

HYUNDAI MOBIS



Sustainability Report 2020

HYUNDAI MOBIS value our Future and Environment First.



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. In order to reflect stakeholders' needs and expectations, we select topics and areas for reporting through materiality tests conducted on the stakeholders and highlight our efforts and performance in the specific areas that they are interested in.

Reporting Period

This sustainability report covers our operations from January 1, 2019 to December 31, 2019. For quantitative reporting, it includes data from 2017 to 2019. With respect to important areas of performance outside of the reporting period, issues up to the first half of 2020 were covered.

Reporting Boundary

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 certain information such as GHG (greenhouse gas) emissions, energy consumption, data on local employees, and local sales. The data range in this report is 100% for domestic business operations.

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 UN Global Compact. Financial information is the basis of consolidation 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. All 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 DNV GL. The detailed assurance statements are included in the Appendix of the report.

02-2018-6023

jhkim1017@mobis.co.kr

For inquiries regarding this report please contact

CSR/BUSINESS COOPERATION TEAM

Hyundai Mobis (+82. 2. 2018. 6023/ jhkim1017@mobis.co.kr)

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OVERVIEW

Hyundai Mobis has established a global network to strengthen its competitiveness and presented future automobile solutions in order to strengthen its competitiveness as an auto parts company. With the aim of developing into a Global Top Tier manufacturer, we will continue to improve by creating a new future through ingenious thinking and ceaseless innovation.

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CEO Message



Hyundai Mobis promises to carry out our responsibilities and roles as a trusted partner towards creating a sustainable future.

Respected stakeholders,

The recent spread of coronavirus has imposed great difficulties on many countries and economic players. Diverse sectors across the globe, from manufacturing to service and finance, have been gravely impacted, and the crisis in the automobile industry is expected to worsen. During this difficult time, Hyundai Mobis is doing its best to contribute to preventing further spread of the virus by adopting flexible work schedules and remote work for employees, as well as thoroughly disinfecting and controlling access to both domestic and overseas workplaces. All our employees and executives are doing their utmost to overcome this prolonged crisis and ensure the continuity of our business. Hyundai Mobis has secured its global competitiveness and potential for sustainable growth by relentlessly innovating and challenging itself. We became the 7th largest global automotive parts company, achieving KRW 38.49 trillion in sales last year. This year marks the 20th anniversary of Hyundai Mobis under its current name and will serve as an important year to bring fundamental innovation to our corporate culture and business to prepare for the next 20 years. To prepare better partnerships and future with our stakeholders, Hyundai Mobis has set the following three sustainable action plans.

First, we will continue to prepare for the future by securing talent and enhancing technological competitiveness.

Building on from our robust competitiveness in manufacturing, Hyundai Mobis is rapidly transitioning to a software-and platform-oriented business model. Going forward, we intend to diversify our business strategy by focusing on future technologies such as autonomous driving, connectivity, and electrification. We will focus on securing and developing top human capital to achieve this goal. In particular, we aim to make fundamental changes to our work processes so that creative talents can freely propose ideas and initiate collaboration. Furthermore, we will strive to enhance our competitive edge by focusing on R&D. To secure leading technologies and faster entry to markets, we will openly collaborate with pioneering technology experts and startups both at home and abroad.

Second, we will practice sustainable environment management through eco-friendly technologies.

With the goal of becoming the leader in addressing climate change and achieving Clean Mobility, Hyundai Mobis is focusing its resources on the development of core automobile components for eco-friendly cars such as electric vehicles and hydrogen automobiles. After establishing the first plant dedicated to manufacturing eco-friendly automotive parts in Chungbuk in 2013, we began operating the world's largest hydrogen fuel cell system production line at the same site in the second half of 2017. Furthermore, in the same period in 2017, we began the construction of another plant in Ulsan. We are undertaking diverse activities to reduce environmental impact, including the minimization of gas emissions and waste, as well as the optimization of water and energy recycling by monitoring all of our manufacturing processes. We aim to implement our environmental management system at every production center and utilize our technology in all production processes in a sustainable manner.

Lastly, we will continue to recognize our corporate social responsibility and take the lead in implementing socially responsible management.

In order to meet the diverse standards required by the global community and expand the scope of CSR across the supply chain, Hyundai Mobis held a compliance management declaration ceremony with the revisions of the code of conduct for employees and suppliers. We contribute to local communities and promote shared growth. The effort includes restructuring employees' volunteer activities for mitigation of social issues and continuing with the Transparent Umbrella Campaign to reduce child pedestrian accident rates. By practicing social responsibility management, Hyundai Mobis will conform to its principles in the areas of safety, environment, and compliance that can have a significant impact on society, and continue to improve these activities.

Distinguished stakeholders!

Thanks to your interest and support last year, we have grown into a stable company that encompasses the economy, environment, and society. Based on your continued support, we look forward to and remain committed to doing our best again this year.

Thank you.

President & CEO Hyundai Mobis **Chung Kook Park**



Corporate Profile

Corporate overview

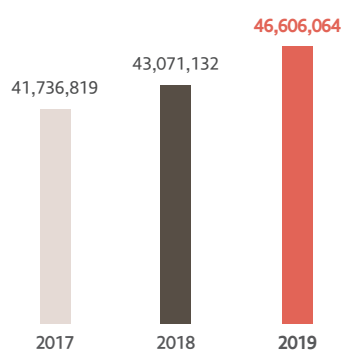
Hyundai Mobis is an automotive parts company that produces and supplies automotive modules, core components, and aftermarket service parts. The automobile industry, which is currently undergoing rapid changes, is forcing individuals, countries and businesses to face new challenges and innovate. Since our establishment in 1977, we have pioneered the automotive technology of the future through constant innovation and development. As a result, we ranked as the 7th leading global automotive parts company in 2019. Now, to create a new 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	Chung Kook Park
Establishment	June 25th, 1977
Business Type	Core Parts and Module Parts Manufacturing, Aftermarket Service (AS) Parts

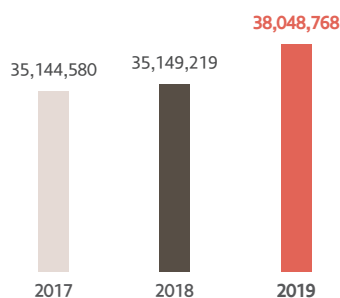
Major Financial Performance

Unit: KRW million

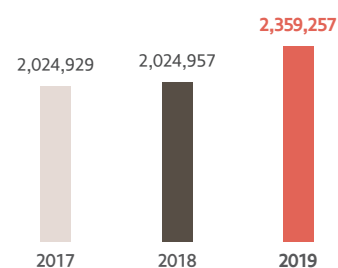
Major Financial Performance



Sales



Operating Profit



Classification	2017	2018	2019
Total assets	41,736,819	43,071,132	46,606,064
Capital stock	491,096	491,096	491,096
Liabilities	12,377,861	12,367,704	14,196,442
Sales	35,144,580	35,149,219	38,048,768
Gross profit	4,465,218	4,567,004	5,229,169
Operating profit	2,024,929	2,024,957	2,359,257
Profit before income taxes	2,734,383	2,474,883	3,214,294
Corporate tax	1,176,660	586,677	919,983
Net income	1,557,723	1,888,206	2,294,311

Business Divisions and Sales

Core Parts Manufacturing

Hyundai Mobis utilizes all our available resources to develop core parts that minimize environmental impact while yielding top performance. As the developer of core parts such as SBW, panoramic sunroof airbag and the supplier of parts for next generation side radar and steering wheel-mounted displays, our technological expertise has been recognized in the global market. Moving forwards, we will continue to invest in technological innovation to strengthen our position in the automotive technology and electric vehicle market.

KRW **10.83** trillion



SBW(SFA/RWA)



Panoramic Sunroof Airbag

Module Parts Manufacturing

Hyundai Mobis supplies three key modules - chassis, cockpit and front-end modules - using its cutting-edge vehicle modularization technology. In collaboration with automakers, the advanced module parts produced at Hyundai Mobis are perfected from the very first stage of R&D, through design and testing. Currently, we have production bases in China, the United States, India and Europe. These production bases have allowed us to increase local production and strengthen competitiveness in emerging markets around the world.

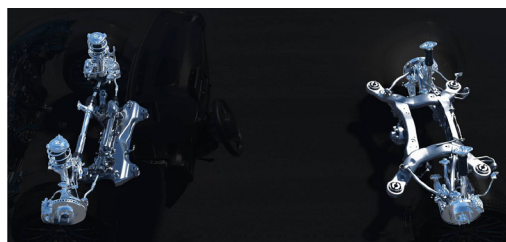
KRW **19.65** trillion



Front-End Module



Cockpit Module



Chassis Module
for Front Wheels

Chassis Module for
Rear Wheels

Aftermarket Service (AS) Parts

Hyundai Mobis is responsible for the supply of about 2.9 million aftermarket service (AS) parts for more than 260 domestic and foreign model automobiles. To optimize the rate of parts supply for more than 59.70 million Hyundai and Kia Motors vehicles currently under operation, we have set up an optimal distribution network in the industry based on a big data-based demand forecast system.

KRW **7.57** trillion



MPAU(After Sales in Australia)



MPRU(After Sales in Russia)

Business Brochure



Major Business Overview | Automotive System Solutions

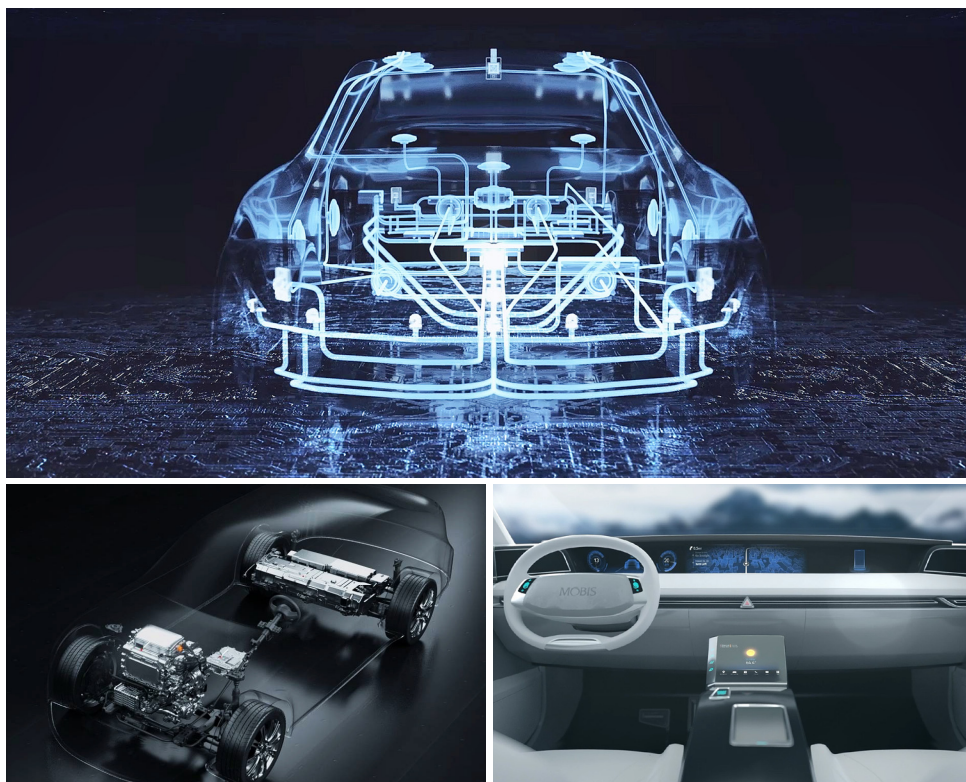


Future Automotive Technology



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

*ADAS : Advanced Driver Assistance System
*HUD : Head Up Display



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, decides, and controls the vehicle.

Electrification

To prevent changes in the environment caused by the acceleration of global warming due to the increase in carbon dioxide emissions, governments around the world are tightening regulations on automobile fuel efficiency and carbon dioxide emission limits.

Accordingly, we are developing various traditional auto parts technology such as high-power driving system and high-capacity battery system required for hybrid and electric vehicle, chargers, and fuel cell system for hydrogen fuel cell vehicles in order to lead its parts market in line with the development of electric cars.

IVI(In Vehicle Infotainment)

Hyundai Mobis is committed to the conservation of the environment for the future of humanity. In line with this commitment, we provide core solutions for electromotive vehicles, which are a form of sustainable mobility system. We supply driving motors which convert electric energy into mechanical energy, and a battery system that stores energy used for operating electromotive vehicles. MEA (Membrane Electrode Assembly), the core component of hydrogen and electric vehicles, which are the ultimate in eco-friendly automobiles, is also one of the parts we supply.

Business Brochure

Major Business Overview | Solutions for Automotive Systems

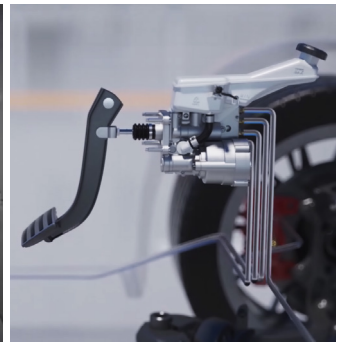
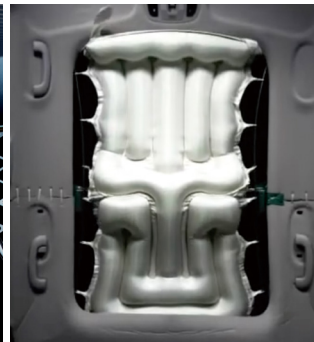
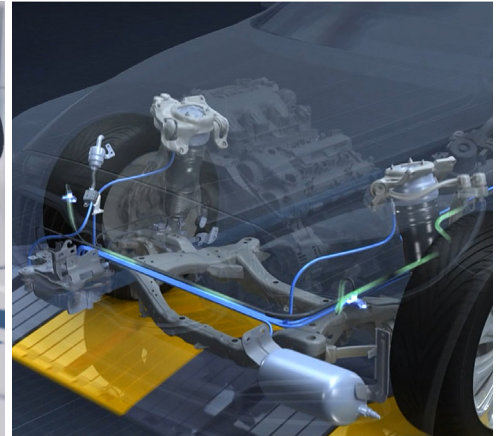
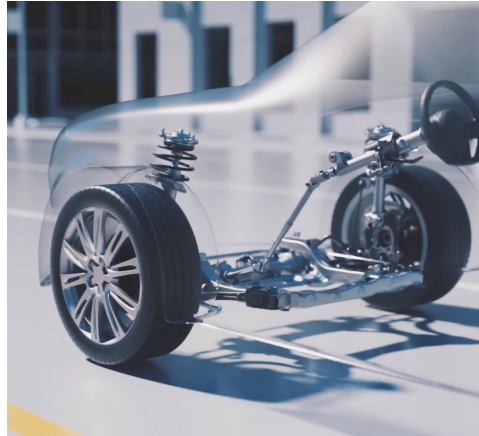


Chassis/Trim Products



- ① Steering
- ② Suspension
- ③ Lamps
- ④ Safety
- ⑤ Brakes

- * EPS : Electric Power Steering
- * eARS : electronic Active Roll Stabilization
- * ADB : Adaptive Driving Beam
- * DMD : Digital Micro-mirror Device
- * DAB : Driver AirBag
- * PAB : Passenger AirBag
- * KAB : Knee AirBag
- * CAB : Curtain AirBag
- * SAB : Side AirBag
- * CSAB : Center Side AirBag
- * CBS : Conventional Brake System
- * ABS : Anti lock Brake System
- * TCS : Traction Control System
- * ESC : Electronic Stability Control
- * EMB : Electro-Mechanical Brake



Steering

Steering systems enable 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 the autonomous driving solutions.

Lamps

The lamp system secures the driver's field of view while providing information to other drivers and pedestrians. Hyundai Mobis strives to develop a lamp that meets 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 which enables communication with nearby drivers and pedestrians.

Safety

Hyundai Mobis continues to develop an airbag system that ensures the safety of the driver, passenger, and pedestrian. 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.

Brakes

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 Manufacturer



Module Manufacturing



- ① Cockpit Module
- ② Chassis Module
- ③ FEM(Front End Module)



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 cross bar, 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.

FEM(Front End Module)

- Product units supplied to automakers that integrate the frontal engine room parts. It includes 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

Business Brochure

Sustainable Value Chain

R&D

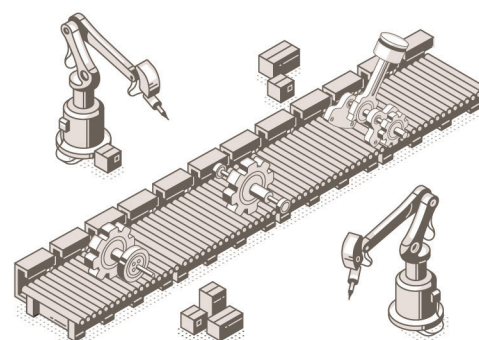
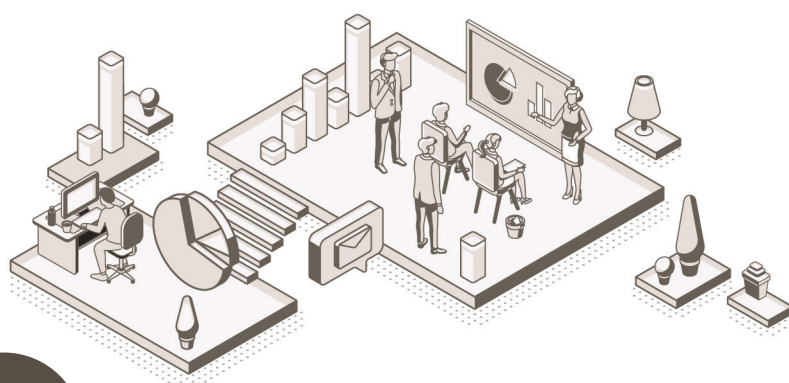
We are developing new market-leading products that offer social and environmental value, and create genuine value for customers.

Purchasing

We purchase raw materials in consideration of the society and environment and share our growth with our suppliers.

Production

We are committed to minimizing environmental impact and making our workplace safer and more eco-friendly.



Input Value

Financial Value

Assets	KRW 46.61 billion
Liabilities	KRW 14.2 billion
Capital stock	KRW 32.41 billion

Environmental Value

Ratio of eco-friendly product sales (to key parts sales)	25.8%
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Innovation Value

R&D cost	KRW 965.36 billion
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HR Value

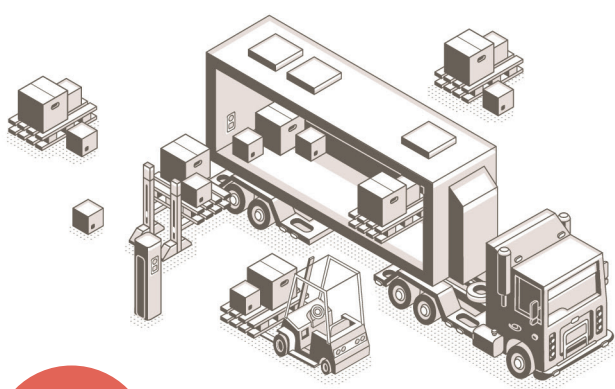
Training hours per person	57.6 hours
Training cost	KRW 9,686 million

Social Value

Number of volunteers (annual accumulation)	3,078 people
Total volunteering hours	9,083 hours

Logistics

We are dedicated to supplying products that our customers need in a timely fashion.

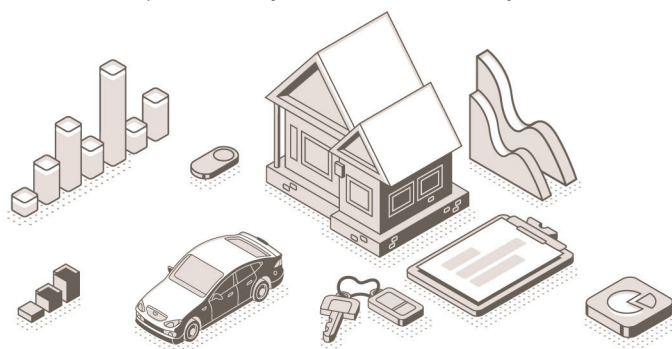


Use of Products

We incorporate quality assurance throughout the entire process to provide reliable products.

Resource Recycling

To minimize our carbon footprint, we are reducing the generation of waste and increasing recyclability in production as well as at the end of the product lifecycle.



Local Community

We engage in various social contribution activities in line with our business to address social problems and promote the development of the local community.

Value Created

Financial Value

Corporate tax	KRW 919.98 billion
Dividend	KRW 475.02 billion
Employee wage*	KRW 887.36 billion
Purchase from suppliers	KRW 33.3 trillion
Donations to local community	KRW 21.07 billion

* Based on domestic employees

HR Value

Number of new employees	376 people
Average length of employment	13.3 years

Innovation Value

Number of patents granted (worldwide)	626 patents (Accumulated total: 3,847 patents)
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Environmental Values

CO₂ reduction effects through electromotive parts (compared to emissions per gasoline-based automobile)

- (P)HEV ((Plug-in)Hybrid Electric Vehicle)	115.8g/km
- EV (Electric Vehicle)	192.2g/km
- FCEV (Fuel Cell Electric Vehicle)	192.2g/km
Waste recycling rate	61.6%
Reduction in water consumption	23,095 ton

Social Value

Number of student participants in the Junior Engineering Class	12,940 students
Number of children benefited by the Mobility Assistance Programs for Disabled Children and rehabilitation support	119 children
Annual amount of carbon absorbed by the Meer Forest	31.1tCO ₂

Global Network



HEADQUARTERS (HQ)

Seoul

DISTRIBUTION

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

AFTER SALES

Northern District Parts Office	Eastern District Parts Office	Jeonnam Parts Office	Gyeongbuk Parts Office	Andong Parts Office
Western District Parts Office	Incheon Parts Office	Seosan Parts Office	Gyeongnam Parts Office	Jinju Parts Office
Gangwon Parts Office	Southern District Parts Office	Suncheon Parts Office	Busan Parts Office	
Gangneung Parts Office	Chungcheong Parts Office	Mokpo Parts Office	Pohang Parts Office	
Chuncheon Parts Office	Jeonbuk Parts Office	Jeju Parts Office	Gimcheon Parts Office	

R&D CENTER

Technical Center (Yongin) Technical Center (Uiwang) Seosan Proving Ground

MANUFACTURING

Ulsan Plant	Seosan Plant	Cheonan Plant(IP/MEB)
Asan Plant	Gimcheon Plant	Chungju Plant
Gwangju Plant	Jincheon Plant	
Ewha Plant	Poseung Plant	
Anyang Plant	Changwon Plant	



OVERSEAS

R&D CENTER

MTCA	Michigan, USA	MTCI	Hyderabad, India
MTCE	Frankfurt, Germany	MTCC	Shanghai, China

QUALITY CENTER

MQA	California, USA	MQI	Delhi, India
MQE	Frankfurt, Germany	MQME	Dubai, United Arab Emirates
MQC	Shanghai, China		

OPEN INNOVATION CENTER

Mobis Ventures Silicon Valley	Silicon Valley, USA	Mobis Ventures China	Shenzhen, China
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Hyundai Mobis is strengthening its competitiveness by establishing a network around the world to solidify its position as a specialized automotive parts company. Beyond the largest automotive parts company in Korea, we are making a new leap forward every year toward the global top tier.

- MANUFACTURING CENTERS
- AFTER SALES
- R&D CENTERS



MANUFACTURING

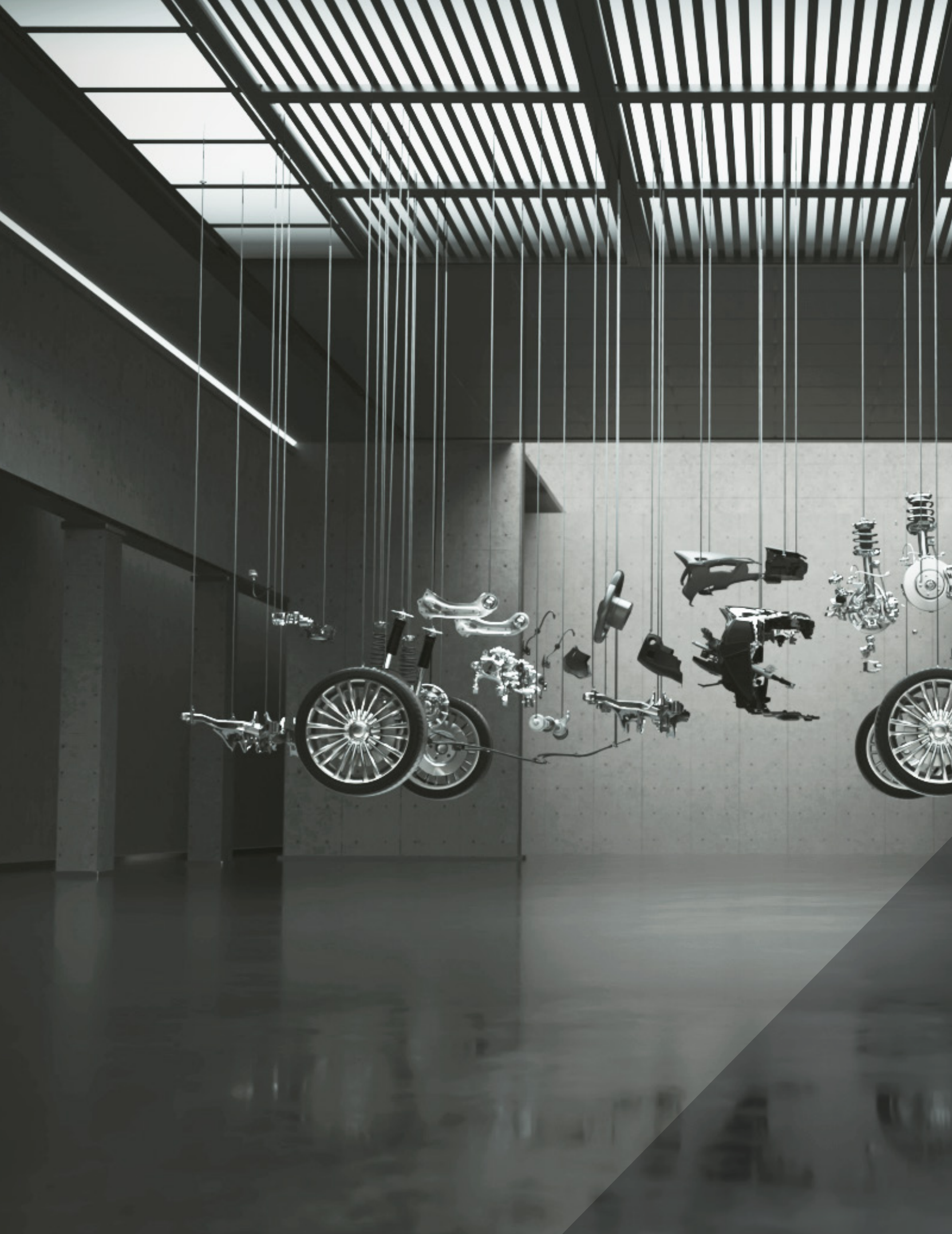
MBJ	Beijing, China	MNA-MI	Michigan, USA
MJS	Jiangsu, China	MRU	Saint Petersburg, Russia
JYB	Jiangsu, China		
MSH	Shanghai, China	MSK	Žilina, Slovakia
MWX	Wuxi, China	MCZ	Nošovice, Czech Republic
MTJ	Tianjin, China	MIA	Anantapur, India
MCJ	Cangzhou, China	MIN	Chennai, India
MCQ	Chongqing, China	MBR	São Paulo, Brazil
MAL	Alabama, USA	MTR	Izmit, Turkey
MAL-GA	Georgia, USA	MMX	Monterrey, Mexico
MNA-OH	Ohio, USA		


AFTER SALES

BMP	Beijing, China
MPJY	Jiangsu, China
MPSH	Shanghai, China
MPA	California, USA
MPMI	Florida, USA
MPCA	Markham, Canada
MPE	Beringen, Belgium
MPRU	Moscow, Russia
MPME	Dubai, United Arab Emirates
MPAU	Sydney, Australia

BRANCH & BUSINESS OFFICE

MPE-BE	Beringen, Belgium
MPE-DE	Brehna, Germany
MPE-ES	Madrid, Spain
MPE-HU	Budapest, Hungary
MPE-IT	Milan, Italy
MPE-SE	Jönköping, Sweden
MPE-UK	Tamworth, England
MKLO	Kuala Lumpur, Malaysia
MNA-PL	Michigan, USA
China Office	Beijing, China
MTKO	Tokyo, Japan
MHNO	Hanoi, Vietnam
Europe Office	Frankfurt, Germany
MPME-EG	Alexandria, Egypt





SUSTAINABLE IMPACT

To pursue the 'realization of possibility', Hyundai Mobis is striving for growth into the future. To do this, we are maximizing the quality of our products and services by acting as a 'trusted partner' for our suppliers, and by leveraging the unique characteristics of our industry to create social value for the 'betterment of humanity'.

