,500 children's books to raise awareness of people with disabilities and distribute them to local children's centers and social welfare centers across the nation.



Transparent Umbrella Campaign



The Transparent Umbrella Campaign is one of our major social contribution programs where we distribute transparent umbrellas made with fluorescent material to children to prevent traffic accidents. As of 2020, a total of 11.126.841 umbrellas were delivered to 1.829 schools and 1,525 individual children who applied for the campaign with their personal stories. They were also provided to elementary school students (including special schools) in four areas including Chungju in 2019, Seosan, Taean etc. in 2020 to support local communities. In 2020, we improved the stiffness of the spring so that it can be easily opened and closed and reprocessed the sharp part of the umbrella clasp for safety to reflect the inputs from stakeholders. The traffic accident rate of children using the transparent umbrella decreased by 27% on average which is four times less than the national average. Also, a research paper on the effectiveness of the campaign was published in the "Traffic Safety Study" published by the Korea Road Traffic Authority to raise social awareness of the importance of transparent umbrellas and traffic safety education. Going forward, we will further expand the campaign for traffic safety for children and promote children's traffic safety through the development of hands-on and non-face-to-face traffic safety education contents.

3 GOOD HEALTH AND WELL-BEIN



 Increasing corporate awareness Increasing interest in traffic safety





SDGs Talent for the future Quality education for local community



Global Social Contribution

Expanding Global Social Contribution

As part of our commitment to a sustainable future, Hyundai Mobis is expanding the "Beautiful Companion" campaign globally with its stakeholders. Starting with Jiangsu, China, in 2013, we expanded the 6-MOVE social contribution program to Frankfurt, Germany, in 2016 followed by Detroit, United States, in 2018. In 2019, we further expanded the program to Beijing, China; Izmit, Turkey; Ostrava, Czech Republic; and Zilina, Slovakia. We operated the first Children's Archery Class in Beijing, China, and offered Junior Engineering Classes at Izmit, Turkey; Ostrava, Czech Republic; and Zilina, Slovakia at local elementary schools. In 2020, we donated masks and quarantine supplies to local communities to promote "beautiful companionship" around the world.

Social Contribution Activities in Response to COVID-19

| Region | Companies | Activities |
|---------|--------------------|---|
| America | MAL | - Donated masks for local hospitals with shortage of masks for medical staff |
| | MAL-GA | - Donated: 17,000 masks in total (1,000 N95 masks, 16,000 surgical cotton masks) |
| | MPMI | - 600 masks (300 masks by Hyundai Motors and Kia) for US Puerto Rico agencies as of May 12 |
| Europe | MSK | - Selected 5 hospitals in areas where a large number of employees stay (Zilina, Chacha, Martin, Ruzomberok, P. Bistricha) and donated quarantine supplies worth of KRW 140 million including door disinfection systems, medical masks, protective equipment, and quarantine agents. |
| | MPE MTCE | - Purchased masks through a German partner and provided them to all European dealers (about 4,793 companies) using our distribution network. |
| India | MIN MIA MTCI | - We donated KRW 2.9 billion to the central disaster management agencies and NGOs in response to the central and state government's request for corporate CSR to prevent the spread of COVID-19. |

Global Social Contribution Activities



Children (Junior Engineering Class, Transparent Umbrella Campaign, Children's Archery Class)

Contractivities and donations)

(

05 APPENDIX

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Proportion of Local Purchases in Key Business Regions

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GRI Contents Index

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| | 102-12 | External Initiatives | 72 | | Economic Performance (G | GRI 200) | | | |
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| | 102-14 | Statement of Senior Decision-maker | 3 | | CPI 201: Economic Porformanco | 201.1 | | 16 | |
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| Stakeholder Engagement | | | | | | | Components | | |
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| | 102-42 | Identification and Selection of Stakeholders | 16 | | | 203-2 | Significant Indirect Economic Ripple Effects and Impacts | 50 | |
| | 102-43 | Modes of Stakeholder Engagement | 16-17 | | Procurement Practices | | | | |
| | 102-44 | Key Topics and Issues Raised by the Stakeholders | | | GRI 103: Management Approach | 103-1 2 3 | Description of the Material Topics and Their Boundaries and | 32-33 | |
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2016

