

# HYUNDAI MOBIS

## Sustainability Report 2017

Hyundai Mobis puts the safety of its customers before everything else.



### Self-driving car

A self-driving car refers to a car that automatically travels to its destination on its own without the driver controlling the steering wheel, accelerator or brake pedal.

## ABOUT THIS REPORT

### Reporting Outline

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Hyundai Mobis has published sustainability reports on plans and progress related to its environmental, social and economic performance for stakeholders since 2010. Relying on the reporting process, in which stakeholders play a key part in, major sustainability issues are identified to collect stakeholder opinions on issues to improve performance and activities.

### Reporting Structure

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This report comprises four parts: corporate profile, special themes, key material issues and general issues, and major management achievements and performance prioritized in order according to stakeholder interest level as uncovered in the reporting process.

Detailed data and information on the performance of each business unit and a GRI index are provided in the Appendix on p.78~92.

### Reporting Guidelines

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This report was compiled in accordance with the Global Reporting Initiative (GRI) G4 Guidelines, with the Core option applied.

### Reporting Period

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The reporting period cover the 2016 calendar year, from January 1 to December 31. Quantitative data from three-year trends from 2014 to 2016 are provided, highlighting certain data regarding material issues extending to the first half of 2017.

### Reporting Scope

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The report covers the business performance of Hyundai Mobis, including its headquarters, manufacturing sites, R&D center and regional offices, with limited coverage on greenhouse gas (GHG) emissions, locally hired employees, and sales break-down by region for overseas operations. The reporting scope will be extended later in the report.

### Reporting Scope, Significant Changes to Performance Measurement

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Financial data was reported on a consolidated basis, and this report uses financial data as per Korean International Financial Reporting Standards (K-IFRS) and energy use and GHG emissions data based on verified results.

### Report Assurance

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The report content has been verified independently by a third-party entity, the Korea Productivity Center, whose verification statement is provided in the Appendix on p.87~88 of the report.

# SAFE TODAY HAPPY TOMORROW

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### INTERACTIVE USER GUIDE

Hyundai Mobis Sustainability Report 2017 was produced as Interactive PDF file.

Please select specific content and click on the red icon. If you click on an icon or the table of contents, you can jump to that area. If you click on an icon at the top of all pages, you can jump to that page.

### NAVIGATOR BUTTON



#### HOME

A button that takes you to the cover page.



#### CONTENTS

A button that takes you to the table of contents.



#### RE PAGE

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#### PREVIOUS PAGE

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#### NEXT PAGE

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#### Move to Website

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### Cover Story

Hyundai Mobis makes the safety of its customers its first priority in developing technologies, from driver assistance systems and autonomous driving technology to eco-friendly auto parts and components, customer-oriented technologies, and future technologies.

## CEO Message

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Hyundai Mobis secures global competitiveness by pursuing future growth engines and strengthening its internal competencies. Meanwhile, we create new social and environmental values based on our economic performance in pursuit of sustainable growth, by sharing these values with our stakeholders.

### Distinguished stakeholders,

I'd like to express my sincere appreciation for your continued support of Hyundai Mobis.

Since changing its corporate name from Hyundai Precision Industry Co., Ltd to Hyundai Mobis in 2000, we have transformed ourselves into an auto parts company and achieved sustainable growth and development during the past decade despite a prolonged period of low growth and repeated global economic crises. Although Korea's major industries experienced difficulties due to the unpredictable global political environment resulting from Brexit and the results of the U.S. presidential election last year, we concentrated on strengthening our global competitiveness. As a result, Hyundai Mobis achieved outstanding performance in sales, which increased more than 10 times from KRW 2.94 trillion in 2000 to 38.26 trillion in 2016. In this way, Hyundai Mobis has fulfilled its corporate social responsibility to address the problems of socially vulnerable groups by acting as a reliable partner for domestic and overseas carmakers and contributing to the growth of the regional economy.

### Securing Future Growth Engines through Sustainable Growth

Hyundai Mobis attended the CES (Consumer Electronics Show), which is North America's biggest trade show which brings together the most advanced technologies, contributing to the future of the global auto industry by showcasing its next-generation autonomous driving and eco-friendly technologies. This was only possible because of the full support of all stakeholders, including suppliers and shareholders, as well as employees working toward providing top-quality products and services to become a lifetime partner in the field of automobiles and beyond, realizing sustainable mobility together for a better future. In this way, Hyundai Mobis has made strenuous efforts to strengthen global competitiveness to achieve sustainable growth by pursuing future growth engines. Moreover, we will focus our competencies on internalizing core technologies to be applied to future vehicles and expand our lineup of top ranked products globally. To do this, we will increase R&D investments and recruit outstanding R&D staff, while also faithfully carrying out government tasks for next-generation car development and reinforcing university-industry collaboration.