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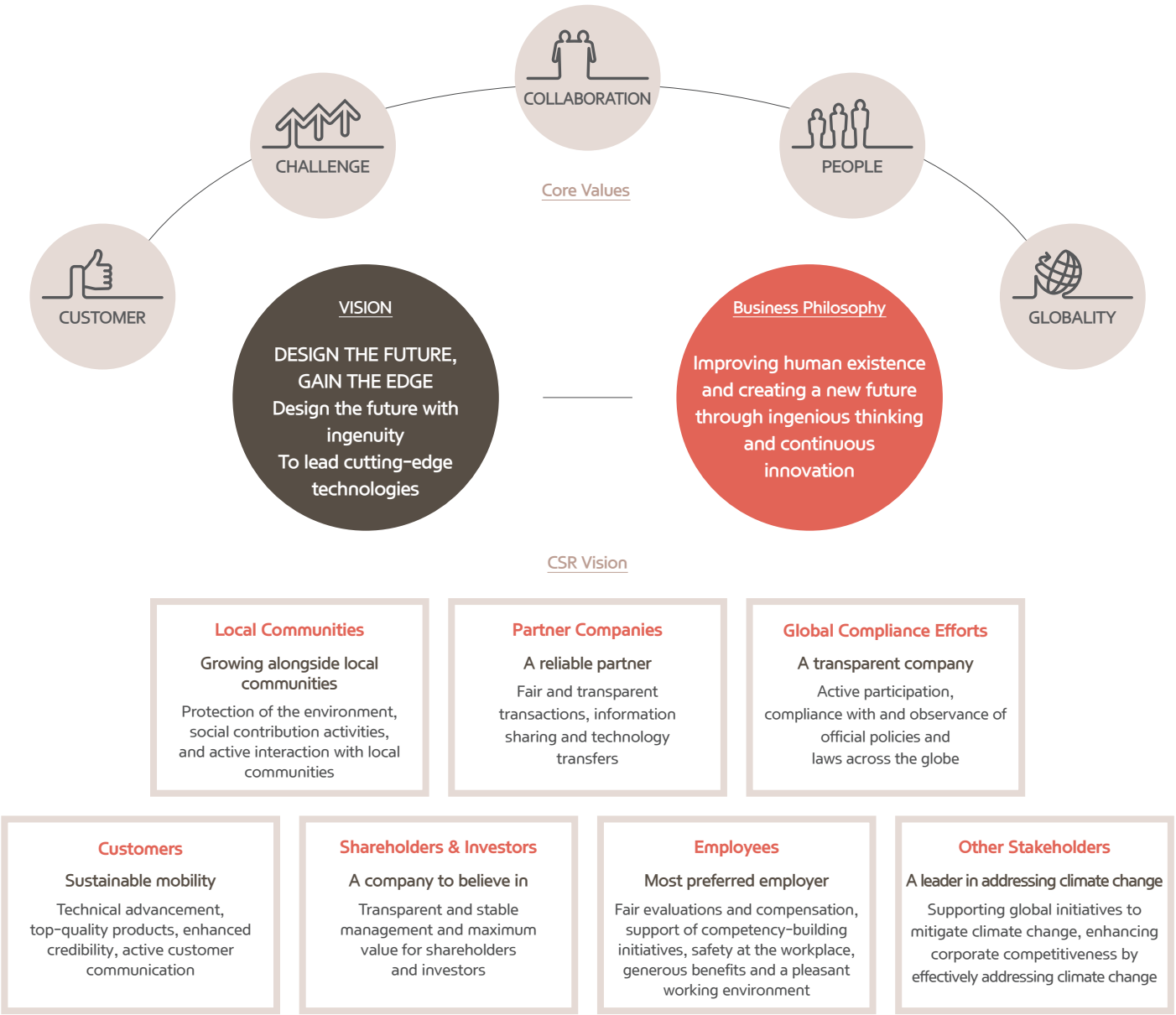
CSR Management System

In pursuing CSR, Hyundai Mobis has remained true to our business philosophy. This philosophy is based on our vision and five core values, and guides are aim to improve human existence and create a new future through ingenious thinking and constant innovation. We are committed to becoming your true partner for the future.

Core Values

Hyundai Mobis pursues the following five core values: Customer, Challenge, Collaboration, People, and Globality. We set these values as the barometer to measure our realization of our business philosophy and vision, as well as the action and decision-making standard of our employees. In order to identify the level of practice and areas of improvement, we actively conduct group-wide surveys

on internalization of core values and, by doing so, we commit ourselves to building a creative corporate culture that respects customers and employees. To this end, we will strive to achieve sustainable growth by sharing and internalizing the five core values with all our employees in an effort to solidify the sense of community.



Vision

Our goal is to make automobiles not only a means of transportation but also a lifetime partner and beyond. To this end, Hyundai Mobis will continually strive towards achieving a brighter future.

Business Philosophy

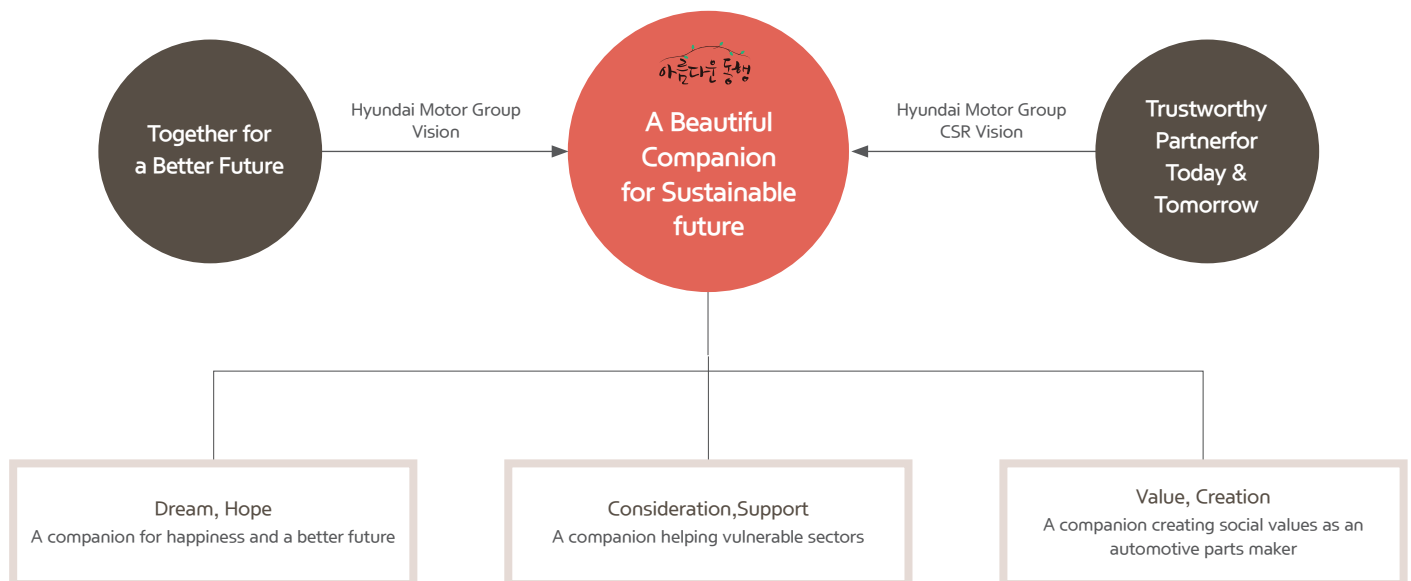
Guided by our business philosophy, which aims to improve human existence and create a new future through ingenious thinking and constant innovation, Hyundai Mobis strives to become a leading global company.

CSR Management

With “A Trustworthy Partner for Today & Tomorrow” as our CSR strategy, Hyundai Mobis is committed to creating sustainable values for all stakeholders as well as economic growth and sharing our success to maintain a healthy balance in terms of economy, society and the environment.

Also, based on the corporate culture of respect and trust, we plan to publish the CSR Charter and share its value with all stakeholders in order to fulfill our role as a global corporate citizen through a balance of growth and sharing.

CSR Vision and Strategy




Social Contribution Roadmap



Sustainability Highlights

Hyundai Mobis is creating economic, social, and environmental value based on our SCR management system. Based on this, we constantly support Sustainable Development Goals (SDGs) to fulfill our social responsibility as a responsible corporate citizen.

Areas of Focus	Key Issues	Goals
Environment & Safety Management 	Response to climate change	Reduce energy consumption and GHG emissions
	Creating an eco-friendly working environment	Reduce water and air pollutants
		Reduce waste production intensity
Win-Win Growth 	Promoting CSR in the supply chain	Complete on-site evaluations of “risk company” in accordance with supplier self-analysis result in “sustainability management risk assessment”.
		Reception of corrective plans for areas of improvements issued at on-site evaluation
		Complete sanction reviews of the suppliers exposed in the media due to non-compliance with the code of conduct
	Continuing win-win activities	Fair Trade Conclusion / Implementation Financial Support for Suppliers
Social Contribution 	Social contribution in line with business	Donate 100,000 transparent umbrellas every year
Employee Values 	Training on human rights compliance	Improve the internal/external analysis of human rights and labor practice
	Employee safety and health	Internalize safety culture

Performance in 2019	Plans for 2020	Plans for 2025
155,945tCO ₂ eq (Domestic)	3% reduction compared to the government's emission trading system allocation target	Reduce emissions by 10% against BAU in 2025 (BAU, Business As Usual : Estimated 2025 emission based on GHG emissions from '14 ~ '19)
Reduced air pollutants intensity by 6% against previous year / increased water pollutants by 48%	Reduce pollutants intensity up to 10% year-on-year	Reduce pollutants intensity up to 10% year-on-year
Reduced waste intensity by 6%		
-	100%	100%
-	80%	80%
100% (Not occurred)	100%	100%
343 companies	340 companies	Accumulated 1,700 companies
KRW 157.1 billion	KRW 100 billion	Accumulated KRW 500 billion
Reached 1.00 million umbrellas in total	Reached 1.10 million umbrellas in total	Reached 1.30 million umbrellas in total
Completed 96% of employees	Expand training programs for major stakeholders	Establish and operate an integrated training system for domestic/overseas stakeholders
Conduct corporate-wide safety management inspection - 21 domestic sites - 12 overseas sites(Europe/India) ※ Establish a spot check system	Strengthen safety awareness - Establish/renew basic safety rules -Strengthen safety training and promotion	Corporate-wide safety management analysis and evaluation - Achieve global level in the automobile sector (ISRS Lv.6) - Evaluation items: system, safety culture * ISRS (International Safety Rating System)

SDGs Commitment

Hyundai Mobis practices the 17 goals of the United Nations' SDGs which have been unanimously adopted by the members of the United Nations. We are working to present and achieve future-oriented goals and performance in economic, social, and environmental areas that meet the needs of current and future generations.

SUSTAINABLE DEVELOPMENT INNOVATOR

Based on our three core philosophies; "pursue mutual prosperity," "progress for humanity and society," and "clean environment," we will play a leading role in the creation of a sustainable future.



Pursue mutual prosperity

We pursue economic abundance by expanding a sustainable supply chain, creating quality jobs, and economic growth.



Advance humanity and society

Contribute to creating social values based on equal and excellent human resource development.



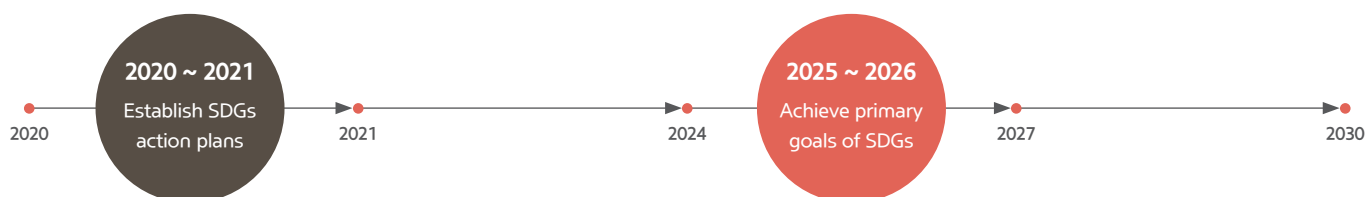
Clean environment

Be the leader in responding to climate change by preserving ecosystems based on sustainable production and consumption.

Impact on Stakeholders

Stakeholders	3 principles	Key issues
Shareholders and investors	Pursue mutual prosperity	- Contribute to economic growth through corporate development
	Advance humanity and society	- Expand infrastructure and promote R&D
	Clean environment	- Secure new sustainable future growth engines
Local community	Pursue mutual prosperity	- Invest social infrastructure and win-win with local communities
	Advance humanity and society	- Fulfill corporate social responsibility - Support the financially and socially underprivileged group
	Clean environment	- Protect eco-system and bio-diversity of local communities
Customers	Pursue mutual prosperity	- Sustainable consumption
	Advance humanity and society	- Strengthen service responsibility
	Clean environment	- Produce recyclable products
Suppliers	Pursue mutual prosperity	- Win-Win growth with suppliers - Support for suppliers
	Advance humanity and society	- Build ethical management system transparently and disinterestedly
	Clean environment	- Select and Evaluate sustainable suppliers
Employees	Pursue mutual prosperity	- Secure and foster local talent in the area around the workplace
	Advance humanity and society	- Achieve work-life balance - Strengthen health and safety management - Human rights growth
	Clean environment	- Operate environmental management and create eco-friendly corporate culture

Action plans by stage



○ Planning ● In progress ● Completed

UN SDGs	Initiative Overview		Schedule	Major goals	Stage
1 NO POVERTY 	End poverty	End poverty in all its forms everywhere by establishing a social security system for all.	2025	Carry major self-reliance strengthening activities	●
3 GOOD HEALTH AND WELL-BEING 	Good health and well-being	Manage illnesses at a preventable level and establish a supply of essential health services and a general medical security system.	2025	Settle self-directed health care culture Improve health awareness of employees and induce to enhance voluntary health habit (introduce HIMS system)	●
5 GENDER EQUALITY 	Gender equality	End discrimination against women, and guarantee equal opportunity in all economic and social areas.	2025	Increase the ratio of female managers	●
6 CLEAN WATER AND SANITATION 	Clean water and sanitation	Ensure safe drinking water and sanitary facilities by managing water resources and reducing water pollution.	2025	Upgrade drinking water sanitary condition across the entire global bases	●
7 AFFORDABLE AND CLEAN ENERGY 	Affordable and clean energy	Supply reliable, modern and sustainable energy at a reasonable price	2025	Improve the energy efficiency across the entire global production bases	●
8 DECENT WORK AND ECONOMIC GROWTH 	Decent jobs and economic growth	Provide support to start-up businesses, protect worker's rights, and create decent jobs.	2025	Foster in/external start-up and Expand co-operation	●
10 REDUCED INEQUALITIES 	Reduce inequalities	Guarantee equal chances and reduce inequality in outcomes	2025	Abolish discriminatory regulations (e.g. Limited opportunity in business participation) and stakeholder verification	●
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	Responsible consumption and production	Commit to realizing responsible production and consumption, and reducing waste.	2025	Increase our waste recovery rate	●
13 CLIMATE ACTION 	Climate action	Enhance the capability to recover from natural disasters caused by climate change	2025	Reduce emissions by 10% against BAU in 2025 (BAU, Business As Usual : Estimated 2025 emission based on GHG emissions from '14 ~ '19)	●

Human Right Commitment

Human Rights Principles and Scope of Application

Hyundai Mobis is committed to protecting its employees and stakeholders' human rights, and operates in compliance with the international human rights standards and norms such as local labor laws, the United Nations' UDHR (Universal Declaration of Human Rights) and the Guiding Principles, as well as the Core Convention

of the International Labor Organization. We recognize our responsibility to respect universally accepted human rights throughout the entire business process and value chain. These principles apply not only to our employees, but also to the entire spectrum of our business and investment activities, including various business partners.

Human Rights Management Guidelines

1. Prohibition of Forced Labor

In accordance with the UN Universal Declaration of Human Rights and our internal human rights protection policy, Hyundai Mobis prohibits any form of forced labor using mental and physical constraints, including slavery and human trafficking.

2. Prohibition of Child Labor

In accordance with the UN Universal Declaration of Human Rights and our internal human rights protection policy, Hyundai Mobis prohibits the employment of children or youths.

3. Working Hours

Hyundai Mobis operates its business in compliance with the maximum working hours under local laws and regulations.

4. Wage

Hyundai Mobis operates its business in compliance with the minimum wage and overtime pay under local laws and regulations.

5. Prohibit Discrimination

Hyundai Mobis provides equal opportunities to all employees and applicants with respect to employment. Under all circumstances, we support cultural and racial diversity at our workplaces, and do not discriminate against race, gender, age, national origin, educational background, religion, marital status, political opinion, social status, physical disability or other considerations. We manage our human resource activities in accordance with local laws concerning employment, promotion, compensation, and disciplinary action.

6. Freedom of Association

Hyundai Mobis guarantees freedom of job selection, freedom of association and collective bargaining in accordance with the labor laws of each nation or region and we do not impose any disadvantage for creating, registering or participating in labor unions.

7. Workplace Safety and Environment

Hyundai Mobis provides a safe work environment for all employees through the design of a safe workplace, risk prevention processes, work processes in accordance with safety rules, supply of protective equipment and continuous safety training.

2019 Human Rights Due Diligence Results

Hyundai Mobis conducted due diligence on human rights for 2019 and took the following corrective measures:

Period: Jan. 1 – Dec. 31, 2019

Scope: Hyundai Mobis, supply chain and subsidiaries subject to consolidation

Employees

Classification	Labor ¹⁾	Ethics ²⁾	Safety/Health/Environment ³⁾
Number of audits conducted	10,406	64	36,270
Number of cases of violation	0	2	739
Number of cases addressed	0	2	739

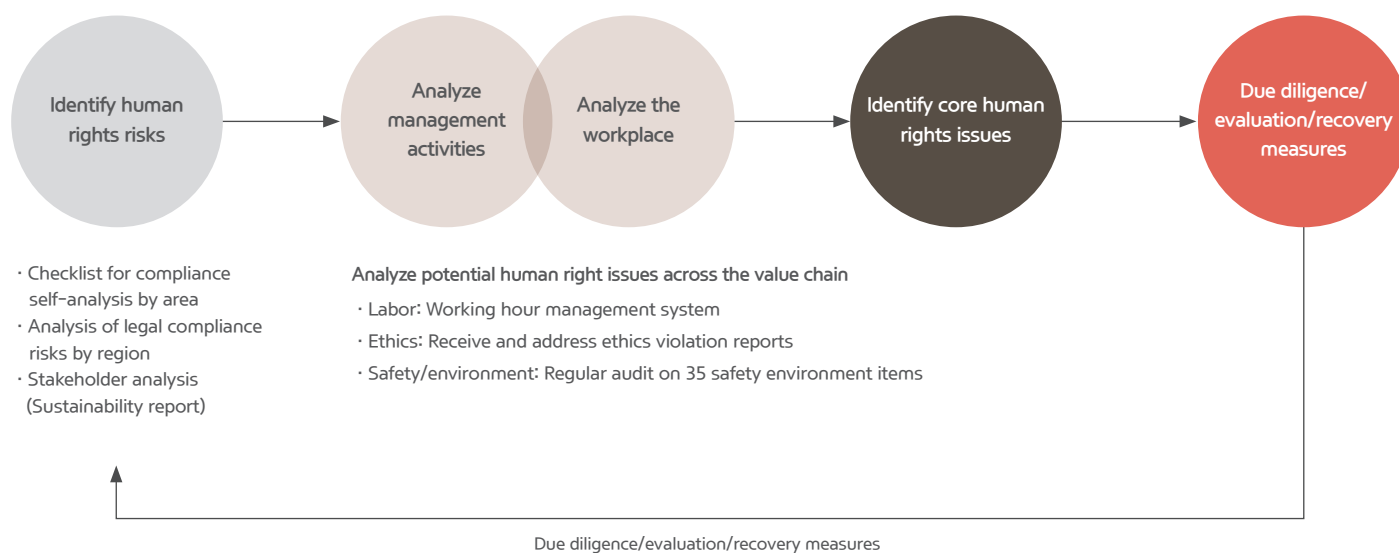
1) Working hours management system for all domestic employees

2) Number of complaints and reports on ethics violations (Jan. 2019 ~ Dec. 2019), items subject to the prohibition of discrimination

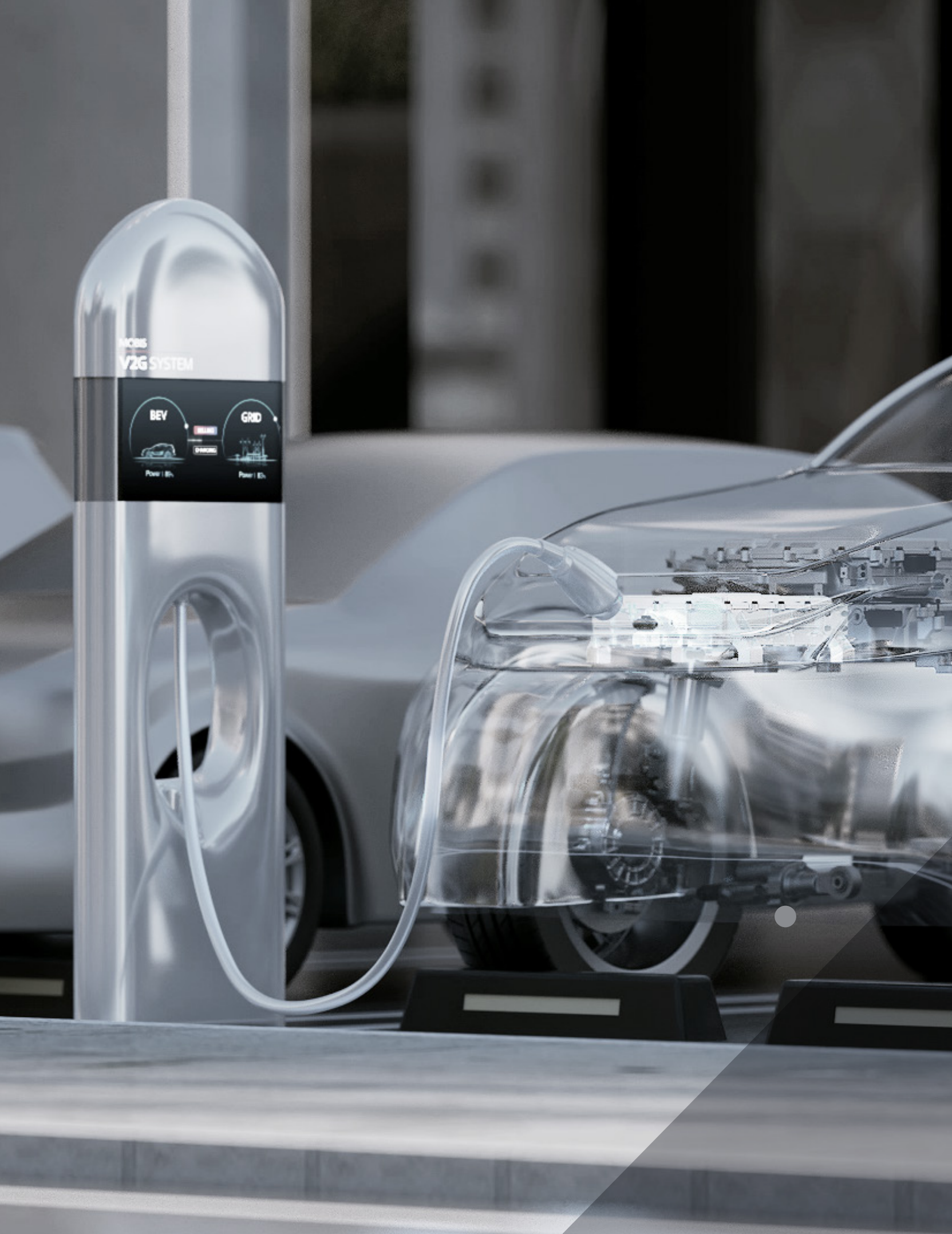
3) Regular/Impromptu audits on 35 Safety/Environmental items (Jan. 2019 ~ Dec. 2019) 1 time/Month, 12 times/Year

Human Rights Due Diligence Process

- Universal Declaration of Human Rights
- UN Guiding Principle on Business and Human Rights
- OECD Due Diligence Guidance



MOBIS
V2G SYSTEM



A futuristic, transparent car chassis is displayed on a stand. The car's internal components, including the suspension, wheels, and engine area, are visible through the clear body panels. The background is a blurred industrial or showroom setting with vertical light fixtures.

MATERIAL TOPIC

In conducting business activities, Hyundai Mobis is committed to achieving competitiveness and sustainable growth by creating economic, social, and environmental value. To this end, we are taking proactive approaches to shifting sustainable issues based on active communication with diverse stakeholders. In particular, we continue to practice sustainable management to realize social and environmental values, contributing to our stakeholders, local communities, and humanity.

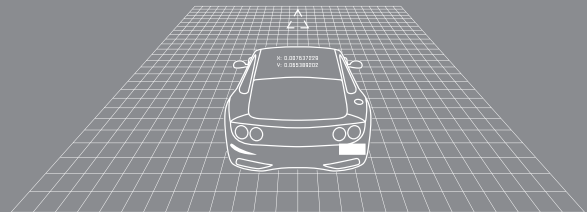
Topic & Case 1.	30
Securing New Future Growth Engines	
Topic & Case 2.	40
Eco-friendly Management	
Topic & Case 3.	46
Creating Values of Local Communities	

Topic & Case 1.