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| Economic Performance (G | RI 200) | | | |
| Anti-Corruption | | | | |
| GRI 103: Management Approach 2016 | 103-1, 2, 3 | Description of the Material Topics and Their Boundaries, and the Evaluation of the Management Approaches and Their Components | 38 | |
| GRI 205: Anti-corruption 2016 | 205-2 | Notice and Training on Anti-Corruption Policies and Procedures | 38-40 | |
| | 205-3 | Identified Corruption Cases and Actions Taken | 39 | |
| Anti-Competitive Behaviors | | | | |
| GRI 103: Management Approach 2016 | 103-1, 2, 3 | Description of the Material Topics and Their Boundaries, and the Evaluation of the Management Approaches and Their Components | 40 | |
| GRI 206: Anti-competitive Behavior 2016 | 206-1 | Legal Measures against Unfair Trade Practices such as Anti- Competitive Behaviors and Monopoly | - | No violations found |
| Raw Materials GRI 103: Management Approach 2016 | 103-1, 2, 3 | Description of the Material Topics and Their Boundaries, and the Evaluation of the Management Approaches and Their Components | 53, 55 | |
| GRI 301: Materials 2016 | 301-1 | Weight and Volume of Raw Materials Used | 55 | |
| Energy | | | | |
| GRI 103: Management Approach 2016 | 103-1, 2, 3 | Description of the Material Topics and Their Boundaries, and the Evaluation of the Management Approaches and Their Components | 25, 53-54 | |
| GRI 302: Energy 2016 | 302-1 | Energy Consumption inside the Company | 54 | |
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| | 302-3 | Energy Intensity | 54 | |
| Water | | | | |
| GRI 103: Management Approach 2016 | 103-1, 2, 3 | Description of the Material Topics and Their Boundaries, and the Evaluation of the Management Approaches and Their Components | 53, 56 | |
| GRI 303: Water and Effluents | 303-1 | Water Intake by Source | 56 | |
| 2018 | 303-2 | Number Of Water Sources Significantly Affected by Different Types of Water Intake | 53 | |
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| GRI 103: Management Approach 2016 | 103-1, 2, 3 | Description of the Material Topics and Their Boundaries, and the Evaluation of the Management Approaches and Their Components | 25, 53-54 | |
| GRI 305: Emissions 2016 | 305-1 | Direct GHG Emissions (Scope 1) | 54,73 | |
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| | 305-4 | Greenhouse Gas Emission Intensity | 54 | |
| | 305-7 | Nitrogen Oxides, Sulfur Oxides, and Other Major Air Emissions | 54 | |
| Waste | | | | |
| GRI 103: Management Approach 2016 | 103-1, 2, 3 | Description of the Material Topics and Their Boundaries, and the Evaluation of the Management Approaches and Their Components | 25, 53 | |
| GRI 306: Waste 2020 | 306-1 | Wastewater discharge by Water Quality and Destination | 56 | |
| | 306-2 | Wastes by Type and Treatment Method | 56 | |
| | 306-3 | Major Leaks | | No leaks occurred |
| Environmental Compliance | | | | |
| GRI 103: Management Approach 2016 | 103-1, 2, 3 | Description of the Material Topics and Their Boundaries, and the Evaluation of the Management Approaches and Their Components | 25, 53 | |

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Compliance 2016

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GRI 307: Environmental

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| GRI 401: Employment 2016 | 401-1 | Recruitment and Turnover | 63 | |
| | 401-3 | Parental Leave | 30 | |
| Labor-Management Relations | | | | |
| GRI 103: Management Approach 2016 | 103-1, 2, 3 | Description of the Material Topics and Their Boundaries, and the Evaluation of the Management Approaches and Their Components | 30 | |
| GRI 402: Labor/Management Relations 2016 | 402-1 | Minimum Notice Period for Operational Changes | 30 | |
| | | | | |