### Facilitating Socially Responsible Management through Global Cooperation

Hyundai Mobis engages in business activities based on a cooperation system for local communities and its suppliers and a sense of environmental responsibility. We have extended our domestic social contribution activities to cover our overseas sites. Since the launch of the Transparent Umbrella Campaign in Jiangsu, China in 2014, we distributed transparent umbrellas and held a Junior Engineering Class Program for elementary school students in locations across China where our business sites are located, including Beijing, Shanghai, Jiangsu and Chongqing in 2016. Last year, we also expanded our social contribution programs to provide a Junior Engineering Class Program in Frankfurt, Germany. In this way, we are doing our best to become an eco-friendly company, while also contributing to the production of vehicles that protect the environment by supplying core parts to green cars, including hybrid and hydrogen vehicles. Since the launch of energy management systems at the Gimcheon, Changwon and Jincheon plants in 2015, we have expanded the systems to 30 domestic and overseas sites, ensuring efficient energy use and carbon reduction.

### Win-Win Partnership for Stakeholders

Since 2010, Hyundai Mobis has made strenuous efforts to provide practical support to its suppliers by implementing the Seven Beautiful Pledges, an upgraded version of its existing support program for suppliers. Besides general exchanges with suppliers, we also provide diverse support to our suppliers, including the provision of training and technological support as well as financial aid. Also, Hyundai Mobis has contributed to strengthening its suppliers' competitiveness together with quality improvements by establishing a communication system for its suppliers, including video conference functionality and an integrated portal. Going forward, Hyundai Mobis promises to secure global competitiveness by pursuing future growth engines in accordance with a principle-based approach and a safety-first policy. Furthermore, we promise to continuously achieve sustainable growth by creating new economic, social and environmental values, ensuring a persistent win-win partnership with all our stakeholders.

May 2017  
President & CEO Hyundai Mobis  
**Young-deuk Lim**

# Corporate Profile

## History

Hyundai Mobis continuously works towards the future by surmounting challenges and pursuing innovation to rise up to be a leading global automotive parts supplier. It has grown to become the sixth largest global automotive parts supplier in only 10 years since it entered the automotive parts industry, and based on this potential, is now aiming to emerge as a company that takes the lead in changing the global market and leading the way forward in the field of future automotive technology.

1970~1999



1977

• Established Hyundai Precision Industry Co., Ltd.

1987

• Opened the Mabuk R&D Center

1989

• IPO and listed on the Korean Stock Exchange

1991

• Launched the Galloper model

1995

• Launched the Santamo model

1999

• Produced the first Chassis Module

2000~2009



2000

• Takeover of Hyundai·Kia Motors After-sales parts business

• Publicly announced company name change as Hyundai Mobis

2001

• Completion of the Mechatronics R&D Center

2002

• Completion of the Module factory in Jiangsu, China

• Completion of the Module factory in Beijing, China

2003

• Completion of the MEB factory in Cheonan

2004

• Completion of the Module factory in Alabama, USA

2005

• Completion of the Asan Logistics Center

2006

• Completion of the Module factory in Slovakia

• Completion of the Module factory in Ohio, USA

• Completion of the Module factory in India

2007

• Completion of the braking system factory in Changwon

• Merged with KASCO (CBS & PSP)

2008

• Established the Quality Institute

• Completion of Lamp manufacturing factory in Gimcheon

• Entry into the hybrid business

2009

• Merged with Hyundai Autonet Co., Ltd. (Electronic)

• Completion of the Module factory in Czech

• Won 2 billion USD order for Chassis Modules from Chrysler Group

2010~



2010

• Joint Venture established for Battery Technology with LG Chemical Co.