Securing New Future Growth Engines

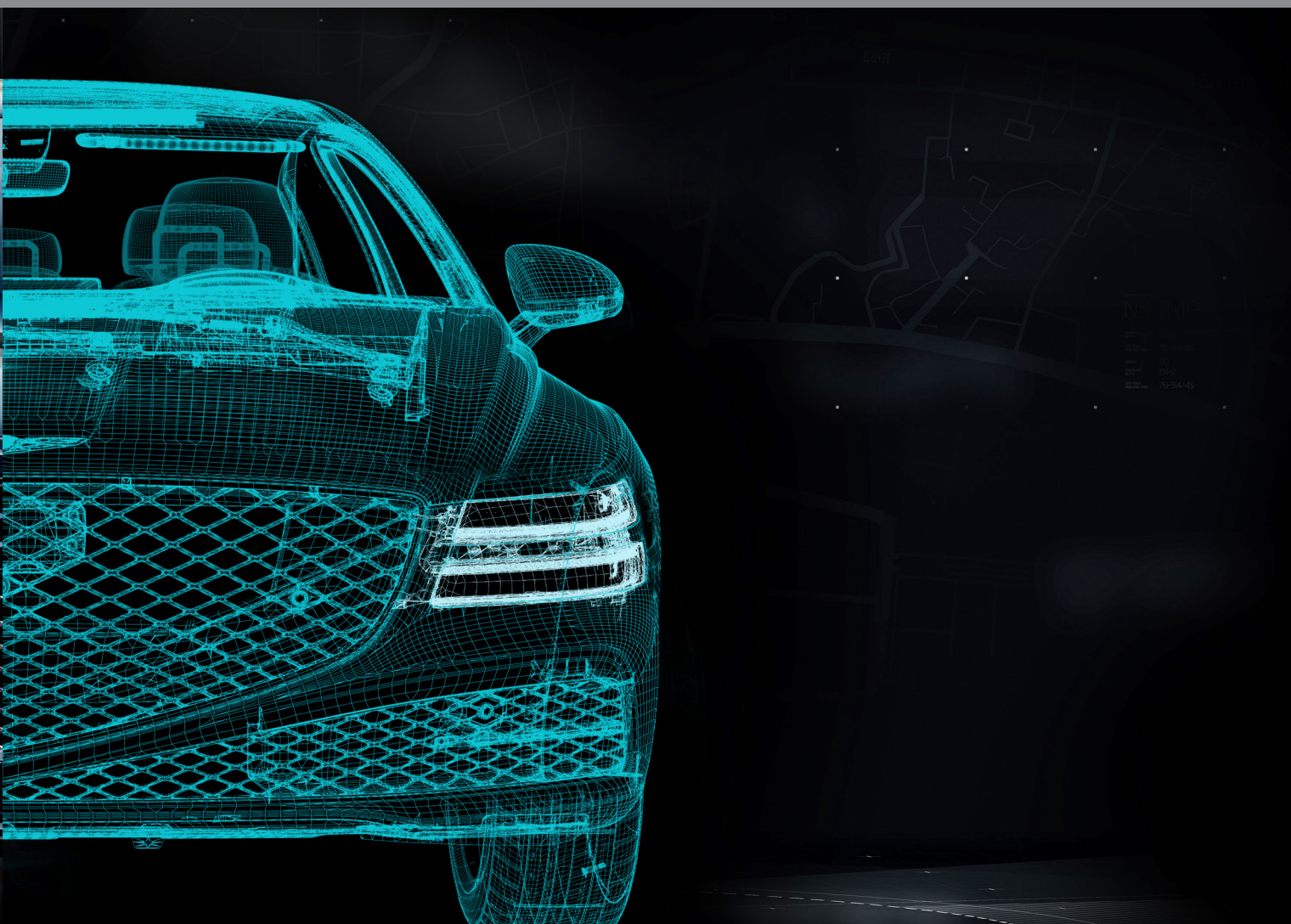


MANAGEMENT APPROACH



BACKGROUND

As we enter the Fourth Industrial Revolution, we are witnessing the emergence of new products that utilize new inventions such as AI, Big Data, and cloud-based services. The advancing digital technology is dramatically changing the paradigm of the automotive industry, and in turn that demanding businesses enhance both R&D and risk management capabilities to take proactive actions.



RISK & OPPORTUNITY

As technology advances, regulations imposed on the automobile industry are getting as complex as ever. And as the lines between industries blur, the demand for innovation across product development process is increasingly growing. Within such an environment, Hyundai Mobis delivers customer satisfaction by leveraging new technologies founded on our cutting-edge development capabilities, creating products and services that satisfy customer convenience and needs.

PRINCIPLE & STRATEGY

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



PERFORMANCE

R&D cost in 2019


965,360
KRW billion

Number of projects in 2019


1,716
projects

R&D workforce in 2019


4,987
people

Number of automobile models developed in 2019


121
models

2020 GOAL

R&D cost in 2020


983,099
KRW billion

Number of projects in 2020


2,007
projects

R&D workforce in 2020

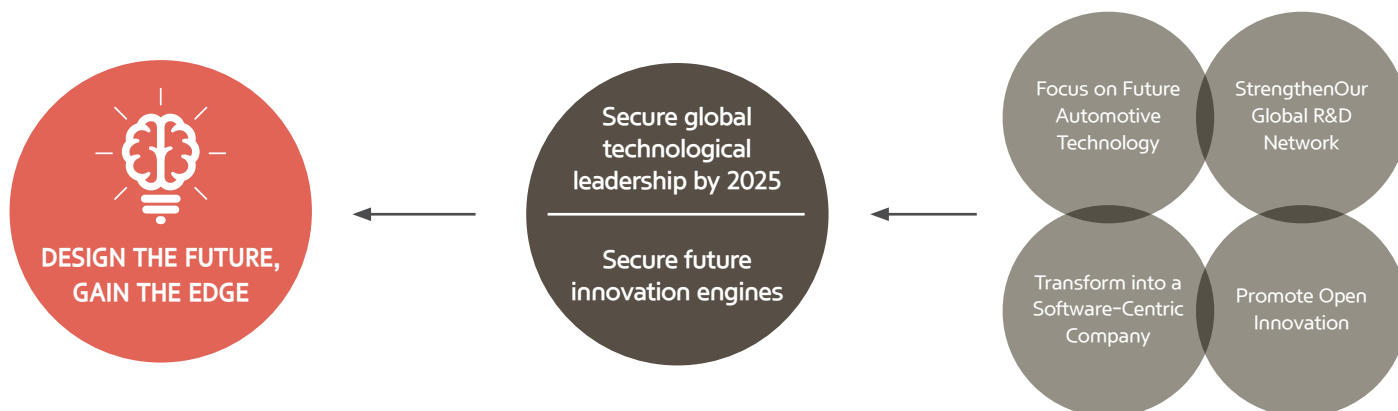

5,129
people

Number of automobile models developed in 2020


156
models

Product Innovation Strategy

Guided by the vision of achieving the highest level of technological expertise and reaching a leadership position in future automotive technology by 2025, we are implementing detailed action plans. In order to focus on the development of future automotive technologies, we are transitioning into software intensive products 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.



Boosting the synergy of the 5G Connected Car

In October 2019, Hyundai Mobis hosted a performance demonstration with KT and HYUNDAI MNSOFT, sharing the results of the joint development of 5G Connected Cars and discussing future cooperation plans. Moving forwards, we will strive to create an accident-free future by improving the reliability of connected car technology through active collaborations in the autonomous driving field.



Developed R-AEB technology with radar application

In the second half of 2019, Hyundai Mobis introduced the world's first rear autonomous emergency braking system with USRR (Ultra Shot Range Radar). R-AEB (Rear-Autonomous Emergency Braking) system autonomously stops a vehicle when sensors detect pedestrians or objects in its reversing path.



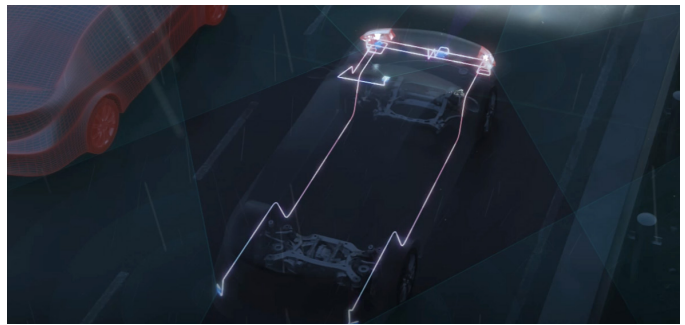
Introduced the Autonomous Driving RoboTaxi

Hyundai Mobis developed the first vehicle that runs on Fully Autonomous Driving Platform, in collaboration with Yandex, the largest web portal business in Russia. In 2019, we employed 10 autonomous driving platform vehicles on a trial basis, and planning to expand to about 150 vehicles by 2020. Continuing this momentum, we plan to operate a trial operation of RoboTaxi across Russia.



Developed the world's first Advanced Adaptive Driving Beam

Hyundai Mobis has introduced the world's first AADB (Advanced Adaptive Driving Beam). Although the existing AADB (Advanced Adaptive Driving Beam) prevents glare to the driver of an automobile and secure driver's visibility opponent vehicles when driving at night, it is an imperfect technology that can cause split-second blindness due to its limitation as a camera-only system. To address this issue, we integrated ADAS sensors such as rear side radar, road lanes, and high precision maps to eliminate glare caused by passing lanes, curved lanes, and median strips - without raising production costs. This technology has received NET certification from the Ministry of Trade, Industry and Energy, and 6 domestic and 16 overseas patent applications have been filed.



Open Innovation Strategy

Hyundai Mobis are leveraging open innovation strategy with other tech-companies to secure competitiveness and leading position in future automotive industry. Through acquisition of shares in and collaboration with Stradvision - an AI-based image recognition startup, we are developing Level 2-3 autonomous driving technology for mass production. Also, to develop a Lidar system, one of the core sensor for level 3 autonomous driving, we built up a partnership with Velodyne and made a strategic investment to strengthen cooperative relationship with this leading company in Lidar business. We aim to launch a co-developed Lidar system by 2021, targeting domestic and Asian markets. In addition, we recently established a joint venture company in the United States with Aptiv and Hyundai/Kia Motor, to develop and supply level 4-5 solutions. We will continue to increase our investment in sourcing new technologies such as autonomous driving and IVI (In-vehicle Infotainment).

Overseas open innovation center

In November 2018, we opened an Open Innovation Center in Silicon Valley, United States. Mobis Ventures Silicon Valley is our central innovation hub for identifying innovative technologies and forecasting the future. In addition, in June 2019, we opened second innovation center in Shenzhen, China. Mobis Venture China, in charge of tech-scouting and deal sourcing activities, is focusing on market investigation and service business development for local market including AI-based technologies.

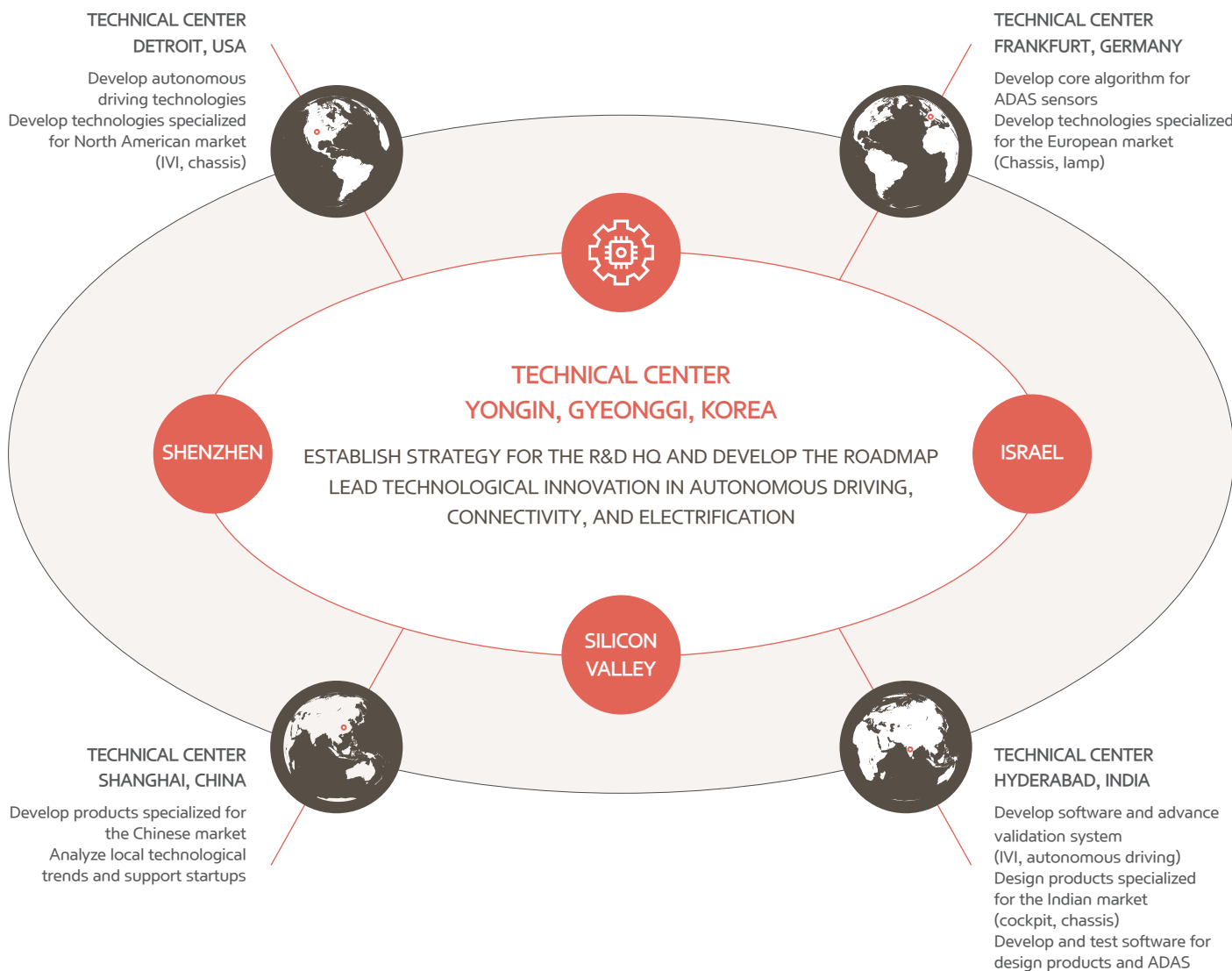
Startup development programs

Since 2018, Hyundai Mobis has been operating the M.Start program, dedicated to supporting domestic/overseas startup companies that have promising technologies for future mobility. Through this program, we support their PoCs (Proof of Concepts), and now are undergoing PoC processes of 3 domestic startup companies we discovered in 2019. Hyundai Mobis will continue to seek overseas startup partners for PoC in IVI and ADAS field in 2020.

Strengthening global R&D network

To secure our leadership in the future automotive technologies, we are expanding our global R&D network. Currently, we have R&D hubs operating in five countries including South Korea, the United

States, Germany, China, and India. Each technical center is dedicated to securing top talents and collaborating with industry expert companies, as well as local colleges.



Specialist programs for fostering expertise

Hyundai Mobis introduced and operates three specialist programs: “Tech Challenge,” “Startup Challenge,” and “Idea Bulletin,” which are aimed at promoting our employees’ ideas. We are dedicating our full support in these programs to encourage novel ideas for new technologies and their materialization. We will continue to develop diverse programs to strengthen our employees’ R&D capability for creating future technologies.



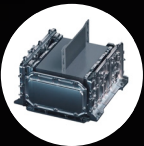
Best Practice | Development of electromotive for eco-friendly vehicles

Fuel cell system

1



● **PFC**
Powertrain Fuelcell Complete
Mass production



● **MEA**
Membrane Electrode Assembly
Mass production

● Technology internalized
● Under development

Driving system

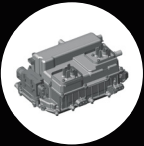
2



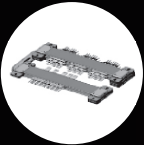
● **Traction Motor**
Mass production



● **HSG**
Hybrid Start & Generator
Mass production



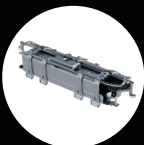
● **PCU**
Power Control Unit
Target to mass produce by 2023



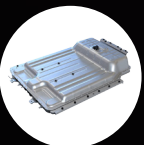
● **Power module**
Target to mass produce by 2021

Battery system

3



(P)HEV



EV

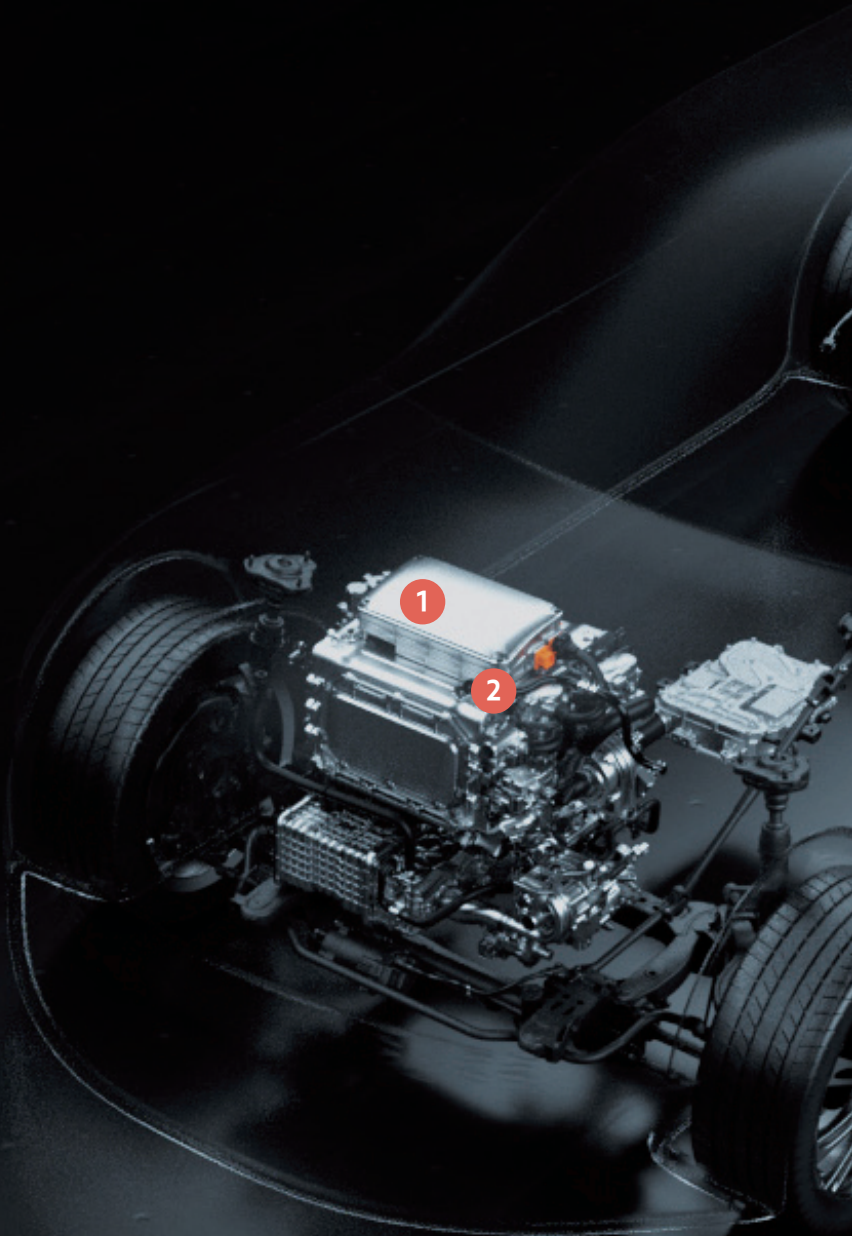


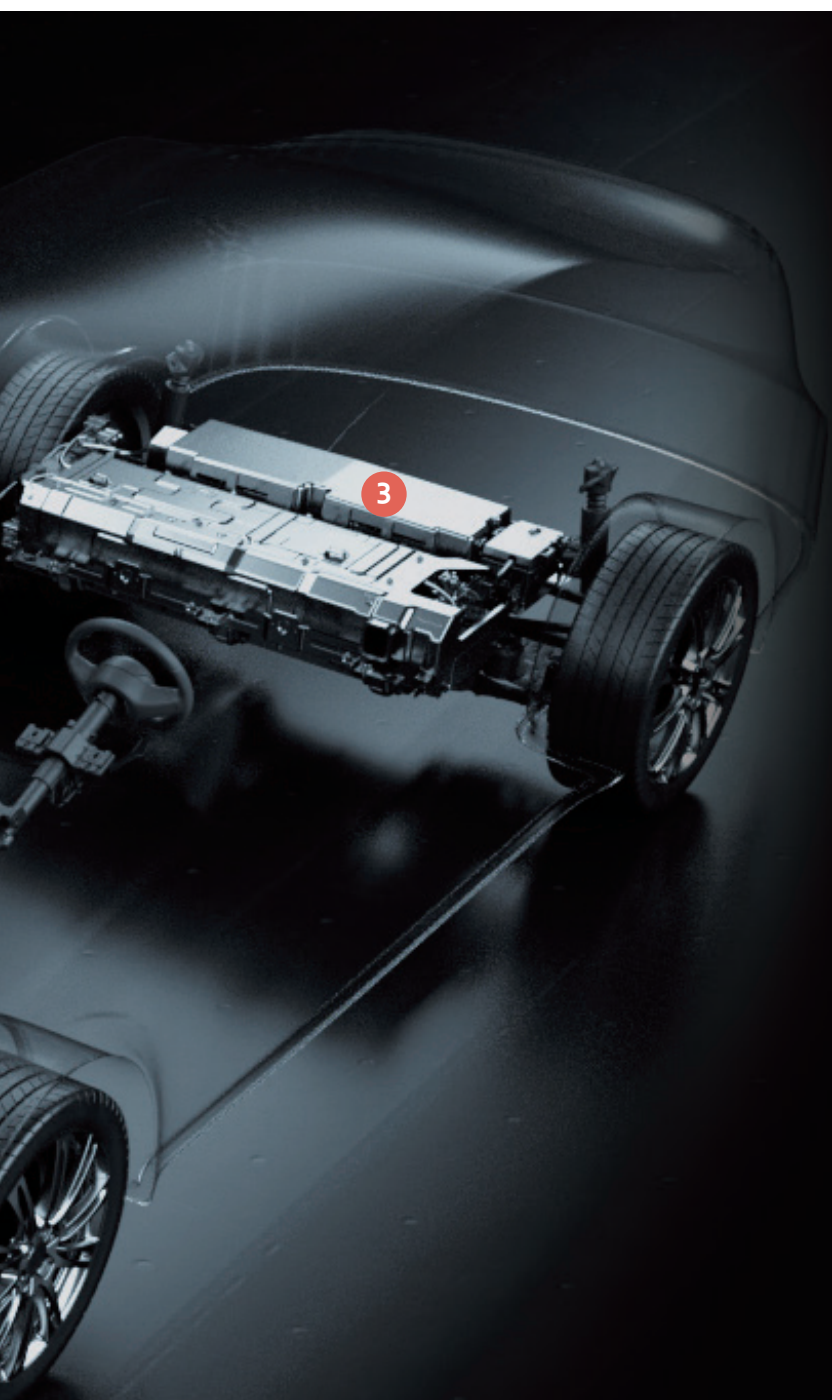
48V LDC integrated

● **Battery System**
Battery System Assembly
Mass production

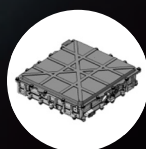


● **BMS**
Battery Management System
Mass production





Electrification Electronics



● OBC
On Board Charger
Mass production



Parts for eco-friendly vehicles

Hybrid

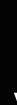
Driving system
Battery system

Electric vehicle

Driving system
Battery system
Charger

Hydrogen electric vehicle

Driving system
Battery system
Fuel cell system



Compared to CO₂ emissions per
gasoline-based automobile (192.2g/km)

Hybrids ((P)HEV)

76.4 g/km

Electric vehicles

0 g/km

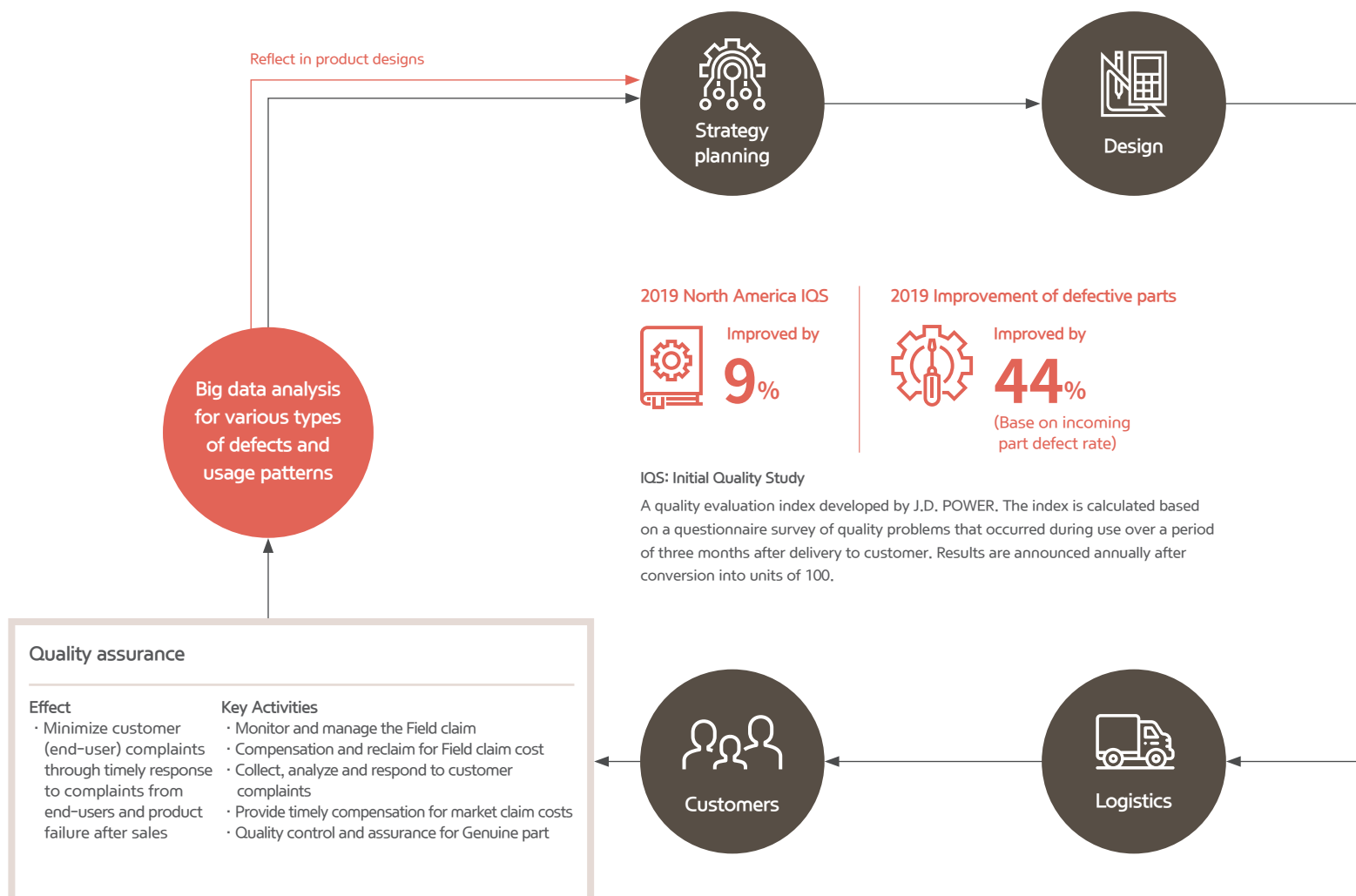
Hydrogen electric vehicles

0 g/km

Quality Management throughout Value Chain

Strengthening Global Quality Management System

Aiming to achieve customer safety through innovative products and 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 2019, we acquired and renewed certification for 14 domestic and 23 overseas sites in line with the IATF16949 quality management system, which underwent a change in late 2016.