Violation of the Environmental Laws

No violations

found

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GRI Contents Index

| Classification | tion Disclosure Indicators | | Page | Note |
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| Occupational Health and Safety | | | | |
| GRI 103: Management Approach 2016 | 103-1, 2, 3 | Description of the Material Topics and Their Boundaries, and the Evaluation of the Management Approaches and Their Components | 31 | |
| GRI 403: Occupational Health | 403-1 | Occupational Safety and Health Management System | 31 | |
| and Safety 2018 | 403-2 | Risk Identification, Risk Assessment, and Accident Investigation | 57 | |
| | 403-3 | Occupational Health and Safety Services | 58 | |
| | 403-4 | Worker Participation and Communication on OSH | 31 | |
| | 403-8 | Workers Subject to Occupational Health and Safety Management System | 31 | |
| Training and Education | | | | |
| GRI 103: Management Approach 2016 | 103-1, 2, 3 | Description of the Material Topics and Their Boundaries, and the Evaluation of the Management Approaches and Their Components | 59 | |
| GRI 404: Training and Education | 404-1 | Average Training Hours Per Employee | 60 | |
| 2016 | 404-2 | Programs to Strengthen Employee Competency and Support Their Transition | 59-62 | |
| | 404-3 | Percentage of Employees Receiving Regular Performance and Career Development Reviews | 30 | |
| Diversity and Equal Opportunity | | | | |
| GRI 103: Management Approach 2016 | 103-1, 2, 3 | Description of the Material Topics and Their Boundaries, and the Evaluation of the Management Approaches and Their Components | 43,63 | |
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| Prohibition of Discrimination | | | | |
| GRI 103: Management Approach 2016 | 103-1, 2, 3 | Description of the Material Topics and Their Boundaries, and the Evaluation of the Management Approaches and Their Components | 43,63 | |
| GRI 406: Non-discrimination 2016 | 406-1 | Discrimination Cases and Corrective Actions | 43 | |
| Child Labor | | | | |
| GRI 103: Management Approach 2016 | 103-1, 2, 3 | Description of the Material Topics and Their Boundaries, and the Evaluation of the Management Approaches and Their Components | 43 | |
| GRI 408: Child Labor 2016 | 408-1 | Operations and Suppliers with a High Risk of Child Labor | - | No such places of business found |
| Forced Labor | | | | |
| GRI 103: Management Approach 2016 | 103-1, 2, 3 | Description of the Material Topics and Their Boundaries, and the Evaluation of the Management Approaches and Their Components | 43 | |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 | Operations and Suppliers with a High Risk of Forced Labor | - | No such places of business found |

| Note | |
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| r Article 31 nitation of on) of the ds Act, we e political donations | |
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TCFD Disclosure Recommendation Indicators

| Classification | TCFD Requirements | Hyundai Mobis | Response | | | | | |
|---|--|---|--|-----------------------|---|----------------------------|--|--|
| A. Governance Disclose the organization's governance around climate-related risks and | a) Describe the board's oversight of climate-related risks and opportunities (discussion procedures and frequency, establishment of strategy and action plan etc.) | The Sustainability Management Committee, a subcommittee of the BOD, is the final decision-making body on sustainability and environmental management including climate-related issues. The Sustainability Management Committee consists of five outside directors and one inside director. ESG-related issues, including climate change, are reported twice a year, and major issues are reported and approved. | | | | | | |
| opportunities | b) Describe management's role in assessing and managing climate-related risks and opportunities | | | | | | | |
| B. Strategy | a) Describe the climate-related risks and opportunities | Hyundai Mobis r | nanages climate change risks and opportun | ities by dividing the | period into short-term, medium | -term, and long-term | * - | |
| Disclose the actual and potential impacts | and long-term | | | Risks | | | | |
| on the organization's businesses, strategy, | | Classification | Transition Risks | Financial Effects | Physical Risks | Financial Effects | Opportunities | Financial Effects |
| and financial planning where such information is material. | | Short-term | Purchasing emission permits for increased greenhouse gas emissions | Cost increase | Damages to places of business due to natural disasters (damage to facilities, etc.) | The decline in asset value | Profits from the sale of surplus greenhouse gas emission permits | An increase in revenue |
| | | | Increased production cost due to increased use of renewable energy in places of business | Cost increase | | | | |
| | | Mid- long-term | Decreased product competitiveness due to increasing customer demands, such as strengthening regulatory policies by country and disclosure of product carbon footprints | Decline in sales | Delay in supply of parts for post-sale maintenance and repair due to natural disasters | Decline in sales | Increased supply of key eco- friendly auto parts | Sales increase |
| | | As for the risks related to greenhouse gas emissions, the Greenhouse Gas Energy Council, which consists of the ESG Center, the production and development department, and staff for domestic production sites, identifies the status of greenhouse gas emissions and risks (purchase of emissions permits, etc.) and creates and implements the annual reduction plans. In addition, we manage real-time energy consumption and greenhouse gas emissions at domestic and overseas production sites through our energy management system (GMEMS) and greenhouse gas emissions are promptly addressed. * Short-term: within 2 years, Medium-term: more than 2 years and less than 5 years, Long-term: more than 5 years | | | | | | |
| | b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning | Hyundai Mobis identifies environmental regulations in response to climate-related issues such as emission gas regulations and carbon taxes as opportunities for busine sales growth. The global trend of transition to eco-friendly automobiles and the subsequent increase in demand translates to the market expansion for Hyundai Mob of core electric parts. To this end, we are increasing our R&D investment and securing mid- to long-term growth engines by diversifying our portfolio of core electrifs supply chain, the portion of suppliers producing eco-friendly parts is gradually increasing. As it becomes more important to build a sustainable supply chain that can climate-related issues, we are gradually expanding our purchasing strategies to address climate change, such as limiting new orders to high-risk suppliers through a s ment that considers ESG factors. We have set the achievement of RE100 as the main goal of our operation strategy and are promoting the conversion of renewable energy for business and production site. The implementation strategy has been established through financial analysis such as investment in facilities for direct production of such as solar power and consideration of equity investment in renewable energy power generation companies. | | | | | | siness expansion and obis that is a supplier ification parts. In the in actively respond to a separate risk assess- ergy use at each place of renewable energy |
| | c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario | Based on the 1.5°C climate change scenario, we have established the first implementation roadmap to achieve 100% use of renewable energy in domestic and overseas places of busir in 2040 through participation in the RE100 initiative. This will be subject to periodic revision and supplementation depending on the possibilities in various respects through continu identification of the current status, such as changes in regulations/systems by country as well as emission permits and REC market price fluctuations. | | | | | | eas places of business s through continuous |
TCFD Disclosure Recommendation Indicators