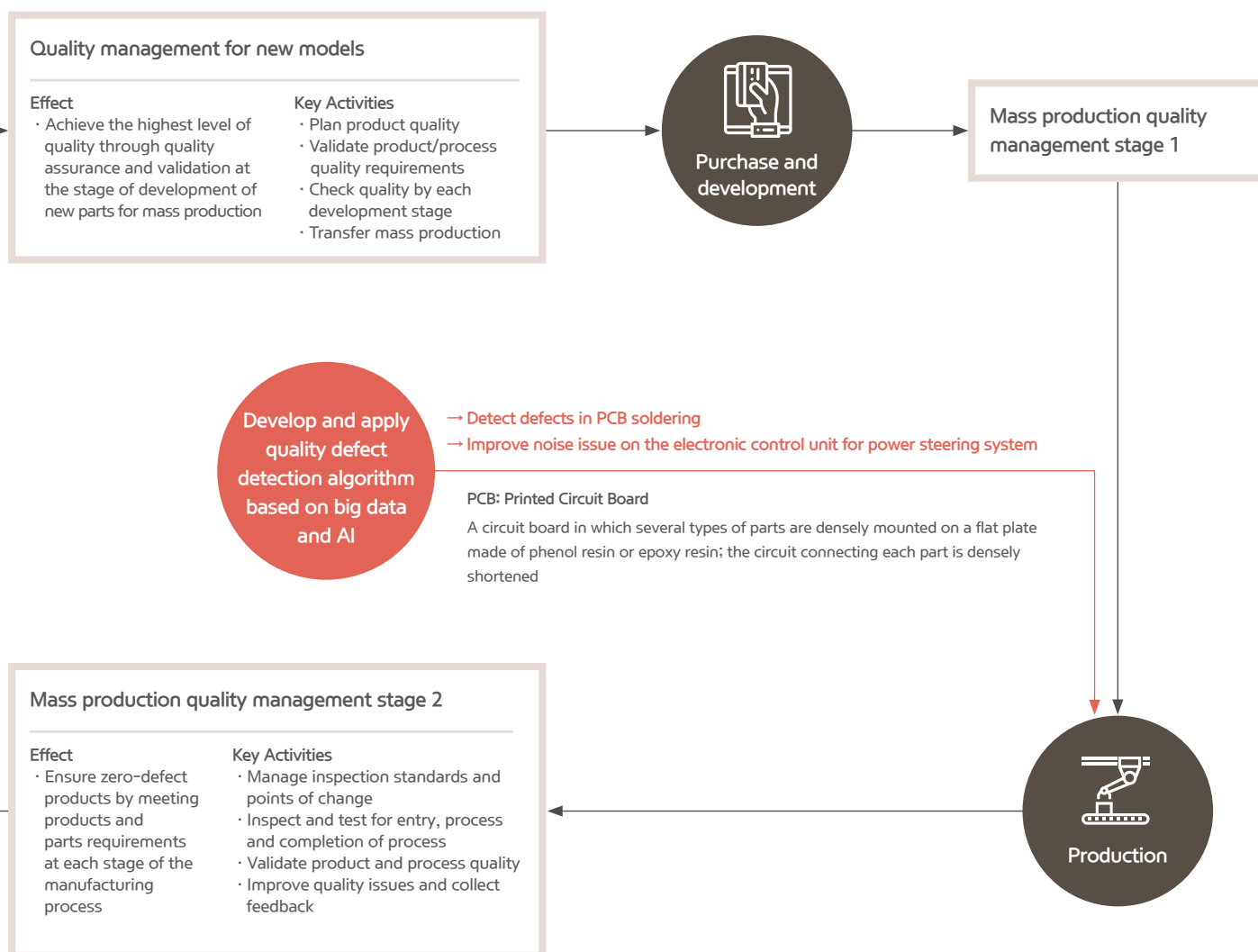


Strengthening Quality Assurance for New Technology

In response to the growing demand for eco-friendliness and quality assurance of new technologies and products including autonomous driving and connectivity, we expanded our existing EE New Model Quality Center, splitting it into an IVI New Model Quality Center and an AV System Quality Center. 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. In particular, to prevent the abnormal operation of autonomous driving vehicles and to improve the safety of drivers and passengers, we validate system, hardware and software designs using proven product development procedures based on ISO 26262.

Strengthening Quality Management throughout the Value Chain

In order to assure the quality of a finished product, it is essential to verify the quality of each part. In addition to our production process, we are improving the reliability of the entire value chain with a special focus on the quality management capabilities of our suppliers. To this end, in 2019 Hyundai Mobis and its major partners worked together in 10 joint tasks to address persistent domestic/overseas issues, and carried out 151 improvement initiatives while each supplier identified their own weak links. Hyundai Mobis was also able to strengthen the competitiveness of our suppliers that had difficulties in stabilizing the quality of their products by standardizing process, equipment, and inspection in consultation with these suppliers. Furthermore, to minimize product defect rates and prevent technology leakage, we have enhanced the management process for core factors and put in place a system of shipping only quality-assured products.



Topic & Case 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).



PERFORMANCE

Domestic GHG emissions



155,945
tCO₂eq

Waste intensity



Reduce up to
6% year-on-year

2020 GOAL

Domestic GHG emissions



Compared to the government's emission trading system allocation target
3% reduction

Waste intensity



Reduce up to
10% year-on-year

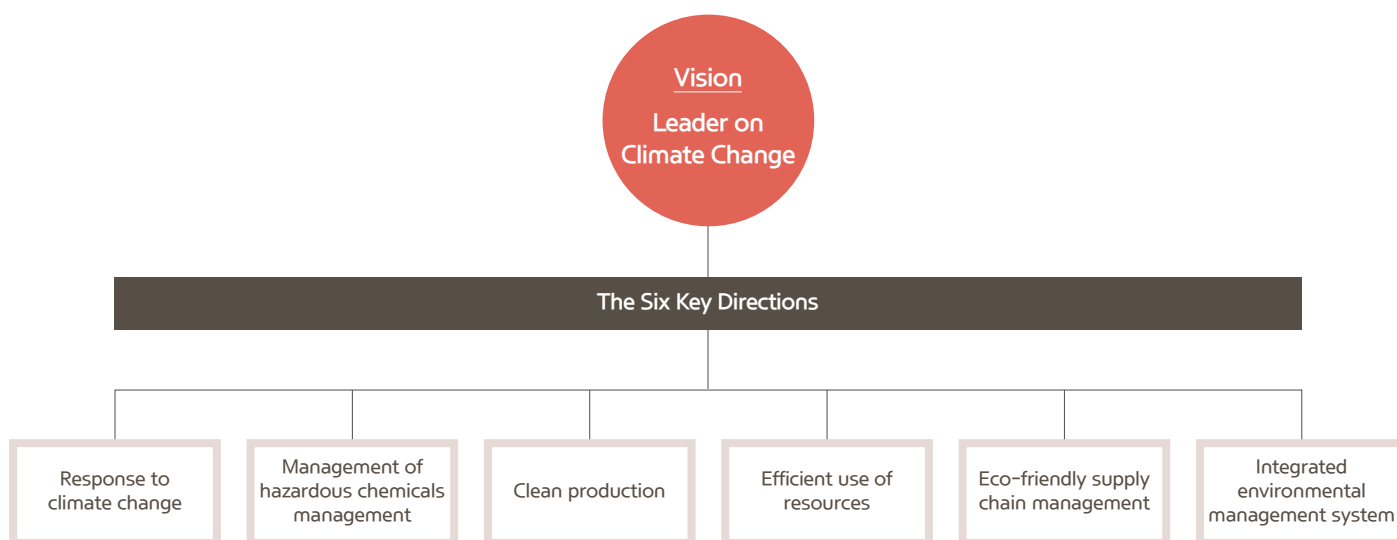
Environmental Management System

Environmental Management Strategy

In order to minimize the environmental impact of our production process, Hyundai Mobis has set six key directions based on our vision, "Climate Change Leader." As a consequence, we engage in various programs, including monitoring the entire production process

from energy and water consumption to GHG emissions and waste, in order to maximize the recycling of resources and minimize emissions. As a result of these efforts, there we did not violate any environmental laws and regulations in 2019.

Vision for Environmental Management and the Six Key Directions



Mid- to Long-term Environmental Management Strategy

2019

Strengthen the response to environmental regulations

- Build the GMEMS(Global Mobis Energy Management System)
- Develop technologies for reduction of GHG emissions and Develop horizontally (replacement of fluorescent lamps with LED, facility operating condition optimization)
- Take a proactive approach of raw materials in response to chemical regulations

2020

Fulfill social responsibility in the area of environmental practice

- Advance corporate-wide GMEMS (Automatically send email/text messages when stand-by power is generated)
- Build a foundation for emissions trading
- Support suppliers to establish independent operating systems for environmental management
- Increase energy efficiency (Install air conditioning inverter in Seosan Proving Ground)

2025

Establish a system to promote sustainable environmental management

- Transition to an energy prosumer* manufacturer (Transit from an energy consumer to prosumer: such as Establish solar energy generation and ESS)
- Manage eco-friendly process quality
- Eco-label / Low carbon product certification acquired

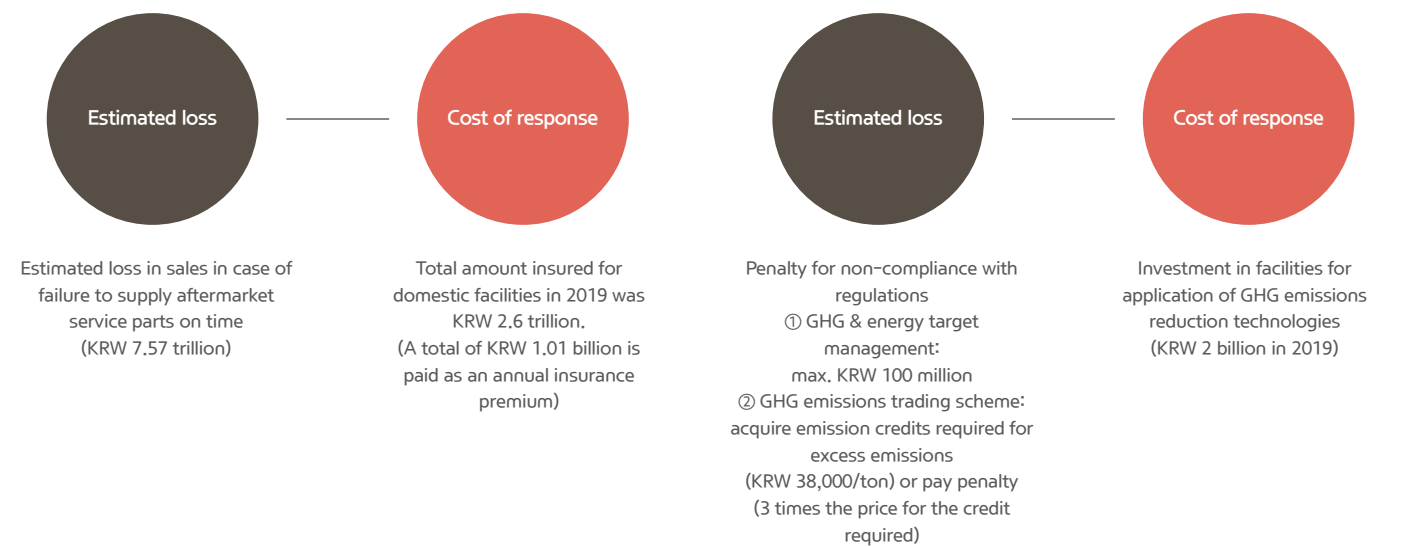
Response to Potential Risk of Climate Change

Response to Risk of Natural Disasters

In responding to the potential risk of natural disasters such as typhoons, floods, heavy snow, and droughts caused by global warming, as well as industrial accidents such as destruction of production facilities, fires, and explosions that can have negative impacts on our logistics, productivity, and sales, 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.

Response to Regulations on GHG Emissions

In South Korea, businesses with average GHG emissions of 50,000 tons for a consecutive 3 years 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 of 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.

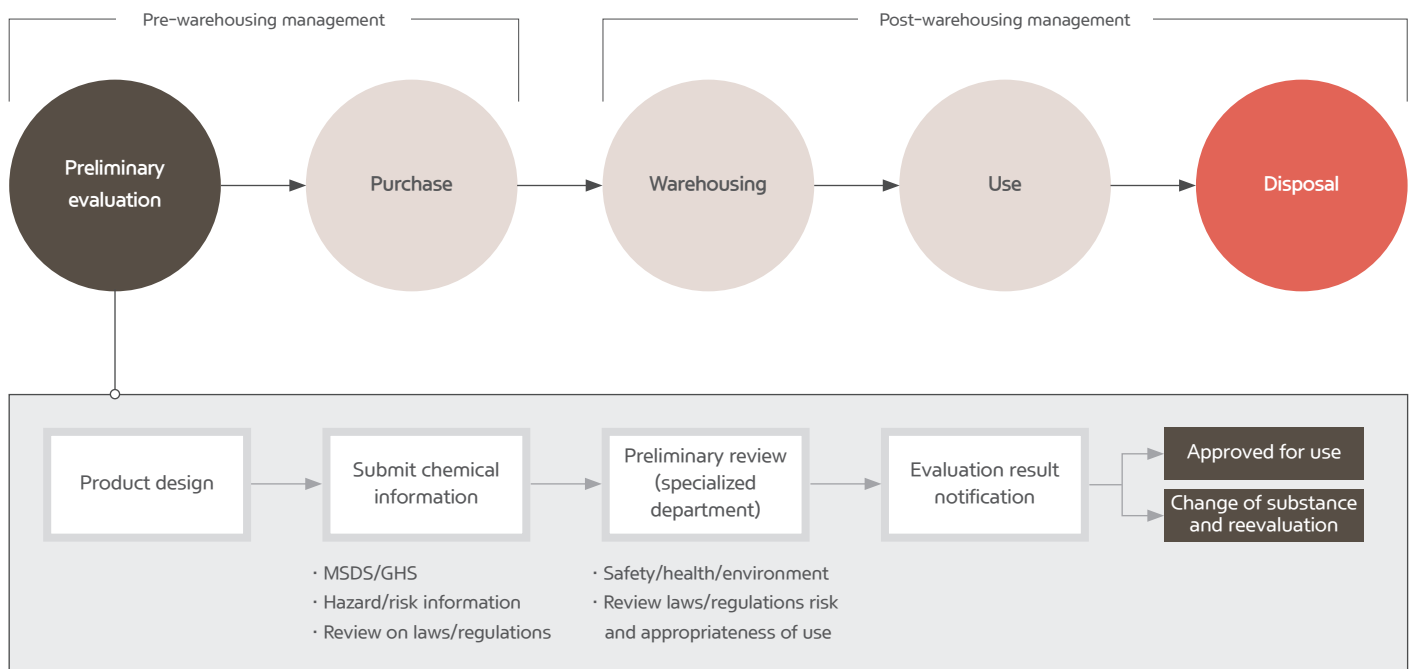


Management of Hazardous Materials in Products

At the end of 2018, Hyundai Mobis established a Safety and Environment Team, which would henceforth be in charge of managing hazardous materials in our products. We take a proactive approach in cooperation with automakers and suppliers in responding to global safety and environmental laws and regulations, while continuously improving safety to prevent customers' exposure to hazardous materials when using a Hyundai vehicle. From the design and raw material procurement stage to the stages of final product ship-

ment and use by customers, we ensure compliance with regulatory requirements through a stringent analysis and validation process. From the product development stage, we use only raw materials in conformity with the regulations through hazardous materials analysis while monitoring our manufacturing process to identify contamination factors. In addition, we carry out inspection for hazardous substances in final, customer-facing products as part of our efforts to ensure that our products are eco-friendly.

Hazardous chemical management process



Topic & Case 3. Creating Values of Local Communities

MANAGEMENT APPROACH



BACKGROUND

With the growing policy demand for social value creation by the government, stakeholders such as customers and NGOs recognize the importance of social responsibility initiatives. In response to this trend, companies are undertaking initiatives to strengthen their social contribution activities not only in economic terms but also in consideration of various stakeholders. Most of these initiatives are focused on win-win growth and CSR efforts that can actually benefit society.



RISK & OPPORTUNITY

With external stakeholders' focus on the CSR practice on the rise, the need to align social contribution activities with business operations is also increasing. In addition, the need for business to build win-win growth system with suppliers and to conduct CSR activities using the characteristics of the business is increasing beyond simple financial support or donations as well. To this end, Hyundai Mobis is seeking to grow with our customers in mutual partnership by developing advanced and systematic CSR programs.

PRINCIPLE & STRATEGY

By aligning Six MOVE strategy with our strengths and characteristics, creating sustainable future value, and sharing its results, we aim to build a society where everyone is happy, including socially vulnerable sectors. Also, we plan to build sustainable foundation for all stakeholders and to create environment for win-win growth based on communication and consensus with the aim to promote win-win growth ecosystem. To this end, we are operating various win-win growth programs such as supplier support fund or R&D cooperation.



PERFORMANCE

Financial Support for Suppliers



1,571
KRW billion

Social contribution



21,071
KRW billion

2020 GOAL

Financial Support for Suppliers



1,000
KRW billion

Social contribution

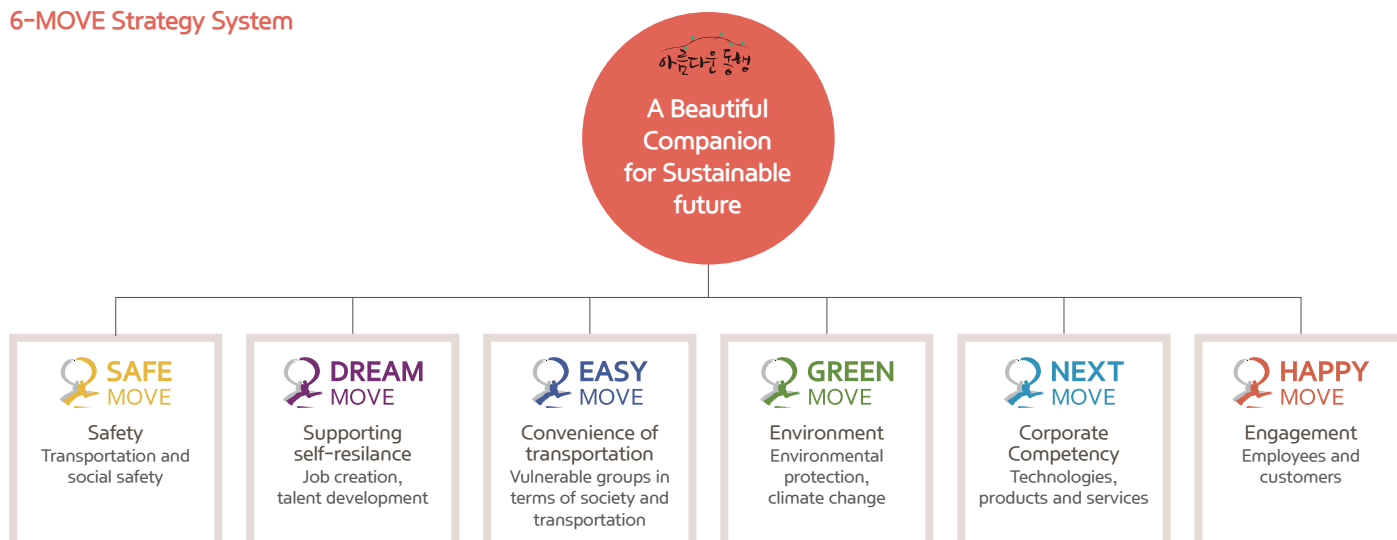


17,899
KRW billion

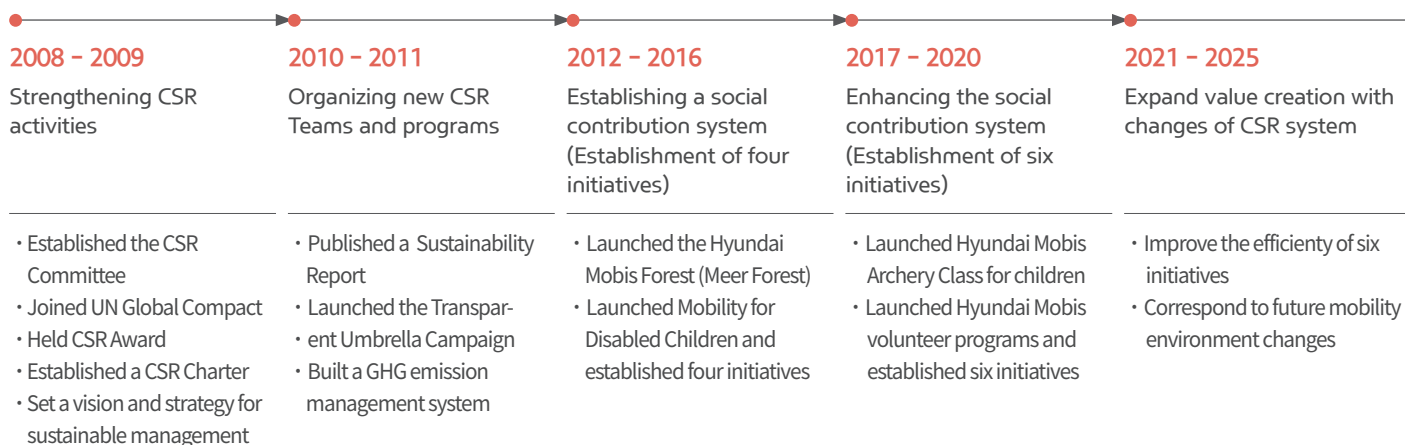
Social Contribution System

Based on our 6- MOVE strategy with the focus on safety, environmental sustainability, and convenience, we engage in a range of social contribution activities. Furthermore, we are creating economic and social values for our local communities through projects such as “One Company, One Community” and Meer Forest.

6-MOVE Strategy System



Social Contribution Roadmap



Hyundai Mobis - Six MOVE Projects



The Transparent Umbrella Campaign

The Transparent Umbrella Campaign is aimed at preventing child pedestrian traffic accidents by improving children's visibility. Since 2010, we have donated 100,000 transparent umbrellas each year to elementary and pre-school children. Along with this donation, we provide traffic safety education, preventing child traffic accidents.





Children's Archery Class

Hyundai Mobis has been operating children's archery classes at home and abroad since 2007. In these classes, current and former national female archers donate their talents to grow the promising next generation. For this program, we held archery classes and competitions for elementary school children at local children's centers in Korea, and we invited child archers to play an exhibition game while running archery classes and cultural exchange programs in Tianjin and Beijing, China.



Mobility Support for Children with Disabilities

Through this program, Hyundai Mobis provides tailored mobility aids for children who suffer from limited mobility due to accidents and congenital disabilities. Along with tailored mobility aids, we also support family vacations and daily necessities. Moreover, we publish and distribute children's books to raise awareness of disabled children.



Meer Forest Project

Hyundai Mobis created a forest of 108 ha in Chopyeong-myeon, Jincheon-gun. After its completion in 2017, various interactive programs, such as Wetland Experience and Forest Walking, are now being offered in six themed forests, presenting a special occasion to both children and adults to admire nature.





Junior Engineering Class

Hyundai Mobis operates the Junior Engineering Class to foster promising future scientists and contribute to the development of local communities. As well as programs with professional instructors and science plays, we held classes at local elementary schools owing to the talent donation made by our employees. Since 2018, we have been running autonomous driving algorithm education and annual autonomous driving vehicle modeling projects that lead to team competitions in autonomous car modeling contests.



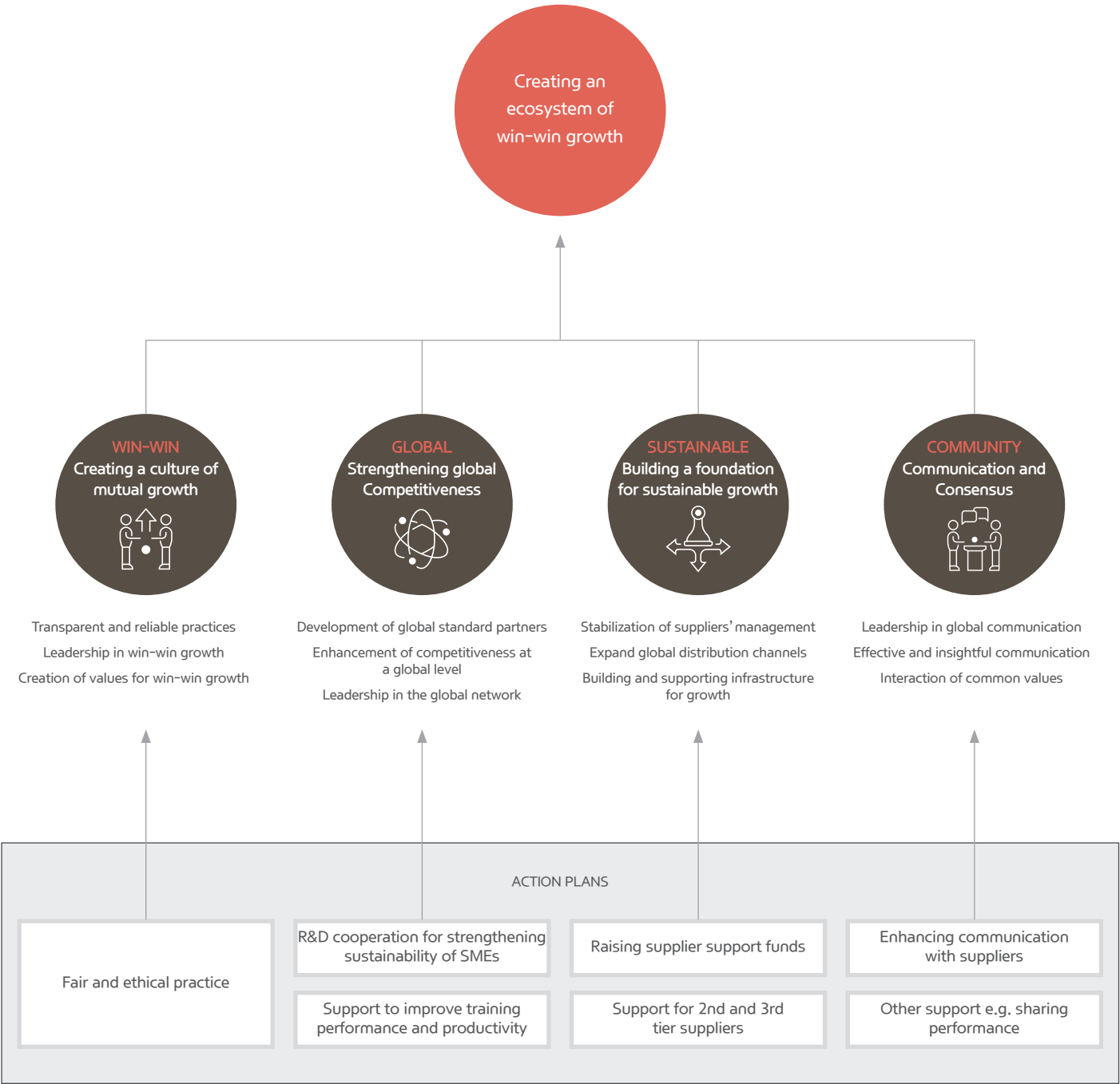
Employee Volunteer Activities

In affiliation with local social welfare centers, employees at Hyundai Mobis participate in quarterly themed volunteer initiatives, including sharing of festive foods in holiday and end-of-the-year sharing for charity. In addition, we operate monthly volunteer activities. Furthermore, Hyundai Mobis biannually sends Global Youth Volunteer Group to Chennai, India, for contribution to supporting the local community.



Win-Win Growth System

Based on mutually beneficial cooperation with suppliers, we have continuously increased the scope of our policies to strengthen our supply chain. Various programs for truly win-win growth are ongoing through support systems such as financial support, expanded cash payment, R&D cooperation, and training performances.



Corona 19-Emergent agency management support and employee donation

Hyundai Mobis established an emergency management support plan in April 2020 to help parts dealers in difficulties such as reduced sales due to prolonged expansion of Corona 19. For parts dealers who are having difficulties in management due to the recent Corona 19, we provided emergency supply support by providing a supply price discount for a month in April and extending the bill expiration date. We also donate voluntary donations from employees to support medical staff who are doing their best to overcome Corona19. The fundraising is conducted in the form of a "1 + 1 Matching Fund" in which the company participates donation as much as the voluntary donation amount of employees.



Safety consulting for parts suppliers

As part of the win-win management activities, Hyundai Mobis conducted fire and building safety inspections for electricity, firefighting, and gas at over 1,200 parts dealerships nationwide in 2019. We have eliminated risk factors in advance to prevent safety accidents and to build a safe working environment for business partners, and conducted safety consulting for over 100 small and medium-sized business partners in order to prepare vulnerable periods such as heavy rain or hot weather.



Share 10,000 watermelons to all agencies and excellent suppliers

Hyundai Mobis is presenting seasonal fruits in the summer for the 17th year with gratitude and encouragement to excellent partners and nationwide agents that have worked hard to supply in a timely manner. By purchasing watermelons from all over Korea, including Gwangju, Jeonju, Ulsan, Daegu, and Changwon, we are contributing to the increase in local farmers' profits.





CORPORATE GOVERNANCE

In order to create profit for the enterprise and shareholders, and achieve sustainable growth, Hyundai Mobis practices CSR management and lays the groundwork for stable and transparent management. We strive to maximize and share common values with our stakeholders to build a foundation for sustainable growth.

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01

Corporate Governance

Board of Directors

Make-up & Independence of the BOD

The Board of Directors, a standing decision-making body at the top of the management, represents a variety of stakeholders including shareholders and takes the role of supervising and making decisions on important matters related to the long-term growth of the company. There are nine members in the BOD, of which five (55.6%) are independent directors. For the sake of responsibility and efficiency, the BOD is chaired by Chung Kook PARK, CEO & President.

There are four committees within the BOD. To secure the independence of the board, (1) the two committees – Corporate Governance & Communication Committee upholding shareholders' rights and the transparency in internal transactions and the Audit Committee supervising the overall operation of the company – consist solely of independent directors; (2) more than half of the members of another



two committees – the Independent Director Candidate Recommendation Committee and Compensation Committee – are independent; and (3) all of the four committees are chaired by independent directors. Each of the agenda is discussed and reviewed carefully at each committee before set on the table of the BOD and made a final decision on, which is to boost transparency and independence.

Board of Directors

As of April 2020

Classification	Name	Term	Initial election	Roles within the BOD
Executive director	Mong-koo Chung	3 years	1977.06	
	Euisun Chung	3 years	2002.03	· Member of the Independent Director Candidate Recommendation Committee
	Chung Kook Park	3 years	2019.03	· BOD Chairperson, Member of Independent Director Candidate Recommendation Committee
	Hyungkeun Bae	2 years	2019.03	· Member of Independent Director Candidate Recommendation Committee, Member of Compensation Committee

Classification	Name	Term	Initial election	Roles within the BOD
Independent director	Ji Soo Yu	3 years	2015.03	· Chairperson of Independent Director Candidate Recommendation Committee · Chairperson of Compensation Committee · Member of Audit Committee · Member of Corporate Governance & Communication Committee
	Dae Soo Kim	3 years	2018.03	· Chairperson of Corporate Governance & Communication Committee · Member of Independent Director Candidate Recommendation Committee · Member of Audit Committee
	Young Chang	3 years	2020.03	· Chairperson of Audit Committee · Member of Corporate Governance & Communication Committee
	Brian D. Jones	3 years	2019.03	· Member of Independent Director Candidate Recommendation Committee · Member of Audit Committee · Member of Corporate Governance & Communication Committee
	Kari-Thomas Neumann	3 years	2019.03	· Member of Independent Director Candidate Recommendation Committee · Member of Audit Committee · Member of Corporate Governance & Communication Committee · Member of Compensation Committee

Professionalism & 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 background is to promote the soundness and stability of the corporate governance. Additionally, for better diversification of the BOD, there is no such discrimination as to gender, race, nationality, citizenship, etc.

Ji Soo YU is an expert in both auto industry and business administration, who headed the Korean Academy of Motor Industry and was a university chancellor. Dae Soo KIM is an expert in production logistics, who headed the Korea Association of Procurement and Supply Management and is a university professor. Young CHANG is an expert in accounting and finance who was the branch and research head of UBS Seoul. Brian D. JONES is a co-president of Archegos Capital in New York and also an expert in finance and accounting. Karl-Thomas NEUMANN was CEO of OPEL, Continental and VW China, and an expert in future automobile 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.)

Committees within the BOD

Corporate Governance & Communication Committee

Formerly the Ethics Committee was expanded in terms of its roles and responsivity 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. One of important roles of the committee is to secure a sustainable future of Hyundai Mobis by sharing with shareholders the future growth strategies of the company, implementing a variety of activities to protect shareholders' rights and making continuous efforts to bolster transparency within the BOD and to have more active communications with shareholders.

Specifically, the committee reviews important matters related to the operation or management of the company, selects Shareholder Rights' Protector, and reports to the BOD the responsible activities done for the national economy, the society and the environment. The committee also checks and supervises the implementations of the Compliance Program, the internal transactions, the policies related to ethics and social responsibility, the establishment and revision of the ethics charter, etc. The committee is solely composed of independent directors, which is to secure independence. In 2019 nine meetings were held.

Expected Roles	Career Highlights
<ul style="list-style-type: none"> • An expert in the automotive industry, Ji Soo Yu advises the company on technological innovation of automotive parts. 	<ul style="list-style-type: none"> • Former president of Kookmin University • Former president of Korean Academy of Motor Industry
<ul style="list-style-type: none"> • An expert with keen insight in production process management and logistics Dae Soo Kim advises strategic direction for the company. 	<ul style="list-style-type: none"> • Professor of business administration department of Korea University • Former chair of Korean Production and Operations Management Society • Former chair of Korea Association of Procurement and Supply Management
<ul style="list-style-type: none"> • An expert with a broad experience and insight in automotive industry and finance Young Chang is expected to serve as a bridge between shareholders and the company. 	<ul style="list-style-type: none"> • Young & Co CIO / CEO • Former Branch Manager and Research Head of UBS Securities Seoul Office
<ul style="list-style-type: none"> • An expert with profound experience and keen insight in corporate finance and investment Brian D. Jones advises sustainable growth strategy to the company. 	<ul style="list-style-type: none"> • Archegos Capital Management Co-President • BankCapital Partners Patner & CEO
<ul style="list-style-type: none"> • An expert in future automotive management and technology Kari-Thomas Neumann advises technological innovation of automotive parts to the company. 	<ul style="list-style-type: none"> • KTN GmbH Founder • Former Opel, Continental, VW China CEO

Independent Director Candidate Recommendation Committee

The Independent Director Candidate Recommendation Committee is to select independent director candidates, conduct fairly and independently 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, the first shareholder-recommended independent director, Young CHANG, was approved at the annual general meeting. The approval process started with candidate recommendations by shareholders. The longlist 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 shortlist was delivered to the Independent Director Candidate Recommendation Committee, which made a final recommendation of one candidate and reported it to the BOD and then the AGM for the final approval.

To promote diversity and independence of the BOD, four of the committee members are independent, which is more than half of the total number of seven. For the third-party check, an Independent Director Qualifications Form that shows the candidates' independence and legal qualifications was submitted to the Korea Exchange. In 2019 there were four 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 AGM, establishing and revising compensation schemes, etc. Two of the three committee members are independent. The reason why 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 of low profitability in a short term. The committee was established and had one meeting in December 2019.

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 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 its make-up of the committee, prior professional backgrounds of committee members, etc. should be met. Especially, all of the committee members are independent directors including two experts in finance and accounting – Young CHANG, head of the committee, and Brian D. JONES. Six committee meetings were held in 2019 to review and evaluate quarterly earnings, major plans, internal control, etc.

Evaluation and Compensation of the BOD

Performance Evaluation and Compensation

The limit of director compensation is finally set at the AGM based both on Article 388 of the Commercial Act and the Articles of Incorporation. The final compensation is made within the limit approved at the AGM and paid as the base salary plus performance-based bonus. The bonus is calculated based on indicators including the previous year's financial performance, implementation of mid- & long-term expectations, leadership, contribution, and so on.

Restrictions on the Recommendation of Independent Directors

Those who have a special interest in the company are restricted to become independent directors, which is to prevent conflict of interest and secure independence.

1. 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
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

Requirements of the Audit Committee Members

All the committee members are recommended and approved based on Article 415 and 542 of the Commercial Act to enhance fairness.

As of April 2020

Appointment Criteria	Compliance
Composition of three directors or more	5 directors
Two-thirds of the members must be independent directors	All independent directors
One of the members must be an accounting or financial expert	Brian D. Jones and Young Chang
Committee chair must be an independent director	Young Chang
Other disqualification requirements such as related parties of the largest shareholder	Not applicable

BOD Compensation

As of 31st December 2019

Unit: KRW million

Classification	Number of directors	Total compensation	Average per person
Executive Director	4	6,574	1,643
Independent Director	5	491	98

Share Ownership of the BOD

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

AS of March, 2020

Name	Position	Stockholding (common)	Share	Multiple of basic Salary
Mong-koo Chung	Chairman	6,778,966	7.13%	409.30
Euisun Chung	Executive Vice President	303,759	0.32%	41.17
Chung Kook Park	President	626	0.00%	0.12
Hyungkeun Bae	Executive director	460	0.00%	0.16
Soo kyung Jung	Unregistered executive	10,000	0.01%	4.80

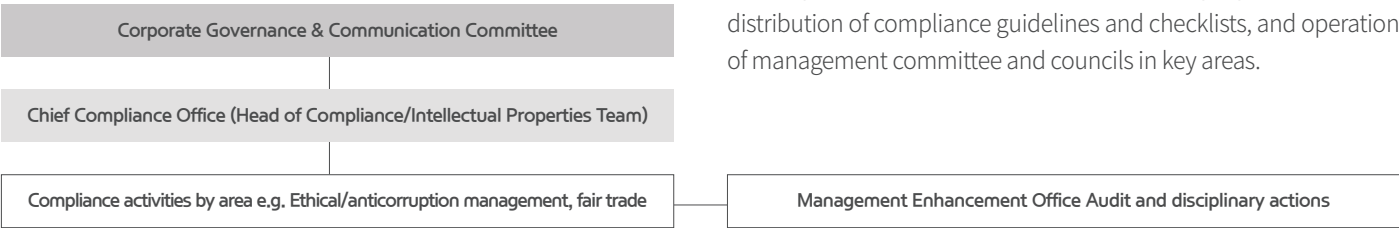
The basic salary of unregistered executives was calculated as the average salary of unregistered executives in the business report

02

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. In the second half of 2019, we established the Mobis Code of Conduct that encompasses an Ethics Charter, Code of Ethics, and Global Compliance Guidelines. We also appointed a Chief Compliance Officer and task force for the management of ethical practice to review and report employees’ practices in the Code of Conduct and compliance with the Ethics Rules to the BOD. The Chief Compliance Officer is appointed by the Corporate Governance & Communication Committee consisting only of independent directors for transparent and fair operation. At the same time, we are adopting measures to prevent violation of laws and unethical practices based on a standardized control process and contract based on our risk management system.



Strengthening 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 management committee and councils in key areas.

Hyundai Mobis Code of Conduct		
Program	Management system	Grievance handling system
<ul style="list-style-type: none">• Prevention Trend analysis, regulations establishment/revision, manuals and guidelines, training and campaigns, voluntary inspection• Monitoring On-site monitoring (inspection), response to issues and status management, reporting and risk management• Follow-up Response analysis and evaluation, plans for improvement, Review implementation	<ul style="list-style-type: none">• Early warning system for information security• Risk management system• Contract management system• Information request system for suppliers• Legal system	<ul style="list-style-type: none">• Online report center (Cyber audit room at the Hyundai Mobis website)• Sexual harassment consultation center (Healing Center)• Ethics standards and the Center for Inquiries and Report on Improper Solicitation and Graft Act• Fair practice counseling and report center (Website)• Complaints reporting center for suppliers (supplier system)

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 practice. The pledge encompasses the area of fair practice, corruption-free conduct, information security, prohibition of conflict of interest, and privacy protection. In 2019 all our employees digitally signed the pledge to show our commitment in compliance management.

Proclamation of Compliance Management

In November 2019, Hyundai Mobis held a Compliance Management Proclamation Ceremony to declare the firm's commitment to compliance management as our core management principle, and also to clarify the compliance awareness of employees and business partners. During the event, we announced our compliance management system and slogan, presenting the enhancement of existing compliance initiatives and our upgraded compliance practices. Going forward, we plan to continue our sustainable management with key stakeholders through the unwavering commitment to compliance management.

Establish Hyundai Mobis Code of Conduct

In 2019, Hyundai Mobis established the Hyundai Mobis Code of Conduct. By doing so, we set the highest compliance standards that apply to all key areas. Our Code of Conduct illustrates compliance guidelines for six major areas including work ethics and anticorruption, respect for humanity, safety as the top priority, protection of intellectual property, fair and transparent practices, and responsibility to the community. The Code is published in Korean, English, and languages in our major overseas subsidiaries so that our overseas employees may also familiarize themselves with it. Through this, we aim to root out any potential illegal and unethical conducts.

Strengthening Compliance Management Training

We conduct on/offline training sessions to promote employee awareness in ethical conduct and reduce risks in advance. By providing guidelines for major issue areas that require employees' attention once every year, we raise awareness of compliance as well as the effectiveness of the training. 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 compliance 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.

Operating a Grievance Handling System

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. Professional counselors at "Healing Center," our in-house psychological counseling center, handle sexual harassment matters as well as complaints of verbal and physical abuse. In cases of sexual harassment, investigation and response measures are conducted, including protection of the victim. Furthermore, we endeavor to improve corporate culture and provide better training to prevent such cases. 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 make efforts to take a proactive approach in our response.

2019 Compliance Training Performance

Integrated Compliance Training	Employees	7,309
	New employees	192
Ethical practice/ corruption-free conduct	Purchasing Division (Team leader)	29
	Business Support Department	34
Promote awareness in legal risks	Head of subsidiary/expatriate	252
Sexual harassment prevention	Head of organization/site employees	2,744
Total number of participants		10,560

Unit : person

Response to Violations of Ethics Rules

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. Any violations of the Ethics Rules are subject to disciplinary action in accordance with the HR Management Regulations and the procedures specified in the Disciplinary Action Committee Regulations. Bribery is subject to severe disciplinary action, with no leniency permitted in this matter. In 2019, 20 cases of violation of ethical rules including negligence of work and supervision received disciplinary action.

2019 Ethical Management Counseling

Type of Complaint	Number of Cases
Complaints from parts customers	20
Related employees	7
Supplier complaints	8
Complaints against CS response	4
Others	6
Total	45

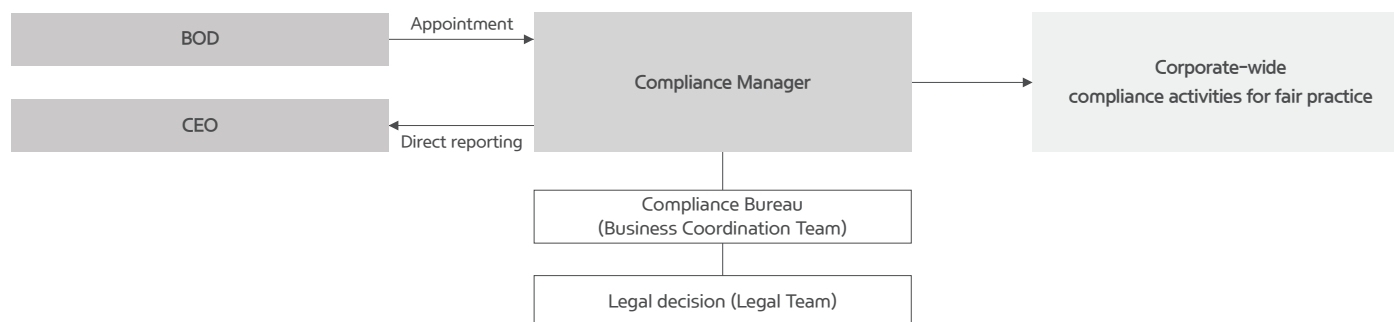
Action	Number of Cases	Remarks
Personnel	6	Severe disciplinary actions are taken against 8 related personnel
Internal training and others	14	
Others	25	
Total	45	

Compliance for Fair Practice

Compliance System for Fair Practice

Recognizing fair practice and competition as integral parts of sustainable growth, Hyundai Mobis is committed to creating an environment that promotes fair practice. 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 practice.

Compliance System for Fair Practice



Compliance Review

Hyundai Mobis carries out corporate-wide compliance review activities to prevent violations of fair practice laws and regulations in our daily practice. 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 practice, we operate counseling and report channels to which our employees can submit questions about fair practice. 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.

Compliance Training for Fair Practice

Hyundai Mobis conducts employee training to raise awareness of fair practice, 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 practice 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 practice is included in our training for new employees. In 2019, a total of 1,097 employees completed compliance training.

Fair Practice with Suppliers

Every year, we sign a fair practice agreement with our suppliers to promote fair business transactions and support mutually beneficial cooperation. 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 2019, we signed our 11th Fair Practice Agreement with 343 suppliers for transactions worth KRW 55.1 trillion. We also encouraged our 1st and 2nd tier suppliers to sign fair practice agreements, and as a result, agreements were formed between 157 1st tier and 449 2nd tier suppliers.

2019 Compliance for Fair Practice Training Performance

Classification	Number of participants
Departments related to Fair Trade	667
New employees	191
Suppliers	239
Total number of participants	1,097

unit : person

Fair Practice Agreement & Support for Win-win Growth

Classification	9th	10th	11th
Period	2017.1.1 ~ 2017.12.31	2018.1.1 ~ 2018.12.31	2019.1.1 ~ 2019.12.31
Participating Suppliers	375	339	343
Purchase amount (KRW 100 million)	54,410	51,072	50,586

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

Unfair Practice Reporting Channel

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

03

Risk Management

Risk Governance

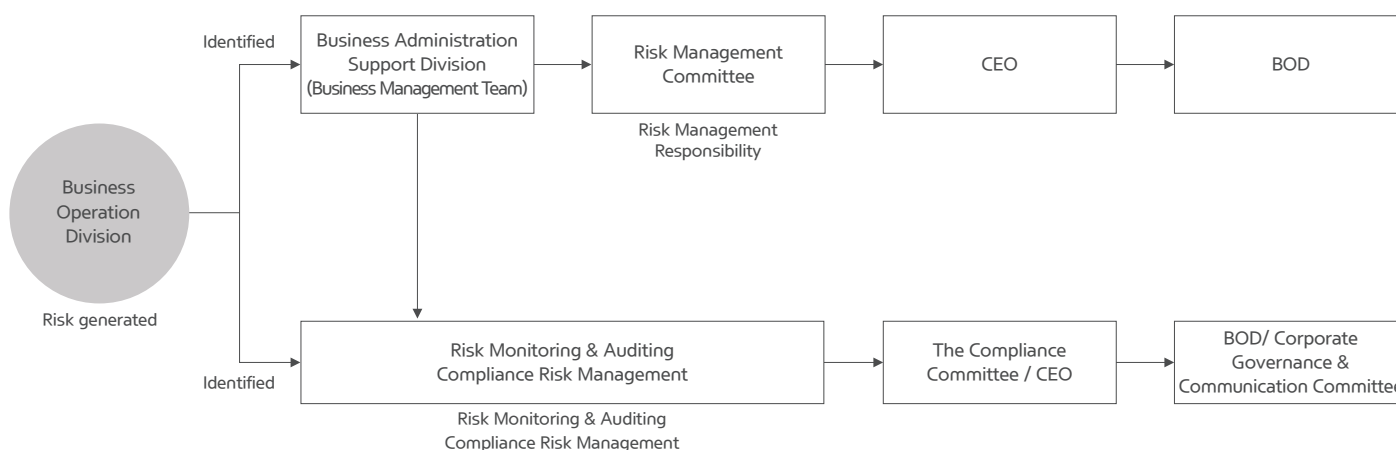
Hyundai Mobis operates a Corporate Risk Management Committee with the Business Administration Support Division of Business Management Team at its core. The head of Business Administration Support Division serves as the CRO (Chief Risk Officer). The committee is divided into 16 departments to foster expertise and 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 Operations

We hold Risk Management Council meetings on a monthly basis 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 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 is composed of risk managers in each department to review the outcome of risk monitoring.

Business Continuity Management

Hyundai Mobis monitors workplaces at home and abroad through an EIS (Executive Information System) at each business division to prevent risk factors and promptly communicate in emergency situations to minimize the spread of risk. The Business Management Division conducts weekly reviews on our workplaces around the globe with respect to major issues and trends, including production status, and reports the outcome to management for accurate decision-making and risk response.



Core Risk Management

Hyundai Mobis reviews the severity, potential 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. We identify the key factors that must be managed and focused on. Core Risk factors are updated and revised on an annual basis to establish a prompt response system on 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 Risk

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 targets of 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 situations.

Type	Management Point	Response Plan
Deterioration of Business Environment	Impact from customs duties imposed by the US on all import automobiles	Comprehend company-wide influence on operations, establish response plan (in case risk escalates) - Build comprehensive contingency plan including operating manufacturing bases, strategy to expand localization, plan to recover losses
	Impact from additional tariffs on Chinese imports to the USA	
	Regulatory impact from implementation of USMCA in the USA	
Political, Economic Instability in Developing Countries	Exchange rate trends (revenue, cost and benefit, FX loss, etc.)	Strengthen monitoring of operations in high-risk countries
	Sales trends and government policy for completed automobiles (automobile industry, labor, etc.)	
Fluctuations in Financial Markets	Foreign exchange and interest rate risks	Constant monitoring of financial market and company's liquidity situation Establish foreign exchange hedge strategy and response
Increase in Raw Material Prices	Increase in production costs (material costs, transportation costs, manufacturing expenses)	Review manufacturing cost trends and create plan to improve profit
	Price fluctuation of source materials such as the international oil price	
Regulations on Safety and Environment	Regulatory trends in safety and health by country (EU Reach, NCAP Assessment, etc.)	Build MCMS(Mobis Chemical Management System) to prevent the use of hazardous substances
	Ministry of Environment (Korea), regulation on harmful substances in products (Act on the Registration and Evaluation, etc., of Chemical Substances, etc.)	
	Occurrence of mass recalls, diminishing quality ratings	Strengthen quality inspections by third-party organizations and monitoring of trends, analyze fundamental reasons behind issues and establish measures to prevent recurrence
	Appointment of target companies for Carbon Emissions Trading (start in 2020)	Build in/external bases for Carbon Emissions Trading (redesigning work process, revising related regulations, training related managers)
Compliance Risk	Compliance with relevant laws and regulations	Requests for quality defect inspections, consumers (US NHTSA, etc.) Occurrence of mass recalls, diminishing quality ratings Compliance with relevant laws and regulations

* REACH: Registration, Evaluation, Authorisation and Restriction of Chemicals
NCAP: New Car Assessment Program

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 strive to 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 accounting firms or external experts to come up with optimal solutions.

Fulfilling Overseas Tax Obligations

We apply a reasonable price transfer policy in accordance with domestic tax laws and transfer price guidelines for international transactions between overseas subsidiaries. In addition, we strictly prohibit offshore tax evasion using tax havens or fraudulent tax reporting in international transactions. We fulfill all our obligations for corporate tax and submission of information required by local tax authorities with support from headquarters and in accordance with the tax laws of the country in which we operate our business.

Potential Risk Management

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.

	Description of risk	Potential business impact of the risk	Mitigating actions
climate change	Climate change caused by continuous rise in global average temperature widely influence on the lives of all humankind, including the auto parts industry. physical risks including flooding, hurricanes, sea level rise, heat waves and the transition risk to a low-carbon economy associated with regulation, market and awareness changes may occur as well.	Technological gaps with companies that are driving responding technologies due to climate change can lead to weakening business competitiveness and compromising corporate brand image. In addition, as the environmental instability intensifies due to extreme weather events, physical risks such as logistics disruption, raw material supply and quality degradation may occur.	We built an eco-friendly line such as a driving system and a battery system around Chungju's eco-friendly parts plants. In preparation for the expansion of demand for eco-friendly cars, we are focusing on securing original technologies and expanding production bases for new eco-friendly parts.
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 malfunctioning of information and accidents related to information security may increase due to aging technology limitations. It may also cause negative effects on company-wide activities.	The auto parts industry is undergoing a change from the traditional machinery field to the electronics field. Since it is becoming important to secure core technologies in the ICT field, Hyundai Mobis is increasing the proportion of software installations compared to traditional internal combustion engines for autonomous vehicles that conduct R&D with next-generation core technologies. If we don't secure stable software performance and customer information security in extreme environments(temperature, humidity, and impact that are difficult to predict) and external hacking, we can receive damage in safety related to corporate reliability and reputation.	Hyundai Mobis has been striving to strengthen R&D capabilities to become a software-oriented corporation since 2018. We have provided training on professional software for the future generations, such as autonomous driving and connectivity, to researchers at the Yong-in Institute of Technology, and strengthened related research capabilities in various global bases such as Vietnam. By 2025, we plan to expand its software R&D personnel by more than 5 times from 800 to 4,000, compared to 2018.

Information Protection

Protect National Core Technology

Hyundai Mobis possesses national core technologies in fuel cells and autonomous driving systems. When critical industry technology is breached or used in an improper manner, it may gravely damage the company's competitiveness, as well as that of the country. In order 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 2019, Hyundai Mobis was assessed as "adequate."

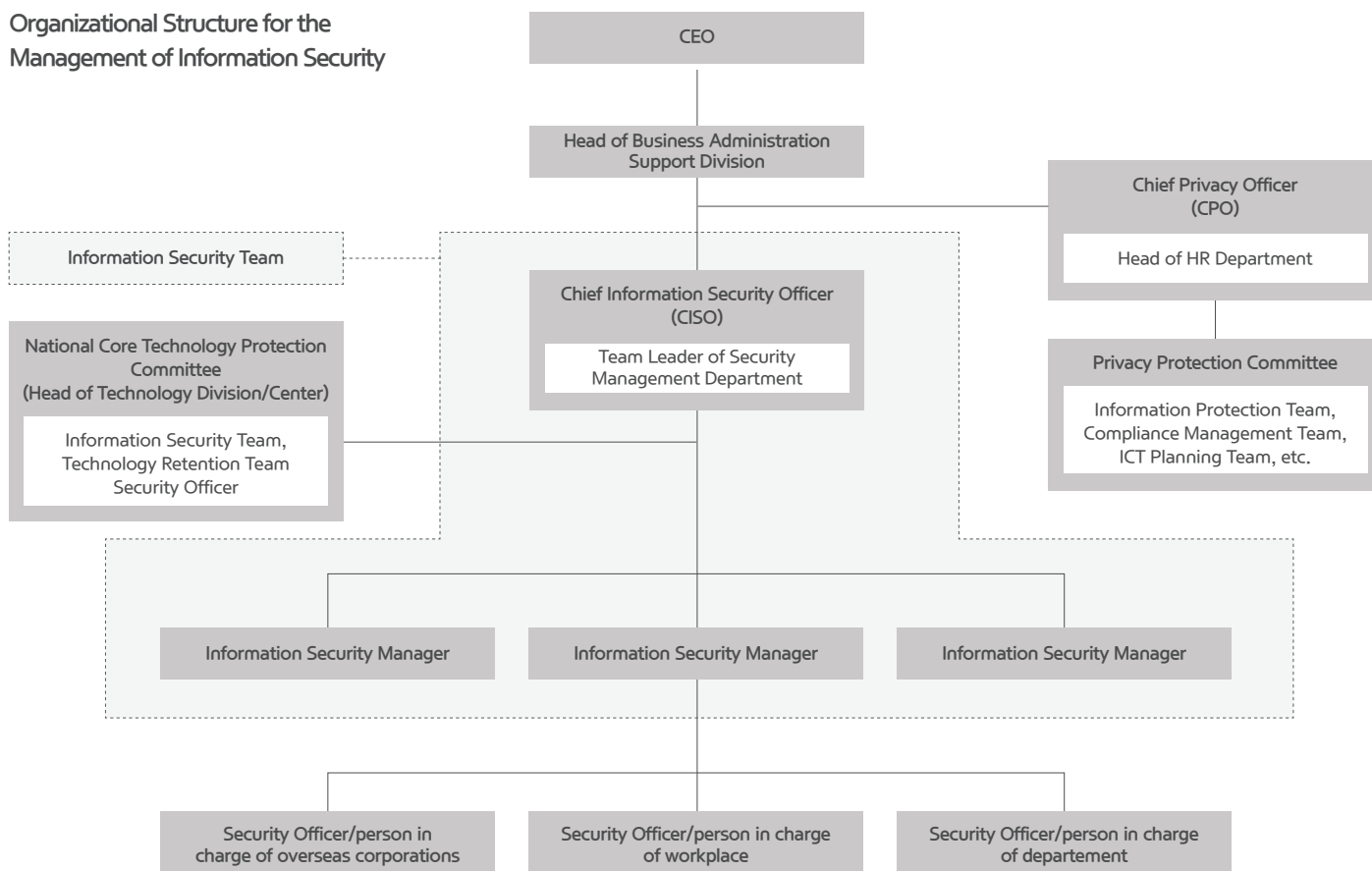
Hyundai Mobis continues to strengthen our security management systems and improve security environment in line with rapidly evolving ICT technology in order to contribute to the nation's industrial capacity.

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, Trade Secret Protection Act, and Personal Information Protection Act). We apply a security system tailored to the needs of each workplace both domestically and abroad instead of one uniform system. Based on this, we carry out analysis, inspection, follow-up, and progress management in the administrative, physical, and technical areas in our major domestic and overseas sites.

For major suppliers that share technical information with Hyundai Mobis, we provide on-site instructions and guidance to raise their security awareness and strengthen information security throughout the entire value chain.

Organizational Structure for the Management of Information Security



Security Awareness Activities

Hyundai Mobis carries out regular campaigns to raise employee security awareness.