| Classification | TCFD Requirements | Hyundai Mobis' Response |
|---|---|---|
| C. Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks. | a) Describe the organization's processes for identifying and assessing climate-related risks b) Describe the organization's processes for managing climate-related risks | Purchasing allowances for increased greenhouse gas emissions (based on domestic standards). Hyundai Mobis was designated for the target management system in July 2014 and has responded to the GHG emission regulation of the Ministry of Environment since January 2016. In July 2019, the company was designated as a company subject to emission allowance allocation. We implemented the emission trading system for the first time in 2020, and are strategically managing the number of emission allowances. By internally allocating the quantity of allowance for different places of business on an annual and monthly basis. As it is set and managed as an item for the company-wide policy management through regular performance monitoring, about 8% of surplus allowances is expected. Increased production cost due to increased use of renewable energy in places of business (globally). In 2020, electricity consumption at all domestic and overseas places of business (globally). In 2020, electricity consumption at all domestic and overseas places of business was 655GWh (Korea: 305.543/overseas: 349.397). According to the forecast of electricity consumption by places of business, we are expected to use more than 1,000 GWh in 2040. In the case of 100% conversion to renewable energy, additional costs are incurred due to investment in power generation facilities, purchase of RECs, etc. Therefore, we will optimize the use of renewable energy according to continuous internal and external trends and economic analysis in the future. This can be linked to long-term sales growth by strengthening product competitiveness, such as responding to environmental regulations by country and satisfying the needs of global customers who require the use of renewable energy. Decreased asset value due to damage to places of business caused by natural disasters (in Korea). As natural disasters such as typhoons, floods, and heavy snow increase due to global warming, the risk of safety-threatening accidents such as fire and explosion, |
| | c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management | Major risks are shared at the corporate level through the ESG council. In addition, climate-related risks, such as KCGS ratings that include environmental assessment (management of greenhouse gas emission allowance, etc.), are set as KPIs for the relevant organizations and integrated into the organization's overall risk management |
| D. Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate- | a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process | We use as key indicators the data on production disruptions and stopped supply of parts due to climate issues such as greenhouse gas emissions and natural disasters. In addition, we explain the scope of management for water, energy, and waste related to climate change. Through these indicators, risks and opportunities are evaluated, and business strategies and investment directions are taken into account. |
| to assess and manage relevant climate- related risks and opportunities where such information is material. | b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks | 2021 Sustainability Report p. 54 (Scope: all domestic places of business and overseas production/parts subsidiaries) |
| | c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets | Concerning Scope 2, we have set targets for a reduction of 65% in 2030 and a 100% reduction in 2040 in absolute terms. An implementation plan for Scope 1 & 3 reductions is also being established. |

WEF ESG Metrics

1. Principles of Governance

| Theme | Metrics | Location | page |
|---------------------------|---|---|--------------|
| Corporate Purpose | Definition of Purpose | CEO Message, About Hyundai Mobis, Business Brochure | 3, 4-6, 7-11 |
| Excellence of BOD | BOD Composition | Board of Directors | 35-36 |
| Stakeholder Engagement | Key Issues | Materiality Assessment | 17 |
| Ethical Operation | Anti-Corruption | Spreading the culture of compliance, Response to Ethical Violations | 39-40 |
| | Ethical Reporting System | Compliance Management System | 38 |
| Risk/Opportunity Analysis | Risk/Opportunity Analysis Integrated into the Management System | Managing Risk by Category | 41-42 |

| Theme | Metrics | Location | page |
|--------------------------------------|--|--|--------|
| Dignity and Equality | Diversity and Inclusivity | Employment Status | 63 |
| | Equal Salary | Employee Compensation | 31 |
| | Wage Ratio | Employee Compensation | 31 |
| | Risks of Child Labor and Forced Labor | Supply Chain ESG Risk Check, Human Rights Risk Management | 33, 43 |
| Health and Well-Being | Health & Safety | Inspecting Environment for Safety, Safety Indicators | 57-58 |
| Development of Future Competences | Training Hours | Employee Training | 60 |

2. Planet

| Theme | Metrics | Location | page |
|--------------------|--|--|-------|
| Climate Change | Greenhouse Gas Emissions | Climate Change Response | 54,76 |
| | TCFD Disclosure | TCFD Disclosure Recommendation Indicators | 72-73 |
| Impaired Ecosystem | Land Use and Ecological Sensitivity | - | - |
| Clean Water | Using Water in Regions Whose Water Resources Have Higher Sensitivity | - | _ |

4. Prosperity

3. People

| Theme | Metrics | Location | page |
|--|----------------------------|---|--------|
| Economic Value Creation and | Job Creation | Recruitment and Retirement | 63 |
| Employment | Economic Contribution | Values Created, Economic Performance | 12, 46 |
| | Contribution to Investment | Shareholder Return Policy | 47 |
| Product/Service Innovation | R&D Cost | R&D Cost, R&D Investment | 19, 46 |
| Local Communities and Social Vitality | Total Tax Payment | Values Created, Economic Performance | 12, 46 |

UN SDGs Commitment

Hyundai Mobis participates in the implementation of the seventeen goals of the Sustainable Development Goals (UN SDGs), which were unanimously adopted by UN member states around the world. We propose future-oriented goals and achievements in the economic, social, and environmental fields that can at once meet the needs of today and of future generations and strive to implement them.



organizational culture

| UN SDGs | | Initiative | Schedule | Page |
|---|---|--|----------|--------------|
| 1 ^{NO} ₽vverty Ň¥₩₩₩ ₩ | No poverty | End poverty everywhere through the eradication of absolute poverty and the establishment of social security for all. | 2025 | 65-67 |
| 3 GOOD HEALTH AND WELL-BEING | Good health and well-being | Manage diseases at a preventable level, provide essential health services, and establish a universal health care system. | 2025 | 31-32, 57-58 |
| 5 GENDER QUALITY | Gender equality | Eliminate discrimination against women and ensure equal participation in all fields of economy and society. | 2025 | 43,63 |
| 6 CLEAN WATER AND SANITATION | Clean water and sanitation | Guarantee safe drinking water and sanitation facilities, and achieve objectives such as reducing water pollution and managing water resources. | 2025 | 56 |
| 7 AFFORDABLE AND CLEANENERGY | Affordable and clean energy | Supply reliable, modern, and sustainable energy at an affordable price. | 2025 | 54 |
| 8 DECENT WORK AND ECONOMIC GROWTH | Decent jobs and economic growth | Provide decent work that also supports small businesses and protects workers' rights. | 2025 | 63 |
| 10 REDUCED INEQUALITIES | Reduce inequalities | Ensure equal opportunity and mitigate inequality of outcomes. | 2025 | 43,63 |
| 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | Responsible consumption and production | Work to enable sustainable production and consumption and reduce waste generation. | 2025 | 32-33, 55 |
| 13 climate | Climate action | Strengthen our ability to repair and restore the damage in the face of climate change and resulting natural disasters. | 2025 | 26, 42, 54 |
| 15 UFE ON LAND | Biodiversity | Protect and restore terrestrial ecosystems and forests and prevent biodiversity loss. | 2025 | 56 |

Greenhouse Gas Verification Statement



This verification statement was prepared at the request of Hyundai Mobis Co., Ltd.