- Information security training: Understanding internal information security regulations, information security activities, daily rules for information security, and sharing examples of security incidents
- Malicious e-mail drill: Enhance prevention capacity to ransomware, breaches of critical information, and payment scams
- Monthly promotion of information security: Distribute information on changes in security trends and webtoons addressing security awareness

Hyundai Mobis employees play a key role in preventing security incidents based on their deep understanding of information security.

Personal Information Protection

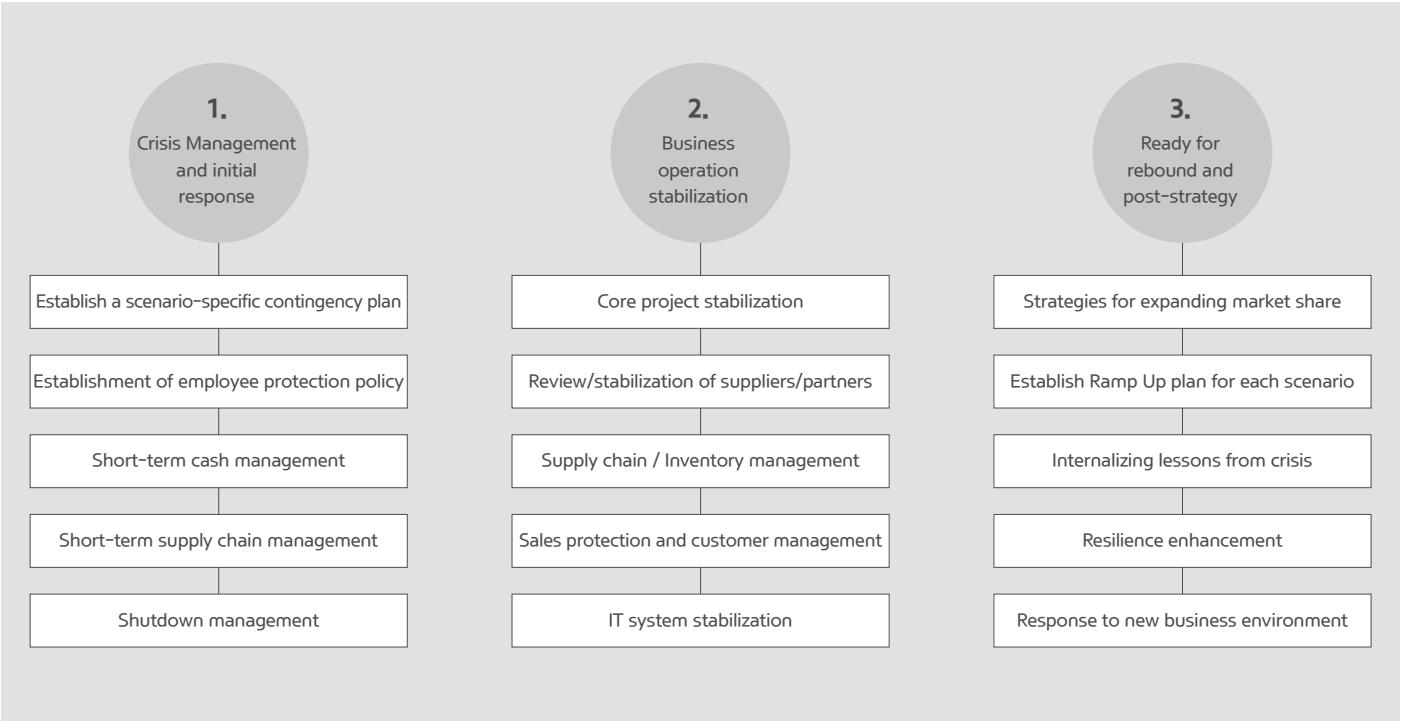
Hyundai Mobis treats the personal information of customers and employees as the most important asset in need of protection.

To protect personal information, we have established a personal information management system and operate it as follows:

- 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, etc.)
- Monitor the history of personal information processing within the corporation

All employees at Hyundai Mobis exert their full efforts to prevent breaches and leakage of personal information by complying with the principles of personal information processing.

Case : risk recognition and establishment of management process – COVID 19



04

Communication with Stakeholders

stakeholder participation

Hyundai Mobis defines any persons or entities that affect or are affected by its business operation as stakeholders. They are divided into 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 2019 Sustainability Report, as well as via our website, newsletters, and various company channels as part of our efforts to promote ethical and reliable practices.

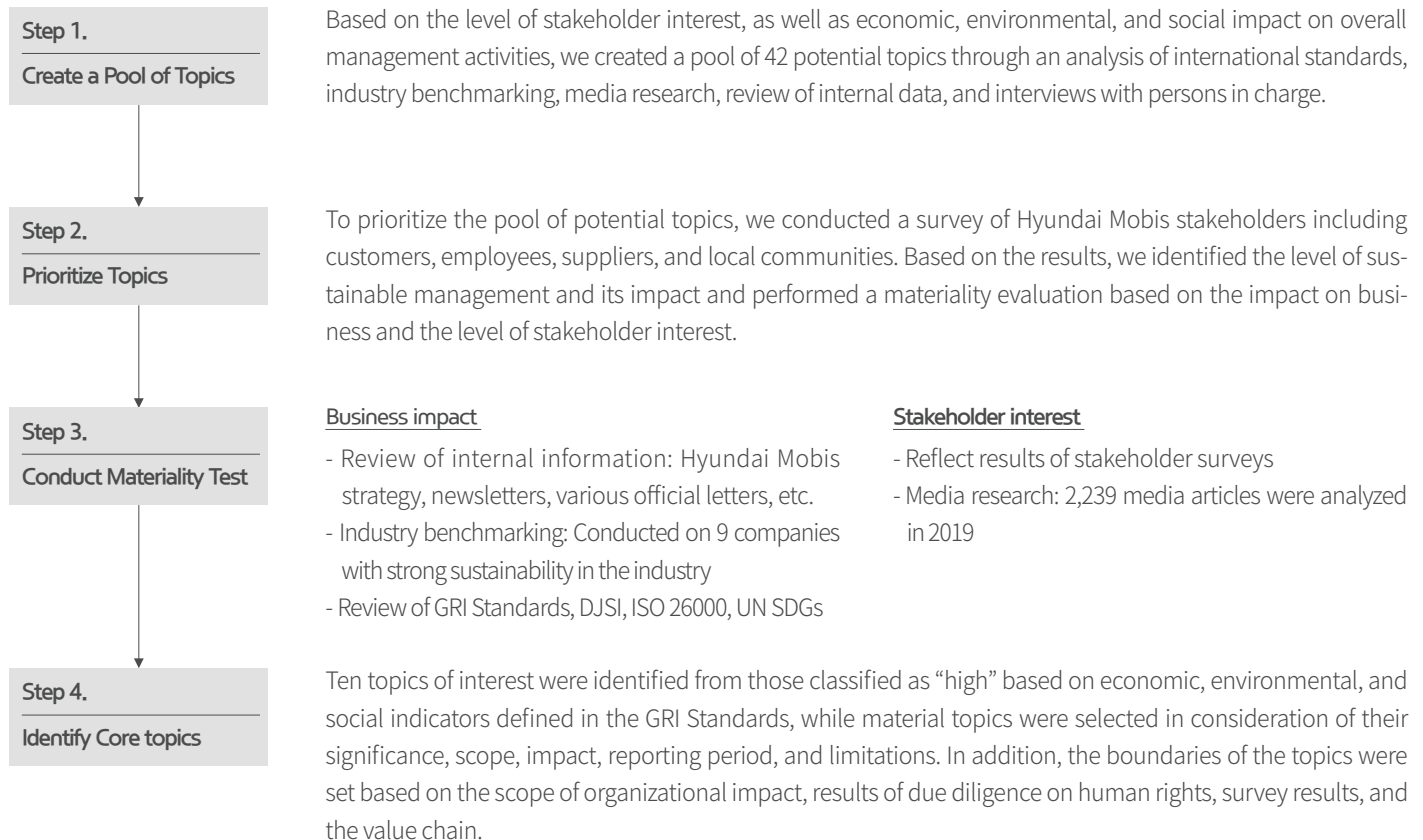
Stakeholder Status, Major Communication Channels and Activities

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: 10,172 Overseas: 21,893	Employee satisfaction surveys, company-wide corporate culture assessments, CSR awareness surveys, assessments of employee awareness of business ethics, Cyber Auditing
Suppliers	Korea: 1,327 companies Overseas: 439 companies	Regular meetings, executive-level conferences, seminars for supplier company CEOs and overseas subsidiary supplier chief technology officers (CTO), online grievance resolution center
Customers (dealers/consumers)	Korea: 1,910 dealerships Overseas: 472 agencies, 14,299 dealers garages, repair centers, end users	Agency policy seminars, council meetings for executives, customer satisfaction surveys
Investors	Institutional investors, individual investors, domestic and international credit rating agencies, CSR rating agencies for investors	Non-deal roadshow (NDR), disclosures, annual shareholder meetings, CSR evaluations
Government/Associations	Administrative organizations, constitutional institutions, local governments and associations	Responses to public policies and institutions, joint projects
Media/Academia/CSR agencies	Korean and international media, CSR associations, CSR regulators, technology forums	Brand recognition surveys, CSR communication activities, industry-academia R&D alliances
Local communities	Local governments, social and environmental organizations, NGOs	Social outreach partnerships

05

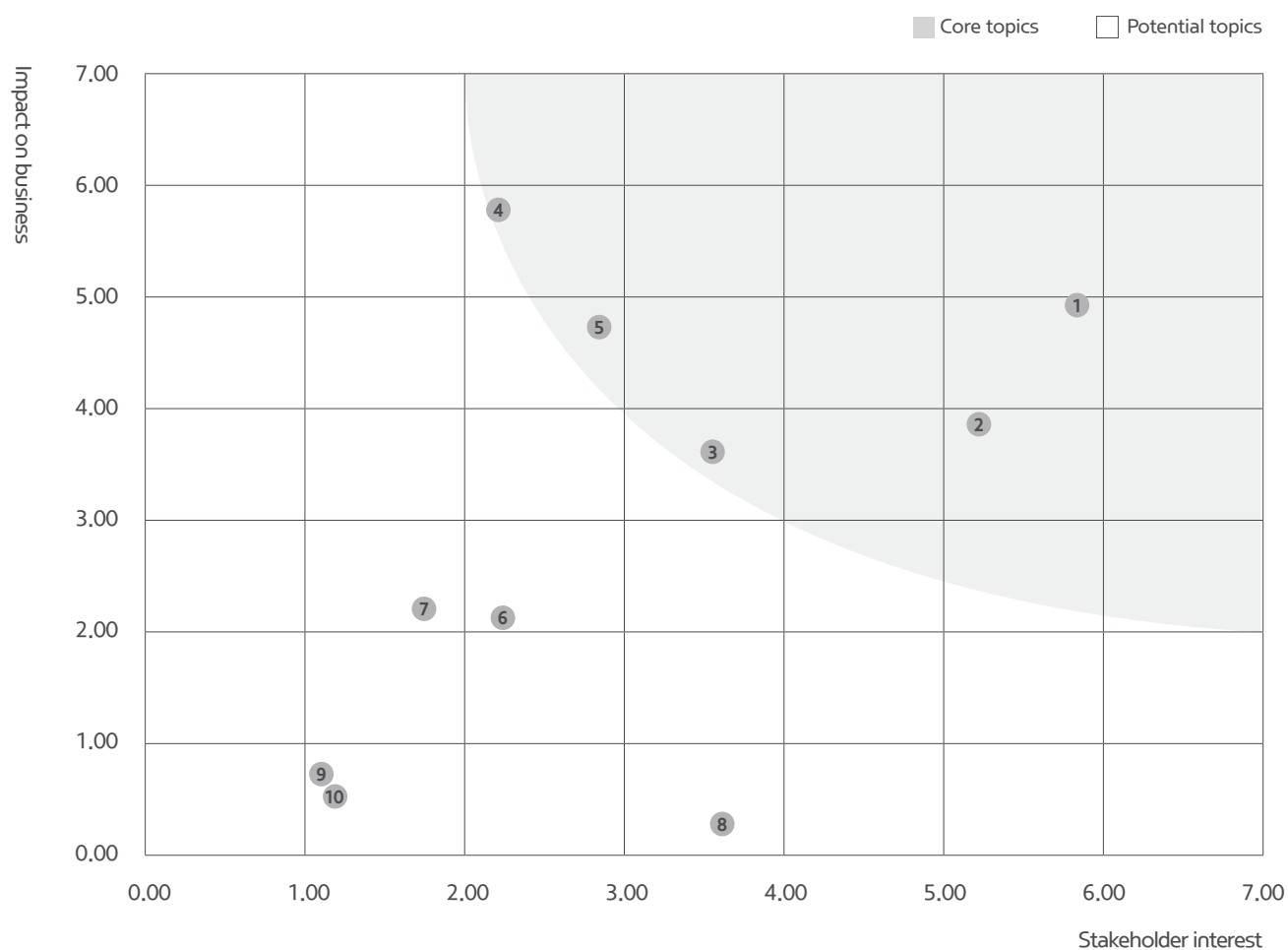
Materiality Evaluation

Materiality Evaluation Process



Core Topics in Sustainability Report

No.	Core Topics in 2019 Report	Stakeholder Impact					
		Customers	Employees	Suppliers	Shareholders/ Investors	Local Community	Government
1	Secure new growth engines and diversify business	●	●		●		
2	Develop eco-friendly products and services	●			●	●	
3	Engagement with and social contribution to local community		●			●	
4	Practice ethical management and fair trade		●	●	●	●	●
5	Propel mutual success with suppliers		●	●		●	
6	Achieve healthy governance		●		●		●
7	Establish strategy and system for environmental management	●			●	●	
8	Select and evaluate sustainable supply chain			●	●		
9	Secure eco-friendly energy technology	●			●	●	
10	Recruit and retain talent		●			●	●



Topic Boundary			GRI Topic	Reporting Subject	page
Cost	Revenue	Risk			
	●		Economic Performance N/A	Core topic	Securing New Future Growth Engines, Economic Performance 30-39, 74-75
		●	Economic Performance N/A		Eco-friendly management 40-45
		●	Local Communities		Strengthening social contribution 46-55
●			Anti-Corruption		Compliance management 60-63
		●	Indirect Economic Impacts		Win-win management 80-83
		●	N/A	General topic	Governance 56-59
●			Emissions, Energy		Eco-friendly management 40-45
	●		Supplier Social Assessment		Supply chain management 78-79
		●	Energy		Response to climate change 86-87
	●		Employment		Employees 94-101



FACTBOOK

Hyundai Mobis pursues sustainability in economic, social, and environmental areas, and provides transparent disclosures in each of these areas through our sustainability report. For more details, please refer to our Annual Report and website.

Economic · Business Performance	74
Environmental · Safety Performance	84
Social Performance	94

01

Economic · Business
management

Economic Performance

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 2019, Hyundai Mobis created economic value of KRW 32.8381 trillion, which the company shared with every stakeholder.

Classification		Unit	2017	2018	2019
Suppliers	Purchase from suppliers	KRW billion	308,352	311,425	333,020
Employees	Wages	KRW million	753,016	792,864	887,360
	Retirement benefits	KRW million	66,923	61,761	76,116
	Employee benefits	KRW million	148,259	161,558	168,413
Government	Taxes and dues	KRW million	1,176,660	586,677	919,983
Local community	Expenses for social contributions	KRW million	16,066	27,942	21,071
Creditors	Expensing of interest expenses	KRW million	50,084	63,662	75,005

Major Financial Performance

Classification	Unit	2017	2018	2019
Total assets	KRW million	41,736,819	43,071,132	46,606,064
Capital stock	KRW million	491,096	491,096	491,096
Liabilities	KRW million	12,377,861	12,367,704	14,196,442
Sales	KRW million	35,144,580	35,149,219	38,048,768
Gross profit	KRW million	4,465,218	4,567,004	5,229,169
Operating profit	KRW million	2,024,929	2,024,957	2,359,257
Profit before income taxes	KRW million	2,734,383	2,474,883	3,214,294
Corporate tax	KRW million	1,176,660	586,677	919,983
Net income	KRW million	1,557,723	1,888,206	2,294,311

Shareholding Structure

Classification	No. of stocks	Shareholding (%)
Largest shareholders	29,672,024	31.22
National Pension Service	10,879,605	11.45
Treasury stocks	1,617,535	1.70
Other	52,885,530	55.64
Total	95,054,694	100.00

* As end of March, 2020

Korea Corporate Governance Service (KCGS) ESG Evaluation

Classification	2017	2018	2019
ESG Class	B	B+	A
Environmental responsibility	A	A	A
Social responsibility	A	A	A+
Governance	C	B	B+

R&D Investment

Classification	Unit	2017	2018	2019
Total R&D expenses	KRW million	769,569	835,006	965,360
R&D personnel	persons	3,685	4,126	4,987
% of R&D personnel among all employees*	%	12	13	16
% of R&D expenses in regard to total sales	%	2.2	2.4	2.5

* all employees in domestic/overseas

Customers

Stabilization of Aftermarket Service Parts Supply (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 2019, there were more than 59.7 million vehicles produced by Hyundai and Kia Motors around the world. We supply more than 2.9 million parts for 260 models including those no longer produced. Under Korea’s Consumer Protection and Automobile Control 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.

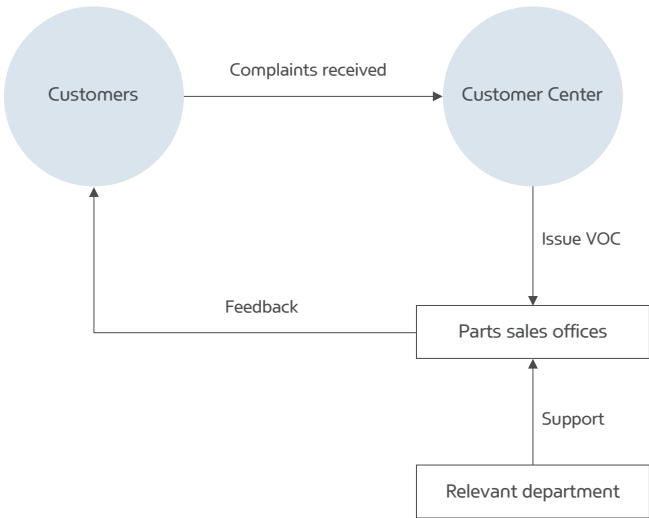
We are also responsible for supplying aftermarket service parts for Hyundai and Kia Motors all over the world using a global parts supply network. Through rigorous testing and stringent quality control, we ensure that vehicles maintain the highest level of performance throughout their lifecycle. Going 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.

Our customer center is designed to ensure prompt response to our customers’ emergency needs and requests. 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).

Domestic/Overseas Parts Sales Network

Classification		2017	2018	2019
Domestic	Parts sales offices	22	22	22
	Logistics centers	4	4	4
	Service parts sales teams	41	41	41
	Agencies	1,894	1,917	1,910
Overseas	After sales parts subsidiaries and divisions	15	15	15
	PDC ¹⁾	57	57	57
	RDC ²⁾	2	2	2
	Branches and offices	2	2	2
	Agencies	505	472	494
	Dealer (person)	14,648	14,299	13,288

1) PDC: Parts Distribution Center
2) 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. So we provide various support and training programs to help them improve the operating environment and develop their management skills. Through competency enhancement support for agencies and dealers, we have built a virtuous circulation that create greater value for our customers.

Agency Training Programs

Unit: persons

Classification	Classification	2017	2018	2019
Business academy for agency CEOs	agency CEOs leadership training to improve management skills (Staff coaching skill, Change management skill etc.)	114	281	269
Fostering next-generation leaders	leadership and job competency training to support for management succession	82	91	78
Online job training	agency Staff Online training to enhance basic job capability of agencies	291	1,319	1,136

Agency Business Environment Improvement Program

Classification	Program Description	2019
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 190 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, with the goal of implementing improvements	30 agencies
Support for environmental improvements	Provide part discounts in accordance with agency investment costs in order to improve warehousing environment, targeting agencies with poor inventory environment (Implemented as of July 2019)	KRW 6 million
Enhancing agency inventory	Support inventory cost-saving measures and distribution control enhancement programs for agencies by sharing the burden of the misuses of components that occur during the process of storage and distribution	KRW 700 million
Support agency operation system fee	Provide support for expenses incurred by the integrated agency operation system for efficient IT operation	KRW 1 billion
Safety evaluations for agencies	Achieve preemptive prevention of safety risks and accidents with free fire safety inspections and premise safety evaluations (biennial) to ensure the work environment of agencies is safe	KRW 200 million
Provide equipment to agencies	To supply quality customer service through standardized shop environment, we provide items needed in operations including uniforms, signboards, wall images, and car stickers, among others.	KRW 150 million
Announce best practices of business innovation from parts agencies nationwide	Present and share best practices from four exemplary agencies during invitational seminars held for high-performing agencies to motivate them to voluntarily improve their management practices	4 times
Outstanding agency overseas field trip incentive	Sponsor field trips to overseas subsidiaries for outstanding agencies as an incentive for continuous enhancement in competencies and the environment	KRW 150 million

Strengthening CS Competency

With customer satisfaction as a top priority, we are engaging in various CS competency enhancement programs. To improve our CS mindset, ensure compliance with service manuals, and raise customer awareness, we organize on/offline training on a regular and ongoing basis, as well as coaching activities and customer response monitoring at points of contact. In addition to customer contact points, we provide special lectures with a focus on collaboration from the end customer's perspective, as well as the importance of internal customer satisfaction, for all our employees. In addition, we are promoting a corporate-wide CS mindset using VOC web-toons on the topics of outstanding and unsatisfactory customer service responses, as well as CS news. We will continue to engage in these activities to create a customer-centric corporate culture and maximize customer satisfaction.

2019 CS Training Performance

Courses 20 | Sessions 127 | Hours of training 661

Major Activities

Provision of service coaching for employees at retail contact points to improve customer response manner

Provided service coaching to employees in retail contact points to improve customer response manner
Held 59 service coaching sessions to 41 service parts sales teams

Expand Logistics Coaching School for Wholesale Contact Points

Conducted training sessions to employees at wholesale contact points to improve employee's customer awareness and response manner
Provided 8 collective on-the-job training sessions to 138 logistics employees at parts offices

Supply Chain Management

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.

Status of Supply Chain

Classification		2019	Remarks
Domestic	Total no. of suppliers	1,327 companies	1st-tier parts suppliers directly working with Hyundai Mobis headquarters * mass production, aftermarket service, goods, and packaging
	Total purchase amount	KRW 17,511.2 billion	1st-tier parts suppliers directly working with Hyundai Mobis headquarters * mass production, aftermarket service, goods, and packaging
	Other purchases	KRW 662.2 billion	Headquarters general, facilities, raw and subsidiary materials
Overseas	Local suppliers	439 companies	Suppliers working with overseas subsidiaries
	Local purchase volume and ratio	KRW 15,427 billion	Purchase amount volume of overseas subsidiaries

Selection and Evaluation of Suppliers

Evaluation Target

Hyundai Mobis is presently engaged in series production contracts with 557 suppliers out of a total 1,327 first-tier suppliers. Of these, we have identified 111 companies as "Core 1st-Tier Suppliers" that can join new projects based on the supply of major parts, relation to business, and purchase volume. We also categorize 100 companies as "Core Second- and Third-tier Suppliers" in recognition of their core technologies.

2019 Top Purchases	2019 Purchase Volume
1. Mass production	KRW 14,703.7 billion
2. Aftermarket services	KRW 2,567.6 billion
3. Goods/Packaging	KRW 238.9 billion
4. Overseas subsidiaries	KRW 15,427 billion
5. Other	KRW 662.2 billion

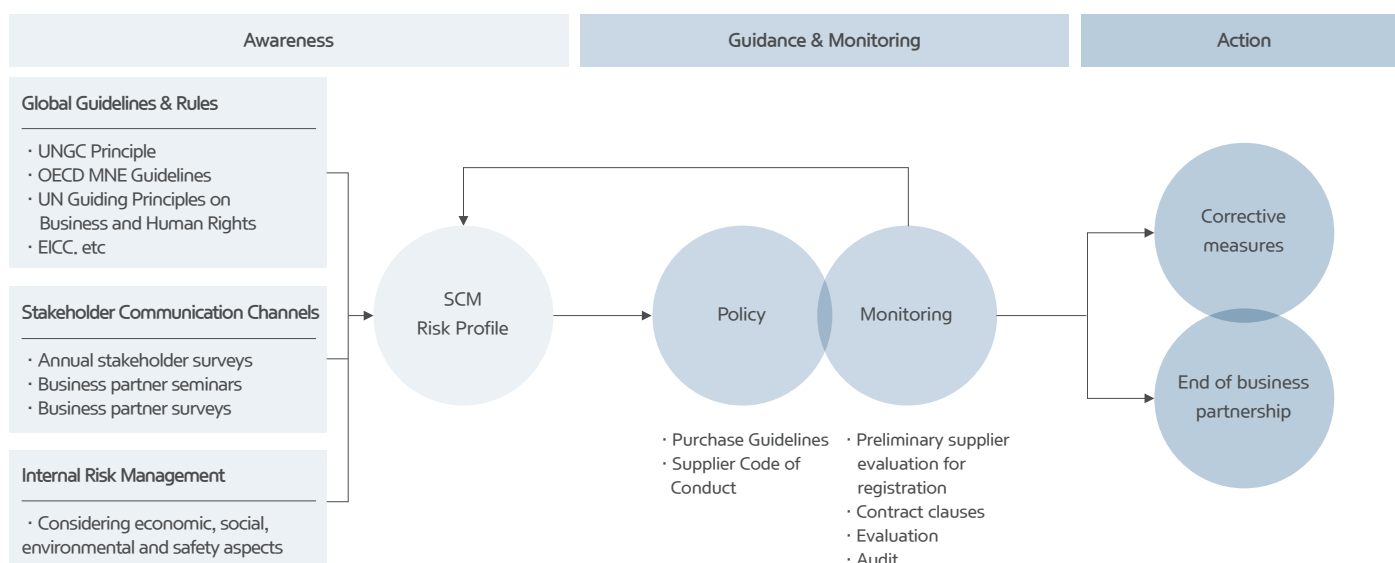
CSR Process and Areas of Evaluation for Suppliers

Sustainable suppliers are selected on a monthly basis or, when needed, through council meetings that consist of executive level managers from the relevant departments. We distribute the Code of Ethical Conduct to all suppliers and review their compliance in the areas of human rights, labor, ethics, safety, health, and the environment. For new suppliers, we check their quality risk using an evaluation of all quality-related segments before registering them in our system. We also assess and rate our suppliers in terms of quality, delivery, and technological expertise, including an evaluation of their quality systems.

Classification	Quality	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 Substances Prohibition	Mutually Beneficial Cooperation
	Field Safety Management		Environmental Management	Transparent Management Support

The overall score is reflected in our supplier selection process. Based on this rating, we apply incentives or penalties. Suppliers with a high rating receive incentives, while those with a low rating are excluded from new projects. As a result of continuous quality improvement, technological innovation, and process development, overall supplier scores have been on the rise each year.

Supply Chain Management Process

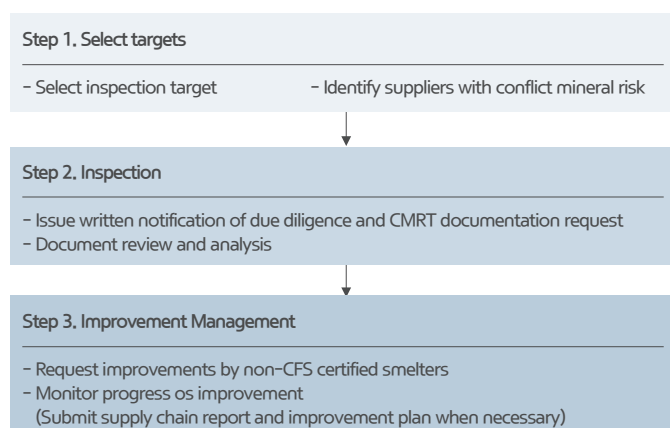


Conflict Minerals

Direction for 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 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 the relevant supply network.

Conflict Minerals Due Diligence Process



Win-Win Management

Win-Win Growth Strategy

Based on mutually beneficial cooperation with more than 1,300 suppliers, we are continuously expanding and pushing a shared growth policy to strengthen our supply chain. In order to create an ecosystem that promotes win-win growth, 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. We also provide suppliers with difficulties conducting high-precision tests on products with access to our research facilities, thus helping them to stabilize production.

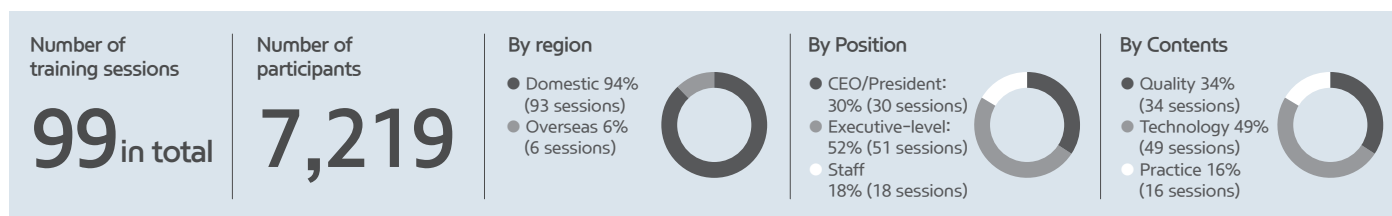
Program	Description	Performance in 2018
Freely share and transfer intellectual property rights	<ul style="list-style-type: none"> Provide access to our latest patented technologies Transfer patents to suppliers free of charge 	<ul style="list-style-type: none"> Shared pool of patents: 160 patents Patent transfer : 27
Provide support for the development of new product/technology	<ul style="list-style-type: none"> Provide financial support for R&D projects to enable independent development Support localization for lower reliance on imported parts and improved technological competency 	<ul style="list-style-type: none"> Support for new product/technology development Amount: KRW 19.25 billion / No. of cases: 122
Provide support for testing equipment	<ul style="list-style-type: none"> Provide access to the Shanghai Test Center in China and to the electromagnetic darkroom at the Center 	<ul style="list-style-type: none"> Financial support for testing at the Shanghai Test Center Amount: KRW 0.21 million / No. of cases: 2,273
Facilitate joint patent application	<ul style="list-style-type: none"> Apply for patent registration through joint technology development 	<ul style="list-style-type: none"> No. of joint patent applications: 41 patents
Provide financial support for patent applications	<ul style="list-style-type: none"> Provide financial support for joint patent applications Provide financial support for joint patent application/registration of technology developed by suppliers 	<ul style="list-style-type: none"> Financial support for sole patent application: KRW 16.15 million

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 2019
Technical training with on-site quality volunteer groups	<ul style="list-style-type: none"> Provide consultation on quality improvement at the supplier's site 	<ul style="list-style-type: none"> Number of instructors: 104
Management consultation for supplier support groups	<ul style="list-style-type: none"> Provide consultations on improving overall management competency in areas such as strategy, finance, marketing, and organization 	<ul style="list-style-type: none"> Number of instructors: 52
Technology and Quality Training Academy	<ul style="list-style-type: none"> Provide technology and quality training for 1st and 2nd tier suppliers 	<ul style="list-style-type: none"> Number of participants: 8,586

2019 Supplier Training Program Performance



* Education commissioned by Foundation of Korea Automotive Parts Industry Promotion

Supplier Support Fund

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. In order to provide relief in regard to this issue, we cover the full hourly costs prior to mass production to improve supplier cash flow.

Program	Description
Financial support program	<ul style="list-style-type: none"> · Provide various modes of financial support, e.g. direct support, mutual cooperation loans, win-win growth funds, and win-win growth insurance (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	<ul style="list-style-type: none"> · 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-size companies with less than KRW 500 billion in sales since 2016

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

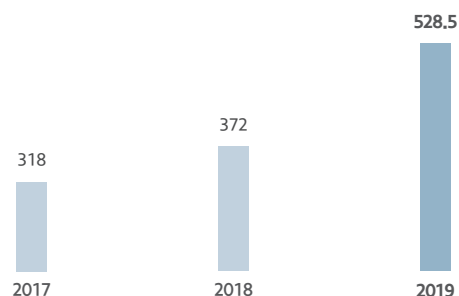
We are supporting the improvement of our suppliers' competencies by enhancing the quality of high-performing suppliers and sharing process improvement know-how, thereby expanding the scope of win-win partnership with 2nd- and 3rd-tier suppliers in these programs.

Classification	Description
Win-Win growth fund	<ul style="list-style-type: none"> · Provide various modes of financial support, e.g. direct support, mutual cooperation loans, win-win growth funds, and win-win growth insurance (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
Support smart plant construction	<ul style="list-style-type: none"> · 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-size companies with less than KRW 500 billion in sales since 2016

Financial Support Program Performance

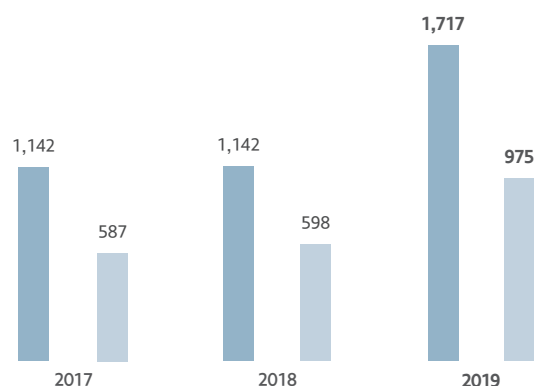
Molding costs

Unit: KRW 100 million



Mutual cooperation loan (Funding & Implementing)

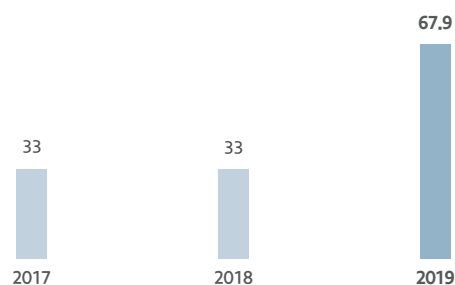
Unit: KRW 100 million



■ Funding : The amount that suppliers can borrow after Hyundai Mobis deposits a certain amount for the purpose of lending to the supplier
 ■ Implementing : The amount that suppliers can actually loan at the scale created

Donating funds

Unit: KRW 100 million

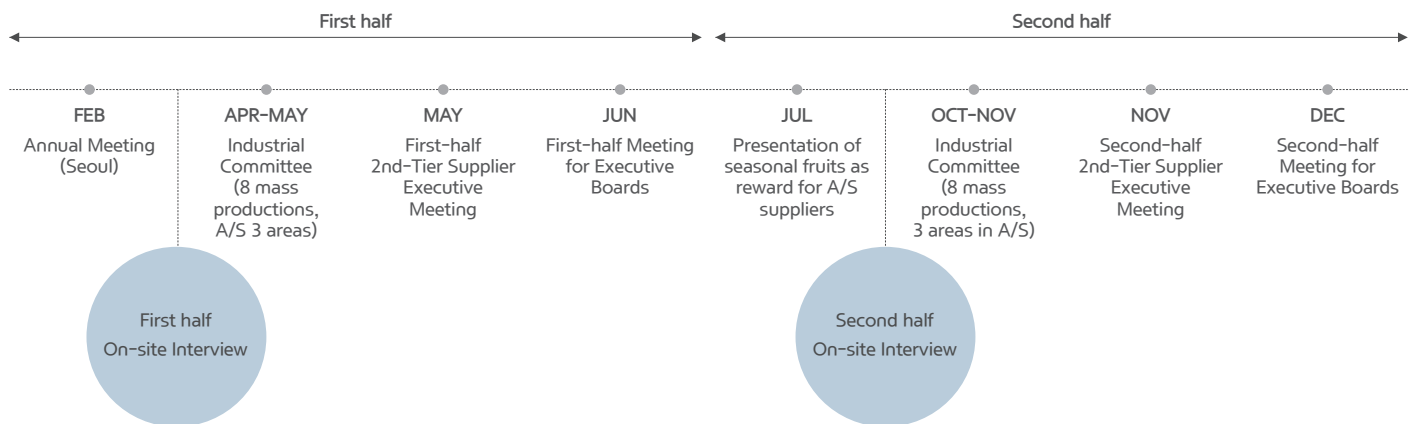


Enhancing Communication with Suppliers

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 segment, and anonymous online communication channels. In addition, we regularly visit our suppliers to identify their needs and reflect their input into our business practices.

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 2019 and plans for 2020 · 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

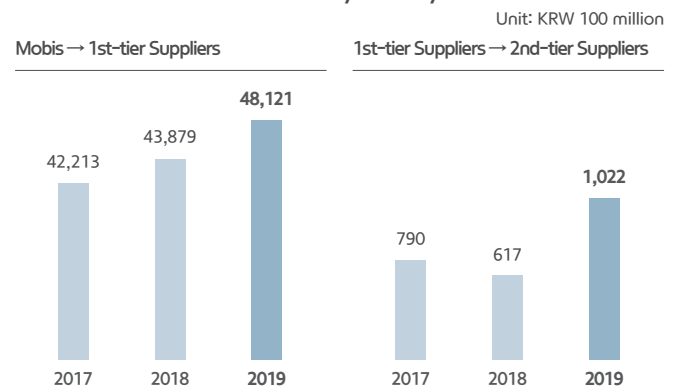
Annual Activities for Suppliers



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	Install and jointly operate booths at the international automobile parts exhibitions in five countries to promote participation by small- and medium-size suppliers including full support of accommodation and transportation fees and other expenses
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



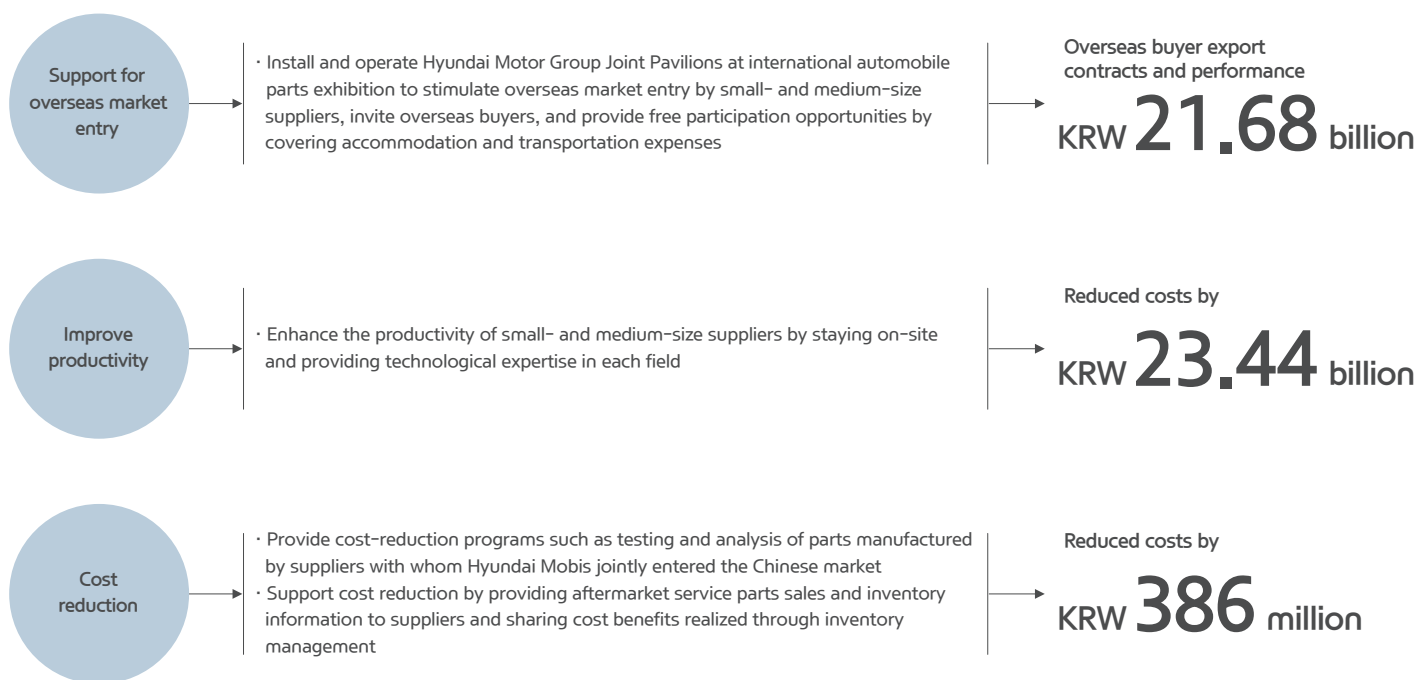
Creating Youth Jobs

We assist our suppliers with their HR recruitment in order to relieve their HR shortages and thereby provide job opportunities for young people. To this end, job training and career consulting programs are offered to specialized high schools. Furthermore, we run an online recruitment center and hold offline job fairs in cooperation with our suppliers. Since 2019, applicants have applied for the recruitment of suppliers through iONE-JOB, the online recruitment homepage.

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 are able to expand their win-win management strategies to 2nd-tier suppliers, thus creating a sustainable ecosystem in the supply chain.

Win-Win Management Program Status



02

Environmental · Safety Performance



Environmental Training and Certification

Raising Environmental Awareness through Training

In order 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 on a monthly basis which are 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. In 2019, in particular, we held a pre-inspection seminar prior to the summer break with the goal of preventing environmental accidents during that period and preparing for the government's special environmental inspection.

Certified Environmental Management System

As of December 2019, our 36 domestic sites and 16 overseas production subsidiaries established a 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.

Classification		Eligible operations	Certified operations	Certification rate
HQ & Plant & Technical Centers	Domestic	8	8	100%
	Overseas	20	16	80%
Parts sales offices (including logistics centers)		28	28	100%
Total		56	52	93%

Management System Certification

Classification			OHSAS 18001(ISO 45001)	ISO 14001
Domestic	Gyeongin	Poseung	O	O
		Asan	O	O
	Gimcheon Plant		O	O
	Chungju Plant		O	O
	Technical Center		O	O
	Jincheon Plant		O	O
	Ulsan Plant		O	O
	Changwon Plant		O	O
	Service (28 sites)		O(ISO 45001)	O
Overseas	China	MBJ	O	O
		MJS	O	O
		MSH	O	O
		MWX	O	O
		MTJ	O	O
		MCQ	O(ISO 45001)	O
		MCJ		
	United States	MAL	O	O
		MAL-GA	O	
		MNA MI	O	O
		MNA OH		O
	Brazil	MBR	O	O
	Mexico	MMX	O	O
	Europe	MSK	O	
		MCZ module	O	O
		MCZ lamp	O	O
		MRU	O	O
	India	MIN	O	O
		MIA		
	Turkey	MTR	O	O

※ Service ① 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
 ② 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 Parts Office, Cheonan Reserve Warehouse

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 Global Mobis Energy Management System (GMEMS) installed in 21 workplaces in Korea and abroad, we monitor, compare, and analyze our energy usage to achieve efficient energy management. At present, we are developing an intelligent control systems, including one which automatically sends an e-mail or text message to managers when standby power is generated (in emergency situations). In addition, we installed air conditioning inverter at the Seosan Proving Ground and established an integrated compressor control system at the Changwon plant as part of our efforts to strengthen energy efficiency.

GHG Emissions Reduction

Hyundai Mobis continues its dedication to the reduction of GHG emissions, which is 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.

Energy Consumption

Region	(In)Material Consumption / (Out) Emission	Unit	2017	2018	2019
Total	Domestic/overseas Consumption	TJ	7,279	7,608	7,652
	Domestic/overseas Energy Intensity	TJ/KRW 100 million	0.021	0.022	0.020
	Domestic Energy Consumption	TJ	2,960	3,100	3,163
	Overseas Energy Consumption	TJ	4,319	4,508	4,489
Domestic	Electricity	TJ	2,716	2,803	2,863
Overseas	Electricity	TJ	3,774	3,873	3,791
Domestic	Fuel(city gas, propane, other oil)	TJ	244	297	300
Overseas	Fuel	TJ	506	603	664
Overseas	Others(steam)	TJ	39	32	34

GHG Emissions

Classification	Unit	2017	2018	2019	2019 Target
GHG emissions (Scope 1, Scope 2)	tCO ₂ eq	359,552	375,489	377,588	
Domestic	tCO ₂ eq	146,044	152,877	155,945	
Overseas	tCO ₂ eq	213,508	222,612	221,643	
Scope 1	tCO ₂ eq	40,731	48,265	51,283	51,845
Domestic	tCO ₂ eq	14,103	16,704	16,875	
Overseas	tCO ₂ eq	26,628	31,561	34,408	
Scope 2	tCO ₂ eq	318,820	327,224	326,304	330,939
Domestic	tCO ₂ eq	131,942	136,173	139,071	
Overseas	tCO ₂ eq	186,879	191,051	187,234	
Scope 3*	tCO ₂ eq	2,433	10,616	13,190	
GHG (Scope 1, Scope 2) emission intensity	tCO ₂ eq/KRW 100 million	1.02	1.07	0.99	

* Scope3: business trip, the rental site of domestic sales teams at the 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. In order to reduce the generation of volatile organic compounds (VOC), a major cause of global warming and ozone depletion, we are implementing water-soluble painting processes. In 2019, we carried out a special inspection on all our workplaces that handle hazardous chemicals in regard to the emission of specific hazardous air pollutants. Furthermore, we optimize our environmental facilities and replace outdated ones as part of our facility improvement and management and inspect operations of both emission facilities and preventative facilities through regular and spot checks.

We are also intensively managing hazardous air pollutants generated in the production process and facilities through the installation of fugitive emissions facilities and the conducting of regular inspections on them.

Air Pollutant Emissions

Classification		Unit	2017	2018	2019
Air pollutant emissions		ton	11.18	15.87	12.19
Emission intensity		Kg/KRW 100 million	0.06	0.08	0.07
Management of air pollutants	NOx (nitrogen compounds)	ton	0.46	0.61	-
	SOx (sulfur oxides)	ton	-	-	-
	dust	ton	1.44	1.60	1.36

Raw Materials Management

To a growing extent, automotive parts are being replaced with high-strength, lightweight materials such as plastic and aluminum to reduce the weight of the vehicle and frames. In 2019, a total of 104,227 tons of metal were used as raw materials, marking a 17.9% decrease from the previous year.

Plastic and Rubber

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 2019, the amount of plastic and rubber used totaled 10,231 tons, a 7.5% drop compared to the previous year. The total use of solvents reached 220,774 tons, a year-on-year increase of 6.8%.

Raw Material Consumption

Classification	Unit	2017	2018	2019
Metals	ton	109,843	126,920	104,227
Plastics	ton	13,309	11,059	10,231
Solvents	ton	257,120	206,758	220,774

Hazardous Materials Management and Prohibition of the Four Heavy Metals

Through the Mobis Chemical Management System (MCMS), we are preventing the use of hazardous substances in our products and ensuring 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.

Looking ahead, we plan to inspect core parts from our suppliers, as well as our own products, in their development and mass production phase, and provide training on regulatory trends in the production environment and the International Material Data System (IMDS), in order to reinforce the management of final hazardous materials.

Furthermore, 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 has put in place stringent procedures to manage the four heavy metals (lead, cadmium, hexavalent chromium, and mercury) contained in our parts and raw materials, while we are also working on the development of alternative materials. In addition, as part of our commitment to minimize the use of hazardous substances, we entered an agreement with suppliers for the supply of eco-friendly parts that are compliant with regulatory requirements.

Waste Management

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 (All-baro 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. Out of 12,478 tons of waste we produced in 2019 at our domestic sites, we recycled 61.6% of this amount, while the recycling rate increased by 9.3% compared to the previous year.

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. We are also committed to minimizing the use of packaging materials and resources to save on disposal costs for consumers and improve overall cost efficiency. Currently, we are developing eco-friendly and substitute packaging materials in order to reduce the use of plastics.

Waste and Recycling

Classification		Unit	2017	2018	2019	2019 Target
Waste production		ton	15,421	16,263	12,478	11,972
Production intensity		ton/KRW 100 million	0.08	0.08	0.07	
Recycling rate		%	52.9	52.3	61.6	
Designated waste	Incinerated	ton	1,728	1,851	1,880	
	Buried	ton	–	–	1	
	Recycled	ton	22	66	103	
General waste	Incinerated	ton	5,147.75	5,174	2,005	
	Buried	ton	381	739	903	
	Recycled	ton	8,143	8,433	7,586	

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. For water pollutants, we discharge or re-treat most of the wastewater generated in the parts cleaning process through wastewater treatment facilities at each business site. At our production facilities, there is no source water that impacts the surrounding environment or biodiversity. Through various water-saving initiatives, we used 606,000 tons of water in 2019, a 3.7% decrease from the previous year

Water Resources

Classification	Unit	2017	2018	2019	2019 Target
Total amount of water resources	ton	807,092	629,338	606,243	673,603
Municipal water	ton	787,282	609,594	585,693	
Underground water	ton	19,180	19,744	20,550	
Consumption intensity	ton/KRW 100 million	4.16	3.07	3.61	

Water Pollutants

Classification		Unit	2017	2018	2019
Total amount of water pollutants		ton	5.17	4.22	5.10
Emission intensity		Kg/KRW 100 million ton	0.03	0.02	0.03
Wastewater treatment	BOD (Biochemical Oxygen Demand)	ton	1.22	1.70	1.94
	COD (Chemical Oxygen Demand)	ton	0.62	0.33	0.20
	TN	ton	1.25	0.40	0.60
	SS	ton	2.06	1.51	2.34
	N-H	ton	0.02	0.04	0.01
	T-P	ton	0.00	0.24	0.00

Safety and Health

Safety and Health Management System

Safety and Health Strategy

In order to make our workplace safe and healthier, Hyundai Mobis places safety as the top priority in business management while exerting its utmost efforts in practicing safety 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.

2020 Areas of Focus



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 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 on on-site risk factors and subsequently makes improvements.

Safety and Environment Management System Certification

To implement consistent safety and health practices, we have acquired and continue to hold OHSAS 18001¹⁾ and KOSHA 18001²⁾ certification for our key workplaces. With these certificates, we have enhanced the reliability of our safety and health management. In 2020, we plan to transition to the new safety and health standards (ISO 45001³⁾)

1) Occupational Health & Safety Assessment Series:

An international certification for Health and Safety Management Systems

2) Korea Occupational Safety & Health Agency:

A national certification for Health & Safety Management Systems

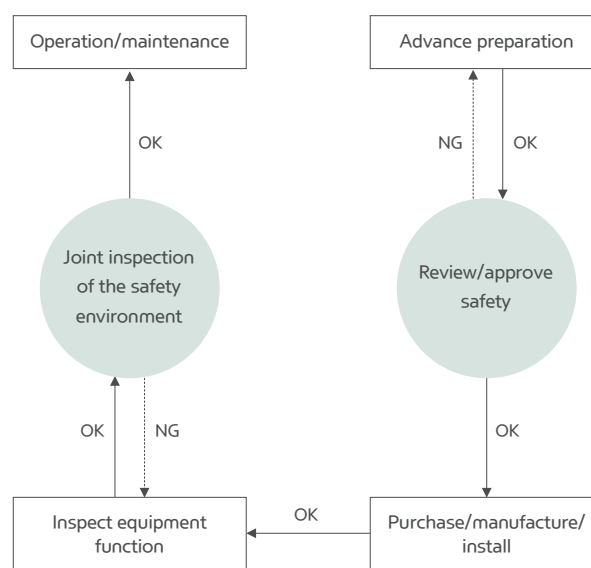
3) International Organization for Standardization 45001:

An international certification for Health & Safety Management Systems

Workplace Safety Management

Preliminary Safety Evaluation 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.



Inspection for Safety Environment

In order to meet the basic health and safety requirements while minimizing the risk of occurrence of major disasters, we are conducting corporate-wide regular inspections on the selected standard items for management (29 items) and items for inspection (265 areas), as well as impromptu inspections for each season and emergency type (Lunar New Year, Chuseok (Korean Thanksgiving), summer holidays, storms and flooding, and fire prevention inspections in winter). In addition, Hyundai Mobis headquarters inspects the safety environments of domestic sites (every year) and at overseas sites (every 3 years). Spot checks are also carried out quarterly to improve safety in our workplaces.

Classification	Unit		2017	2018	2019
Rate of Industrial Accidents	Employees	%	0.03	0.05	0.07
Lost-Time Injuries (LTIFR)	Employees	Case/M Work Hours	0.44	0.43	0.54
	In-house Suppliers	Case/M Work Hours	0.28	0.89	1.61
Disease Rate (OIFR)	Employees	Case/M Work Hours	0.18	0.16	0.21

※ Reinforcement of accident management standards for business partners in '19 (shutdown injuries for 3 days or more → shutdown injuries for more than 1 day)

Operation of the Emergency Response System

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. Through these efforts, we aim to make our workplaces safe. In addition, we regularly conduct simulated drills in accordance with response scenarios by type, situation, and level of emergency, thus bolstering our emergency response capacity.

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 listen to their suggestions. In 2020, we plan to provide support for enhancing our suppliers' self-capacity in managing safety and health in the workplace. To this end, we will support our suppliers' efforts to attain ISO 45001 certification, in addition to operating the Safety Call Center which provides our suppliers with easy access to health and safety information and a Q&A data bank.

Safety Supports for External Suppliers and Agencies

Hyundai Mobis is committed to exerting neverending efforts to ensuring the safety of our suppliers' workplaces. We initiated this mutually beneficial activity based on a firm belief that the efficiency of production and supply is maximized when workplace safety is ensured for our suppliers and their employees. In 2019, we offered free safety technical support to our 1,200 parts agencies and suppliers. We also shared the results of this support and provided safety guidelines to push for continuous mutual beneficial cooperation.

Employee Health Management

Corporation-wide Health Promotion Activities

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. In 2020, we established the Health Improvement Management System (HIMS) with the goal of laying the foundation of a 'self-led health management culture' through increased health awareness and changes in lifestyles for employees. We are also planning to introduce body composition analyzers at our workplaces.

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

Promoting Safety Culture

Establish and Operate a 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 to Hyundai Mobis workplaces. The system prohibits access to any construction personnel who did not complete the training.

Initiate the Implementation of a Safety Culture

At Hyundai Mobis, we are making 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 Five Basic Safety Rules and daily safety practices for the enhanced employee safety awareness. Going forward, we will make efforts to facilitate our employees internalizing safety awareness by expanding and offering safety culture programs.

Classification	Training Details	Duration/Frequency	Number of Participants
Regular safety training	Industrial safety and accident prevention	2 hrs/month	8,045
Special safety training	Workflow and traffic of forklifts and cranes and accident response measures	16 hours	101
Safety training at recruitment	"Occupational Safety and Health Act" and general management	16 hrs/year	492
Manager/ supervisor training	Job process risks and hazards and disaster prevention methods	16 hrs/year	582
Corporate-wide compliance training	Safety and health management policies, basic safety rules, and case studies	Once/year	6,825
Special training for construction safety	Construction safety management and resolution conferencet	Once/year	200

Free Safety Inspection Services for Parts Agency/Suppliers

Hyundai Mobis conducts structural safety inspections as well as fire prevention inspections on electricity, fire, and gas hazards for 1,200 parts agencies in Korea. Through this preventative measure, we aim to create safe work environments for suppliers and prevent safety accidents by eliminating risk factors in advance. To this end, we also provide safety consulting services to about 100 small- to medium-size suppliers in preparation for heavy rain and heatwaves. In addition, we plan to offer safety training to agency personnel. Going forward, Hyundai Mobis promises to share inspection results with each agency and supplier and continue our mutually beneficial cooperation activities through the provision of safety guidelines.



03

Social Performance



Employees

Human Resources Development

Human Resources Development Strategy

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. By setting performance-oriented, field-oriented, and self-directed learning as our goals, we are committed to creating an employee/work-friendly corporate culture, promote creative leadership, and build top-notch expertise at both domestic and overseas business sites.