Verification Standard and Scope

Lloyd's Register Quality Assurance Ltd. (LRQA) was requested by Hyundai Mobis to provide independent verification of the 2020 Greenhouse Gas Emission and Energy Usage Statements (hereinafter referred to as "the Statement"). The verification standard for this verification was "Guidelines for Greenhouse Gas Energy Target Management and Operation, etc." and was conducted in accordance with "Verification Guidelines for Greenhouse Gas Emissions Trading System Operation". The Statement contains information regarding the direct and indirect greenhouse gas emissions and energy use.

Management Responsibilities

LRQA's liability is limited to Hyundai Mobis Co., Ltd. LRQA has no obligation or liability to any other person or organization with respect to any such matters as described in the last note. The management of Hyundai Mobis Co., Ltd. is responsible for preparing the Statement and maintaining effective internal control over the data and information contained in it. Ultimately, the Statement was approved by Hyundai Mobis Co., Ltd., and it is the responsibility of Hyundai Mobis Co., Ltd.

LRQA's Verification Method

LRQA's verification was performed at a reasonable assurance level in accordance with the "Verification Guidelines for the Operation of the Greenhouse Gas Emission Trading System".

This verification was made through sampling and the following activities were performed as part of evidence gathering.

- On-site inspections were made of the production site facilities and the system for managing data and records related to greenhouse gas emissions and energy use was reviewed.
- Interviews were conducted with staff responsible for the management of data and records related to greenhouse gas emissions and energy use.
- Data and records related to 2020 greenhouse gas emissions and energy use were verified up to the raw data level.

Assurance Level and Importance

The opinions expressed in this verification statement are based on a reasonable level of assurance and were based on the expert judgment of the assurance auditors and the 5% materiality criterion.

LRQA's Opinion

As a result of the verification with the LRQA approach, we present an "appropriate" opinion as to whether the specification complies with the "Guidelines for Greenhouse Gas Energy Target Management, etc." and GHG Emissions in Table 1.

March 23, 2021

II-hyeong Lee On behalf of Lloyd's Register Quality Assurance Ltd. 17F, Sinsong Building, 67, Yeouinaru-ro, Yeongdeungpo-gu, Seoul, Rep. of Korea

LRQA Contract No.: SEO 6014771

Table 1. The greenhouse gas emissions as in Hyundai Mobis Co., Ltd.'s Statement

| Total GHG emissions | 163,165 |
|---|---------|
| Indirect GHG emissions through energy | 142,459 |
| Direct GHG emissions | 20,706 |
| Scope (according to the definition of the Guidelines for Greenhouse Gas and Energy Target Management Operation, etc.) | 2020 |

The above data corresponds to the equivalent ton of CO₂.

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Independent Assurance Report

This assurance statement is intended for readers of the Hyundai Mobis Sustainability Report and has been prepared under an agreement with Hyundai Mobis.

Assurance Standards and Scope

Lloyd's Register Quality Assurance Ltd. (LR) has received a request from Hyundai Mobis to provide independent assurance of the 'Hyundai Mobis Sustainability Report 2021' (hereafter "the Report").

This assurance was conducted at a moderate level using AA1000AS v3 according to the verification standards below, and the scope was Type 2.

The scope of assurance covered the operation and activities of Hyundai Mobis' domestic and overseas places of business¹. It included the following requirements.

- Assessing compliance with the AA1000 Accountability Principles²: inclusiveness, materiality, responsiveness, and impact.
- Confirmation that the report was prepared in accordance with the GRI standards (Core Option).³
- Evaluating the accuracy and reliability of data and information for the following indicators:
- GRI 200 (Economy): 201-1, 201-2, 203-1, 203-2, 204-1, 205-2, 205-3, 206-1
- GRI 300 (Environment): 301-1, 302-1, 302-2, 302-3, 303-1,303-2, 303-5, 304-2, 305-1, 305-2, 305-3, 305 -4, 305-7,306-1, 306-2, 306-3, 307-1
- GRI 400 (Society): 401-1, 401-3, 402-1, 403-1, 403-2, 403-3,403-4, 403-5, 403-6, 403-7, 403-8, 404 -1, 404-2, 404-3,405-2, 406-1, 408-1, 409-1, 412-1, 412-2, 413-1, 414-1,415-1, 416-1, 416-2, 417-2, 417-3, 418-1

- Safety performance data as reported on p. 57

 For overseas places of business, only GHG emissions and employee-related data are included in the scope of assurance.