Direction of Human Resources Development Strategy

Vision Mission	Self-initiated growth		
	1. Fostering flexible leader who promote the growth 2. Stimulating voluntary growth centered on leaders and members		
Strategy direction	Develop Leaders	Develop Experts	Employee Happiness
	Strengthen leadership from the perspective of sustainable growth	Strengthen expertise in creative problem-solving	Help employee experience and life planning
	Training infrastructure		
Future talent required	[System] Provide flexible, prompt skills upgrade through a non-stop learning system		
	[Structure] Plan employee growth through an integrated HRM-HRD structure		
Future talent required	Integrated talent equipped with great change adaption and learning aquisition		

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 should set 4.4 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 a 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.

Professional training by job

Training for new entrants

Through introductory training, we aim to cultivate talented people who drive the 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

As a new position, we support leadership-customized tools and leadership training to recognize changed roles and perform positions. Through this curriculum, we will provide opportunities for continuous self-reflection and experimentation and develop fundamental changes and future-oriented organizational culture.

On-board guidebook

- New Team Leader – Checkpoint of new team leader by situation and time (right after assigned)

Organization unit meeting

- New Team Leader/Manager – Checkpoint of new team leader by situation and time (within one month after assigned)

Immediate supervisor LETTER

- Immediate supervisor – 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. 133 employee clubs were established and operated during 2019 with a total of 1,405 participants. In 2020, we are going to activate knowledge sharing through expansion of COP.

Developing Talented employees

TDP (Talent Development Program)

We are preemptively cultivating and transforming talent with high potential who perform with excellence into leaders with diverse experience and broad perspectives. After finishing TDP, we keep continuous monitoring of 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 are improving the understanding of other divisions within the headquarters and providing opportunities to improve work capabilities.

01. Strategy Skill

- Recognition of in/external environment and practice of analysis
- Analysis of competing companies

02. Followership

- Understanding of followership
- Self-diagnosis
- Followership practice by major situations

03. PM Leader

- Extraction of conflict causes in organization or between members and establishment of alternatives
- Management of junior staffs and superiors
- Reinforcement of leadership as middle manager

Employees Education Status

Classification		Unit	2017	2018	2019
Training cost	Total costs for training	KRW 1 million	9,765	9,703	9,686
	Training hours per person	KRW 1 million/person	1.02	0.97	0.95
Training hours	Total training hours	hours	730,606	647,171	585,537
	Training hours per person	hour/person	76	64.6	57.6
Participation by program	Ethics training	person	12,704	9,691	7,978
	Internal job training	person	44,118	40,218	61,545
	External job training	person	740	1,293	1,024
	COP (Community of Practice)	person	1,534	1,428	1,405
	S-OJT	person	318	196	16
	Mentoring	person	1,104	527	328
Knowledge acquisition (Continuous learning contents)		person	26,626	26,432	34,988

Develop Digital Talents

Mobis SW Academy

We are operating 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 operation principles of autonomous vehicles.

Convergence software training Focus on control-centered convergence software	Enhancing expertise in convergence software	[Before: Operating system + software coding/tools] + [Control & new technology: Recognition/decision/control, Deep Learning/vehicle security] 2019
	Differentiated training based on competency level	[Lev. 1~3] Job skill-based software training and environment [Lev. 4~5] 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 2019, 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, 20 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	<ul style="list-style-type: none"> · 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	<ul style="list-style-type: none"> · 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)

Strengthening the Competencies of Local Talent at Overseas Subsidiaries

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

Global HRD Forum	<ul style="list-style-type: none"> · 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	<ul style="list-style-type: none"> · 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 insight 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 outlook 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 2019, a total of 205 cases and 1,385 days of Culture Tour were used.

Creating a Healthy Corporate Culture

Creating a Healthy Corporate Culture

Under our vision of creating a 'workplace that is optimal for working and grows sustainably', 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 hosted the 'To the Site in Search of Answers' program as well as a case study contest for the purpose of promoting systematic working processes and a culture which encourages employees to seek new challenges. Participation promotion events like StarCraft tournaments were also held to encourage employee participation and empathy. In addition, events to enhance employees' company pride were held, as were morale boosting programs for employees in their third year in a leadership position. The company's plan in 2020 is to continuously strengthen the environment for innovative corporate culture from the perspective of Work, People, and Company, with the end goal of transforming the corporate identity into one of "game changer."

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 is able to 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 2020, we are set to strengthen our management capability based on CA-centered corporate culture changes.

Employee Engagement Survey, positive response status

2017	2018	2019	2019 Target
57%	61%	63%	61%

Workplace Improvement

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 "re-fresh" leaves at the workplace to improve productivity and provide our employees with opportunities to gain non-work-related experience. 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. In 2019, we set plans in place to expand the system to support the 52-hour work week.

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 center, parking support for the pregnant, and encouraging childcare and maternity leave.

Parental and maternity leave Status

Classification		Unit	2017	2018	2019
Parental and maternity leave	Female	Person	51	43	125
	Male	Person	9	21	39
Percentage of employees returning to work after parental/ maternity leave		%	80	92.2	96
Percentage of employees working at least 12 months after returning to work		%	80	92	96

Employee Communications

Flat Communication

In order to integrate various input 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 enhance diversity and encourage our employees to communicate with their colleagues. We also organize various seminars to encourage communication and cooperation between teams.

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. While we negotiate with each union, in order to strengthen communications between labor and management, we organize labor-management council meetings on a quarterly basis and conduct collective bargaining and joint labor-management seminars every year.

Employee Compensation

Position	Unit	Average basic salary for female employees	Average basic salary for male employees	Ratio of basic salary and compensation of men to women
Executive officers (basic salary)	KRW	-	325,777,002	-
Managers (basic salary)	KRW	67,165,694	72,251,450	93%
Managers (basic salary + cash incentives including bonus)	KRW	73,320,698	90,743,154	81%
Non-managers	KRW	72,862,895	98,607,995	74%

Classification	Unit	2019
Total CEO Compensation	KRW	1,186,706,967
Median annual compensation of all employees, excluding the CEO	KRW	92,211,496
Ratio of total annual CEO compensation compared to median employee compensation	times	12.87
Mean annual compensation of all employees, excluding the CEO	KRW	89,140,757
Ratio of total annual CEO compensation compared to mean employee compensation	times	13.31

Labor Union Membership

2017	2018	2019
50.1%	51.1%	52.5%

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

Performance Based on 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.

Performance Evaluations

Classification	2019		
	Reference (person)	Target (person)	Ratio (%)
KPI-based evaluation ¹⁾	10,172	10,172	100
Multi-faceted evaluation ²⁾	10,172	10,172	100
Compensation based on relative evaluation ³⁾	10,172	4,386	43

1) No directly linked compensation, although evaluations are linked to KPIs

2) multi-faceted evaluation expanded for all employees from 2019

3) 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%).

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.

Domestic Employment Status

Classification		Unit	2017	2018	2019
Total number of employees		person	9,611	10,013	10,172
Gender	Male	person	8,566	8,914	9,052
	Female	person	1,045	1,099	1,120
Permanent positions	Male	person	8,408(90.8%)	8,763(90.6%)	8,912(90.6%)
	Female	person	854(9.2%)	905(9.4%)	925(9.4%)
	Sub total	person	9,262	9,668	9,837
Temporary positions	Male	person	158(45.3%)	151(43.8%)	140(41.8%)
	Female	person	191(54.7%)	194(56.2%)	195(58.2%)
	Sub total	person	349	345	335
By age	Less than 30	person	1,861(19.4%)	1,783(17.8%)	1,609(15.8%)
	30 – 50	person	6,058(63.0%)	6,619(66.1%)	6,758(66.4%)
	Over 50	person	1,692(17.6%)	1,611(16.1%)	1,805(17.7%)
Employment of socially vulnerable groups	People with disabilities	person	144	141	138

Female Employee Status

Classification		Unit	2018	2019
Ratio of female employees by position (domestic)	Ratio of female employees	%	10.9	11.01
	Ratio of female managers	%	2.2	2.46
	Ratio of entry-level female managers	%	10.6	14.91
	Ratio of females in top management positions	%	0	0
	Ratio of female managers at departments generating profits	%	0.3	0.6

Employee Status

Classification	Unit	2017	2018	2019
Total number of employees	person	29,562	32,302	32,065
Korea	person	9,611	10,013	10,172
China	person	7,385	7,274	6,163
U.S.A.	person	6,027	5,893	5,731
Europe	person	5,121	5,754	6,296
Asia-Pacific/other	person	1,418	3,368	3,703

Recruitment and Retirement

Classification		Unit	2017	2018	2019
Newly recruited		Person	444	576	376
Years of employment		Year	12.7	12.9	13.3
Retirement rate	Retirement rate	%	2.41	3.51	4.31
	Voluntary retirement	%	1.76	2.97	1.68

Fair HR operation

Classification	description
Recruitment	· Hire female employees for positions in management support, training, IT, and design outside the manufacturing positions
Evaluation and promotion	· Prevent disadvantage and discrimination in evaluation and consideration for promotion · Create a family-friendly workplace by organizing celebrations for promotion with their family members
Reward	· Introduce a compensation system based on the employment contract such that it does away with gender discrimination
Education and arrangement	· 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.

Flat Communication

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	Temporary enforcement in case of special circumstances such as epidemic/natural disaster
Daycare centers	Operate daycare centers at work sites in Yongin (Gyeonggi), Jincheon (Chungbuk), and Changwon (Gyeongnam)
Paid maternity/parental leave	Grant pregnant employees 90 days of leave, and male employees 5 days of paid leave (more than what is prescribed in the Labor Standards Act)

Living Support / Convenience

Program	Description
Condolence and congratulation	Condolence and congratulatory money and official leave
Educational benefits for children	Support for early childcare expenses, education expenses for children with disabilities, high school, 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

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)

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

Social Contribution System

Transparent Umbrella Campaign



The Transparent Umbrella Campaign is one of our key CSR campaigns where we donate transparent umbrellas made of fluorescent materials. Since 2010, we have donated 100,000 umbrellas each year, reaching a total of 1,028,000 umbrellas distributed to 1,656 schools and 1,243 applicants as of 2019. We also offer "Traffic Safety Training for Children" at 62 schools to raise safety awareness, especially while crossing the road, for children.

We will continue these efforts and further develop educational contents for road safety with a special focus on experience in order to further raise social awareness and promote consensus.



SDGs goals

- improve company awareness
- promote interest of transportation safety

Employee Volunteer Activities



Our employees are actively engaged in various volunteer programs to share social values under the slogan "Joy of Sharing". We have organized volunteer support programs every month by division and carried out programs for underprivileged families. We also have entered a "One Company, One Community Partnership" with rural communities in Ulsan, Changwon, and Jincheon, where we purchase local products and volunteer to help during the harvest season, and provided financial support such as school, living expenses and school uniform purchase cost for families with children (elementary/middle/high school students) who have difficulty living due to traffic accidents or severe disability by voluntary funds of employees. Since 2019, shortcut volunteer activities including making wooden lockers for a local children's center and the cultivation of a garden by Hyundai Mobis employees and their family members on a riverbank near Ichon, Yongsan-gu, has enabled us to contribute to reducing fine dust in the air and the social issues associated with it.



SDGs goals

- Increase satisfaction of employees
- Support local community

Transparent Umbrellas Campaign

No. of donated transparent umbrellas

1,028,000 umbrellas

No. of Schools

1,656

Archery Class for Children



Hyundai Mobis provides archery classes for children to help develop interest and to dreams for archery, with training provided by both professional and retired archers including those from the Hyundai Mobis women's archery team. In addition, we provide archery classes for local students in China near our place of business to strengthen the relationship between the two countries. In 2019, systematic archery classes were piloted once a week for a four-week program and will be expanded in the future, and we provided archery facilities and classes to 3 falling behind elementary schools every year. Furthermore, we held archery classes for the first time in China, in which more than 1,055 children participated.

Junior Engineering Class



Since 2005 Hyundai Mobis, has been offering 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 the 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 2019, at all of our business operations, we offered such programs for 12,940 students in 74 schools at home and abroad, while 713 employees participated as instructors and shared their talent for these classes.



SDGs goals

- Strengthen relationship between corporation and local community
- Support educational facilities and programs



SDGs goals

- Develop future talent
- Provide education of high quality in local community

Classification		School	Students	Employees
Regular Junior Engineering Class	Domestic	14	2,430	492
	Overseas (China, U.S.A., Germany, Czech Republic, Turkey, etc.)	16	1,352	221
Visiting Junior Engineering Class		26	7,426	-
All Corners Junior Engineering Class		10	946	-
Youth Engineering Leader		8	265	-
Seoul Motor Show		-	521	-
Total		74	12,940	713

Mobility Support for Children with Disabilities



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. Moreover, we publish 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. We also assist families with rehabilitation treatment expenses and household appliances and organize family trips for children with disabilities through a program that matches families in need of support with volunteers.



SDGs goals

- Increase the interest toward the corporation
- Improve the quality of handicapped children's life

Rehabilitation Aids & Treatment Support

- Provide customized mobility enhancement aids
 - Donate customized aids for children with disabilities
- Donate aid to welfare facilities for children with disabilities
 - Manufacture and provide electric lower body fitness machines for common use
 - These fitness machines strengthen the lower body muscles thereby preventing muscle atrophy and enhancing ambulatory ability.

Better Life Program

- Provide "Hope Packages" and financial support to improve the quality of living
- Family trips with Hyundai Mobis
 - Match employee volunteers with families to make the trip a better experience for parents of children with disabilities

Awareness Improvement Campaign for Children with Disabilities

- Production of fairy tale books to improve social awareness of children with disabilities

Meer Forest



As a part of its local community support program and environmental protection for the future generations, Hyundai Mobis planted a forest of 105 hectares in Chopyeong-myeon, Jincheon Country together with Jincheon County and the Natural Nature Trust. 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. 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.



SDGs goals

- Enhance corporate values
- Increase Carbon absorption volume

Hyundai Mobis Meer Forest Concert

- In order to maximize the use of the Meer Forest with local residents continuously, Hyundai Mobis holds concerts with different themes every year at the outdoor concert hall.
- Number of participants in 2019: 4,600

Wetland Experience

- Wetland experience program with guides
- Number of participants in 2019: 444

Forest Walking

- Meer Forest walking programs with guides
- Number of participants in 2019: 1,191

Healing Supia

- Nature experience program with forest treatment expert
- Number of participants in 2019: 140

Special program

- Special Meer Forest experience programs for companies
- 2019 participants: 312

Global Social Contribution

Expanding Global Social Contribution

As part of our commitment to a sustainable future, we are expanding the "Beautiful Companion" campaign globally with our stakeholders. Starting with Jiangsu, China, in 2013, we expanded the Six 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 ilina, Slovakia. We operated the first Children's Archery Class in Beijing, China, and offered Junior Engineering Classes at Izmit, Turkey; Ostrava, Czech Republic; and ilina, Slovakia at local elementary schools. As a member of the Hyundai Motor Group, Hyundai Mobis sent the Happy Move Global Youth Volunteer Group to Chennai, India, to support local communities. In addition, our overseas subsidiaries are organizing their own volunteer and donation programs as part of the "Beautiful Companion" campaign.

Global Social Contribution Activities



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



Local communities (Volunteer and donation programs)

APPENDIX

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GRI Standards Index

Universal Standards(GRI 100)

Classification	Disclosure	Indicators	Page	Note
Organizational Profile	102-1	Name of the organization	8	
	102-2	Activities, brands, products, and services	8-9	
	102-3	Location of headquarters	8	
	102-4	Location of operations	16-17	
	102-5	Ownership and legal form	8	
	102-6	Markets served	16-17	
	102-7	Scale of the organization	16-17	
	102-8	Information on employees and other workers	100	
	102-9	Supply chain	78-79	
	102-10	Significant changes to the organization and its supply chain	-	Annual Report 11p
	102-11	Precautionary Principle or approach	44, 64-68	
	102-12	External initiatives	24-25	
	102-13	Membership of associations	114	
Strategy	102-14	Statement from senior decision-maker	6-7	
	102-15	Key impacts, risks, and opportunities	6-7	
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	20-21	
	102-17	Mechanisms for advice and concerns about ethics	60-63	
Governance	102-18	Governance structure	56-58	
Stakeholder Engagement	102-40	List of stakeholder groups	69	
	102-41	Collective bargaining agreements	99	
	102-42	Identifying and selecting stakeholders	69	
	102-43	Approach to stakeholder engagement	70-71	
	102-44	Key topics and concerns raised	70-71	
Reporting Practice	102-45	Entities included in the consolidated financial statements	-	Annual Report 3-6p
	102-46	Defining report content and topic Boundaries	2	
	102-47	List of material topics	70-71	
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Management Approach	103-1	Explanation of the material topic and its Boundary	30-32, 40-42, 46-48	
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GRI Standards Index

Economic Performance(GRI 200)				
Classification	Disclosure	Indicators	Page	Note
Economic Performance	201-1	Direct economic value generated and distributed	74	
	201-2	Financial implications and other risks and opportunities due to climate change	44	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	80-83	
	203-2	Significant indirect economic impacts	74-75	
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	60-63	
Anti-competitive Behavior	205-3	Confirmed incidents of corruption and actions taken	62	
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	No violation

Environmental Performance(GRI 300)				
Classification	Disclosure	Indicators	Page	Note
Materials	301-1	Materials used by weight or volume	88	
Energy	302-1	Energy consumption within the organization	86	
	302-3	Energy intensity	86	
Water	303-5	Water consumption	90	
Emissions	305-1	Direct (Scope 1) GHG emissions	86	
	305-2	Energy indirect (Scope 2) GHG emissions	86	
	305-3	Other indirect (Scope 3) GHG emissions	86	
	305-4	GHG emissions intensity	86	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	87	
Effluents and Waste	306-1	Water discharge by quality and destination	90	
	306-2	Waste by type and disposal method	89	
	306-3	Significant spills		No case
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations		No violation

Social Performance(GRI 400)

Classification	Disclosure	Indicators	Page	Note
Employment	401-1	New employee hires and employee turnover	100	
	401-3	Parental leave	98	
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	99	
"Occupational Health and Safety"	403-1	Occupational health and safety management system	91	
	403-2	Hazard identification, risk assessment, and incident investigation	92	
	403-3	Occupational health services	93	
	403-4	Worker participation, consultation, and communication on occupational health and safety	91	
	403-9	Work-related injuries	92	
	403-10	Work-related ill health	92	
Training and Education	404-1	Average hours of training per year per employee	96	
	404-2	Programs for upgrading employee skills and transition assistance programs	95-97	
	404-3	Percentage of employees receiving regular performance and career development reviews	99	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	56-57	
	405-2	Ratio of basic salary and remuneration of women to men	99	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	27	
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	-	No applicable workplace
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	No applicable workplace
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	27	
	412-2	Employee training on human rights policies or procedures	96	
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	102-105	
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	63	
Public Policy	415-1	Political contributions	-	No political contributions are made in accordance with Article 31 of the Political Fund Act (limited donations)
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	45	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	No violation
Marketing and Labeling	417-1	Requirements for product and service information and labeling	38-39	
	417-2	Incidents of non-compliance concerning product and service information and labeling	-	No violation
	417-3	Incidents of non-compliance concerning marketing communications	-	No violation
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	No complaint

GHG Assurance Statement



Assurance Statement

This Assurance Statement has been prepared for *Hyundai MOBIS*.

Terms of Engagement

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by *Hyundai MOBIS* to provide independent assurance on its Greenhouse Gas (GHG) Inventory Report for the calendar year 2019 (the report) against GHG Target Management Scheme for quantification and reporting of GHG emissions in Korea using Specification with guidance for verification of greenhouse gas assertions. The report relates to direct GHG emissions and energy indirect GHG emissions.

Management Responsibility

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

LRQA's Approach

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

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

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

Level of Assurance & Materiality

The opinion expressed in this Assurance Statement has been formed on the basis of a reasonable level of assurance, and at the materiality of the professional judgement of the verifier and at the materiality level of 5%.



LRQA's Opinion

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

Dated: 12 May 2020

IL-HYOUNG LEE

On behalf of Lloyd's Register Quality Assurance Ltd.

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

LRQA Reference: SEO **6014771**

Table1. GHG emissions reported in the Report

Scope (as defined within GHG Target Management Scheme in Korea)	Year 2019
Direct GHG Emissions	16,875
Energy Indirect GHG Emissions	139,070
Total GHG Emissions	155,945
Data is presented in tonnes of CO ₂ equivalent.	

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Independent Assurance Statement

Introduction

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

Scope and Basis of assurance

Based on non-financial data and sustainability performance data in 2019 generated from MOBIS' Headquarters, domestic facilities, R&D center and regional offices, we have assessed the adherence to 'Reporting Principles for defining report content' and 'Reporting Principles for defining report quality' set forth in GRI Sustainability Reporting Standards. As for the sustainability performance of overseas business sites, the information with regards to GHG emissions, employee status, sales values by region from the overseas business sites is included in the scope of assurance. We have reviewed that the Topic-specific disclosures of GRI Standards which are identified in the materiality determination process;

No.	Material Topic	GRI Disclosure
1	New growth engine / Business diversification	201-1
2	Development of eco-friendly products and services	N/A
3	Community participation and contribution activities	413-1
4	Ethical Management/Fair Trade	205-2
5	Win-win Growth Policy	203-2

DNV GL's assurance methodology, VeriSustain^{TM1} which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000) is applied for the assurance engagement with the limited level of assurance. The assurance was carried out from May and till June 2020. The site visit was made to MOBIS' Headquarters in Seoul, Korea. We undertook the following activities as part of the assurance process:

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

Limitations

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

Conclusion

On the basis of the work undertaken, nothing comes to our attention to suggest that the Report does not properly address the adherence to the Principles for defining report content in GRI Standards. Further opinions with regards to the adherence to the Principles are made below;

Stakeholder Inclusiveness

MOBIS has identified internal and external stakeholder groups such as Car makers / Competitors, Employees, Suppliers, Customers (dealers/consumers), Investors, Regulators / Industry Associations, Media / Academia / CSR experts and Local communities. In addition, MOBIS conducts stakeholder engagement activities through various stakeholder communication channels and strives to reflect the results in its management activities. How stakeholder engagement is described in the Report. The assurance team recommends that MOBIS report further details of key stakeholder expectations and concerns in the future reporting.

1) The VeriSustain protocol is available upon request at DNV GL Website (www.dnvgl.com)

Sustainability Context

MOBIS established the social responsibility vision, 'Trustworthy Partner for Today & Tomorrow' and established the social responsibility strategy, 'A Beautiful Companion for Sustainable future'. The Report explains its sustainable value chain, and also presents material topics which shall be managed properly and key tasks for implementing social responsibility strategies. The Report also addresses the sustainability performance in 2019 and short- and mediumterm plans in conjunction with the United Nations' Sustainable Development Goals (UN SDGs).

Materiality

MOBIS conducted the materiality assessment to prepare the Report. 42 various issues are derived by analysing the topics covered in various global initiatives and standards, benchmarking in the same industry, media research, internal data review and job interviews. The issue pools are used for the internal and external stakeholder survey to identify the topics in which stakeholders are interested. 10 topics are prioritized and subsequently ended up with 5 material topics in consideration of meaning, scope, impact, reporting period, and limitations. The assurance team has reviewed the materiality assessment process and confirmed relevant material topics prioritized from the process are addressed in the Report.

Completeness

The Report addresses the impact of the material topics on stakeholders, principles and strategy toward the material topics, sustainability performance in 2019. The reporting boundary is set to include sustainability activities and achievement from all business sites in Korea such as Headquarters, factories, R&D center, and regional offices over which MOBIS has business control. As for the overseas business sites, the disclosures include GHG emissions, employees, sales values by region. The assurance team confirmed that the material topics selected through the materiality assessment are not missed in terms of the special and temporal reporting boundaries. In the future, we recommend that MOBIS includes material topics identified through key stakeholder engagement from overseas business sites.

Balance, Comparability, Accuracy, Timeliness, Clarity and Reliability

The assurance team has sampled data and tested accuracy and reliability. The assurance team interviewed the data owners and reviewed the data gathering process with the supporting documents and records. The depth of data verification is limited to the aggregated data level. Based on the test, the intentional error or misstatement is not noted from the data and information disclosed in the Report. Data owners were able to demonstrate the origin and interpretation of the data in a reliable manner. The data was identifiable and traceable. In addition, the Report provides the last three years performance on material topics, which helps stakeholders understand the changes over years in organizational performance. MOBIS issues the Report yearly to provides stakeholders with material sustainability information timely.

Competence and Independence

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV GL Code of Conduct² during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV GL was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV GL have no other contract with MOBIS and did not provide any services to MOBIS in 2020 that could compromise the independence or impartiality of our work.



June 2020, Seoul, Korea

Jang Sup Lee

Country Representative

DNV GL Business Assurance Korea, Ltd.

²) DNV GL Code of Conduct is available from DNV GL website (www.dnvgl.com)

Miscellanea

Major Associations and Organization Status

Organization	Purpose of joining
Korea Chamber of Commerce and Industry	Legally required join, issuance of import and export documents, etc.
Korea Enterprises Federation	Collaboration on establishing a labor-management system and discuss policies, etc.
Korea Auto Industries Cooperation Association	Collaboration among relevant companies for the advancement of the automotive industry
Korea Fair Competition Federation	Exchange of information and opinions among government agencies and member companies for compliance on fair trade guidelines
United Nations Global Compact Korea Network	Commitment to abide by the 10 principles of the United Nations Global Compact
Korea International Trade Association	Acquire trade information and propose policies regarding exports, tariffs, etc.
Korea Economic Research Institute	Research on short-term and long-term issues relevant to the development of the Korean economy and domestic companies
Korea Automotive Recyclers Association	Promotion of improved environmental protection efforts by the auto industry and recycling of automobiles
Korea Industrial Technology Association	Improved technology cooperation network and strengthened technology innovation capacity
Korean Society of Automotive Engineers	Advancement of automotive technologies through the active exchange of information concerning relevant technologies
Korean Academy of Motor Industry	Advancement of the automotive industry through seminars and networking with experts

Donation Amount to Associations and Organizations by Year

Organization	Unit	2016	2017	2018	2019
Associations and Organizations	KRW	6,751,022,073	4,071,664,007	17,219,237,306	4,658,471,417

Major Payment and Donation Performance

Organization	Unit	2016	2017	2018	2019
Federation of Korean Industries	KRW	697,000,000	-	-	-
Korea Economic Research Institute	KRW	213,000,000	-	-	-
Korea Enterprises Federation	KRW	98,400,000	98,400,000	103,360,000	215,000,000
Seoul Chamber of Commerce and Industry	KRW	76,800,000	76,800,000	76,800,000	76,800,000
Economic Organizations Council	KRW	-	56,000,000	57,000,000	-
Korea Auto Industries Cooperation Association	KRW	12,000,000	12,000,000	12,000,000	12,000,000
H2KOREA	KRW	-	200,000,000	200,000,000	200,000,000

* No political contributions are made in accordance with Article 31 of the Political Fund Act (limited donations).

CSR payment

Classification	Unit	2019	Notes
Cash donation	KRW	18,912,079,664	Domestic donation
Spot donation	KRW	0	-
Amount converted for employee volunteering	KRW	433,853,619	Amount volunteering time converted to financial value
Overhead cost	KRW	793,071,782	CSR operation expense

Awards

Name	Time		Issuing organization/supervision
	Year	Month	
Win-win index Excellence	2017	12	Korea Commission for Corporate Partnership
17/18 DJSI AP/Korea	2017	11	DJSI
Certificate of New Excellent Technology – Collision pad for knee protection using Continuous Fiber Composites	2017	4	Korea Industrial Technology Association
The 52nd taxpayer's day, awarded '500 billion tax'	2018	3	Under the supervision of the President
18/19 DJSI AP/Korea	2018	10	DJSI
IR52 Jang Yeong-sil award “paintedless Injection Crash Pad”	2018	8	Korea Industrial Technology Association
19/20 DJSI AP/Korea	2019	10	DJSI
Jang Yeong-sil award – iMEB	2019	4	Ministry of Science
2019 CSR grand prize	2019	12	Ministry of Health & Welfare
Family-friendly excellent corporation	2019	12	Ministry of Gender Equality & Family



06141 HYUNDAI MOBIS CSR/BUSINESS COOPERATION TEAM
203, Teheran-ro, Gangnam-gu, Seoul, Republic of Korea
02-2018-6023 | jhkim1017@mobis.co.kr

www.mobis.co.kr