- 2. https://www.accountability.org
- 3. https://www.globalreporting.org

Data and information on Hyundai Mobis' suppliers, contractors, and other third parties were excluded from the scope of assurance.

LRQA's liability is limited to Hyundai Mobis. As explained in the last note, LRQA assumes no obligation or responsi-

bility to any other person or organization. Hyundai Mobis is responsible for the collection, aggregation, analysis, and presentation of all data and information in the report, and for maintaining effective internal control over the report publication system. Finally, the report has been approved by Hyundai Mobis and is the responsibility of Hyundai Mobis.

LRQA's Opinion

Based on the LRQA's approach, there have been no failures to comply with any of the following by Hyundai Mobis:

- Compliance with the above requirements.
- Disclosure of accurate and reliable performance data and information (all errors found in the assurance process have been corrected).
- Reporting of all significant issues to readers and stakeholders.

This opinion is based on the moderate-level verification and was based on the professional judgment of the verification auditor as a materiality criterion.

Note: The scope of evidence collection in the moderate-level assurance is smaller than the high-level verification. The moderate-level assurance focuses on the collected data rather than directly checking the raw data at the places of business. As a result, moderate-level assurance has a significantly lower assurance level than high-level assurance.

LRQA's Approach

The verification by LRQA is carried out under LRQA's assurance procedures. As part of evidence gathering for this verification, the following activities are performed:

- We evaluated Hyundai Mobis' approach to stakeholder engagement to ensure that issues raised by the stakeholders were correctly identified. We did this by reviewing documents and related records.
- We reviewed Hyundai Mobis' process for identifying and determining material issues to ensure that material issues are properly included in the report. We compared the reports of Hyundai Mobis with those of other companies to check whether specific issues in the industry were reported in a way that enabled comparison to each other. In addition, we reviewed the criteria used by Hyundai Mobis in determining the material issues. This was conducted to evaluate whether Hyundai Mobis' business decisions

are made based on information related to sustainable development.

- We reviewed Hyundai Mobis' data management system to ensure that there are no significant errors, omissions, or misrepresentations in the report. To this end, we reviewed the effectiveness of our data processing procedures, guidelines, and systems, including internal verification. We also interviewed key people who collected and compiled data and drafted reports.
- We visited the Hyundai Mobis headquarters in Seoul and reviewed the evidence provided by Hyundai Mobis.

Observations

Additional observations and findings identified during the verification process are as follows.

Inclusivity

No significant stakeholder groups were found excluded from Hyundai Mobis' stakeholder engagement process. • Materiality

There were no material issues related to Hyundai Mobis' sustainability performance that are not included in the report. Hyundai Mobis has established a wide range of standards to determine which issues are important, and these standards are not biased only in favor of the management of the company.

Responsiveness

To evaluate ESG risks in the supply chain, Hyundai Mobis conducts due diligence through diagnosis by its suppliers and visits to their sites, and transparently reports the results of the due diligence and corrective actions.

Impact

Hyundai Mobis needs to develop a more systematic approach to understand the impact of organizational activities on some issues (e.g., groundwater use, biodiversity).
Reliability

Hyundai Mobis' data management system for reported indicators is well established.

LRQA Qualifications and Independence

LRQA implements and maintains a comprehensive management system that meets the accreditation requirements of ISO 14065 (Greenhouse Gas – Requirements for accreditation or certification of GHG feasibility assessment and verification bodies) and ISO/IEC 17021 (Conformity Assessment – Requirements for organizations providing management system audit and certification). In addition, LRQA complies with the requirements of the International Standard on Quality Control 1 (ISQC1) and the Code of Ethics for Certified Public Accountants of the International Ethics Standards Board for Accountants (IESBA).

LRQA guarantees selection of appropriately qualified auditors based on their qualifications, training, and experience. The results of all assurance and certification evaluations are internally reviewed by the senior management to ensure that the approach applied is strictly followed and transparent. LRQA verifies Hyundai Mobis' greenhouse gas emissions. LRQA does not violate independence and impartiality as it only provides verification services to Hyundai Mobis.

May 11, 2021

Tae-kyung, Kim Assurance Team leader

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Miscellanea

Affiliated Organizations

Organization

| | Purpose of Affiliation |
|--------------------|--|
| nerce and Industry | Compulsory membership unde Issuance of import/export doct |

| Korea Chamber of Commerce and Industry | Compulsory membership under the Chambers of Commerce and Industry Act; Issuance of import/export documents, etc. |
|---|---|
| Korea Enterprises Federation (KEF) | Collaboration and policy suggestions for establishing a cooperative system between labor and management |
| Korea Auto Industries Coop. Association (KAICA) | Collaboration between related companies for the development of the automobile industry |
| Fair Competition Federation | Exchange of information and opinions with governments and companies to comply with fair trade |
| UN Global Compact Network Korea | Compliance with the ten principles of UN Global Compact |
| Korea International Trade Association (KITA) | Acquisition of trade information and policy recommendations on export, customs duties etc. |
| Korea Economic Research Institute (KERI) | A comprehensive study on the short- and long-term development projects of the South Korean economy and companies |
| Korea Automotive Recyclers Association | Environmental preservation and improvement of automobile recycling rate in the automobile industry |
| Korea Industrial Technology Association (KOITA) | Vitalization of technical cooperation network and strengthening of technological innovation capability |
| The Korean Society of Automotive Engineers | Technology development through sharing of automobile-related academic technology |
| The Korean Academy of Motor Industry (KAMI) | Industry development through interpersonal exchanges and seminars with automobile-related experts |

Total Amount of Donations and Payments to Associations and Groups by Year

| Organization | Unit | 2018 | 2019 | 2020 |
|---|------|----------------|---------------|----------------|
| Associations and tax-exempt organizations | KRW | 17,219,237,306 | 4,658,471,417 | 11,463,773,155 |

* No lobbying, no donations to interest representatives or similar organizations, local or national political campaigns/organizations/candidates

Major Payments and Donations

| Organization | Unit | 2018 | 2019 | 2020 |
|--|------|-------------|-------------|-------------|
| KEF | KRW | 103,360,000 | 215,000,000 | 215,000,000 |
| Seoul Chamber of Commerce and Industry | KRW | 76,800,000 | 76,800,000 | 108,300,000 |
| KIAC | KRW | 57,000,000 | | - |
| KAICA | KRW | 12,000,000 | 12,000,000 | 12,000,000 |
| Hydrogen Convergence Alliance (H2KOREA) | KRW | 200,000,000 | 200,000,000 | 200,000,000 |

Social Contribution Investment Amount

| Classification | Unit | 2020 | Remarks |
|---|------|----------------|--|
| Cash donation | KRW | 21,734,326,728 | Domestic donations |
| In-kind donation | KRW | 0 | |
| Converted amount of employee volunteer activities | KRW | 200,580,106 | Amount of employee volunteer work hours converted into financial value |
| Business overhead | KRW | 282,594,846 | Expenses for social contribution activities |

Honors

| Honor Name | Date of Award | Issuing organization/Supervision |
|--|---------------|--|
| Win-win index Excellence | Dec. 2017 | Korea Commission for Corporate Partnership |
| 17/18 DJSI AP/Korea | Nov. 2017 | DJSI |
| New Excellent Technology (NET) - "Collision pad for knee protection that uses continuous fiber composite" | Apr. 2017 | KOITA |
| Honored with 'National Tax 500-Billion-Won Tower' on 52nd Taxpayer's Day | Mar. 2018 | President of Rep. of Korea |
| 18/19 DJSI AP/Korea | Oct. 2018 | DJSI |
| IR52 Jang Young-sil Award for "Paintless Injection Crash Pad" | Aug. 2018 | KOITA |
| 19/20 DJSI AP/Korea | Oct. 2019 | DJSI |
| Jang Young-sil Award - iMEB | Apr. 2019 | Ministry of Science, ICT and Future Planning |
| 2019 Social Contribution Grand Prize | Dec. 2019 | Ministry of Health and Welfare |
| Excellent Family-Friendly Company | Dec. 2019 | Ministry of Gender Equality and Family |
| 20/21 DJSI AP/Korea | Dec. 2020 | DJSI |
| Prime Minister's Commendation at 2020 Government Award for Contribution to Sustainability Management | Dec. 2020 | Ministry of Trade, Industry and Energy |

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