2011

• First commercialization of AVM in Korea

2012

• A new electronic research wing completed at the Mabuk R&D Center

• Completion of the Module Production Plant in Piracicaba, Brazil

• Completion of the Conventional Braking System (CBS) Plant in Slovakia

2013

• First wide-production of Parts for Fuel-Cell Vehicles

• Completion of the Module factory in Izmit, Turkey

• The number of Module Productions reached over 100 million (Chassis·FEM·Cockpit Modules)

2014

• Completion of the winter test road in Heilongjiang Province, China

• Began construction of a module plant in Mexico

2015

• Began construction of a module plant in Hebei, China

• Began construction of a module plant in Chongqing, China

2016

• Attended the CES (Consumer Electronics Show)

• Conducted mass production at the Mexico plant (modules, lamps, CBS, etc.)

• Completion of the Module Production Plant in Cangzhou, China



→ Hyundai Mobis' promotional video

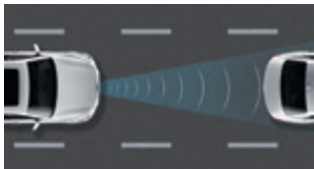
Introduction of Business Areas

(Unit: KRW million)

Name	Hyundai Mobis Co., Ltd.
President & CEO	Young-deuk Lim
Establishment	June 25, 1977
Headquarters	203 Teheran Road (Yeoksam-dong), Gangnam-gu, Seoul, Korea
Sales	38,261,745
Operating income	2,904,692
Earnings before taxes	4,111,171
Net income	3,047,282

Core Parts Manufacturing

Hyundai Mobis mobilizes all resources available to develop core parts that enhance the driving experience and make vehicles more convenient, as well as improve road safety and environmental protection. Converging electronics and cutting-edge IT, our motors and battery systems form the core of our eco-friendly technologies. Going forward, we will continue to invest in technology to further solidify our market position in green & intelligent automotive parts.



→ Smart Cruise Control (SCC)



→ Blind Spot Detection (BSD)

Module Parts Manufacturing

Hyundai Mobis utilizes its cutting-edge vehicle modularization technology to manufacture and supply chassis modules, cockpit modules and front-end modules, the three core modules required by carmakers. Through collaboration with carmakers, the advanced module parts produced at Hyundai Mobis are perfected from the very first stage of R&D, through to design and testing.



→ Rear chassis module  
Cross member, strut, axle, etc.



→ Cockpit module  
Airbag, audio/video, air conditioner/heater, cluster, glove box, etc.



→ Front-end module  
Front-end's cooling module, head lamp, bumper, carrier, etc.

Aftermarket Service (AS) Parts

Hyundai Mobis is responsible for the supply of about 61 million aftermarket service (AS) parts for vehicles manufactured by Hyundai and Kia Motors that are on the roads both in Korea and abroad. In the event of a requirement for AS parts, we provide top-quality customer service by promptly supplying the required parts on a timely basis. To do this, Hyundai Mobis has built a cutting-edge logistics system and an extensive distribution infrastructure that manages about 2.36 million auto parts in stock for 223 car models.



→ Inside India's Chennai Component Center



→ Asan Logistics Center

# Sustainability Highlights

## Employees



### ➡ Casual Fridays to Create a Flexible Corporate Culture

Hyundai Mobis designated the last Friday of each month as a ‘casual Friday’ to create a flexible corporate culture, ensuring a right to individuality. Casual Fridays encourage vertical and horizontal communication and interaction together with a flexible dress code that goes beyond a fixed mindset. Starting from 2017, Hyundai Mobis will extend its casual dress code policy from once a month to every Friday, proof of the company’s desire to create a flexible corporate culture.

### ➡ Invitational Training Programs for Outstanding Global Talent

Hyundai Mobis invited about 40 outstanding employees who work at overseas subsidiaries to attend training programs developed to match their specific needs. Training programs aiming to strengthen competencies for different duties and enhance understanding of the company were provided for outstanding talent from the Chinese subsidiary and North American and European Technical Centers. Going forward, Hyundai Mobis will continue to provide support for employees from different backgrounds regardless of nationality, gender and other differences.

Person icon

Total Workforce

29,499 employees

9,225 in Korea / 20,274 overseas

## Research & Development



### ➡ Korea’s First Auto Parts Company to be Approved for Participation in a Self-Driving Car Trial

Hyundai Mobis was Korea’s first auto parts company to be licensed by the Ministry of Land, Transport and Maritime Affairs to test a self-driving system, with the issuance of a special license plate for road testing. We plan to accelerate technological development of autonomous driving technologies by recording a variety of driving data obtained from the trial on video.

### ➡ Developing e-DIH for Large Pickup Trucks

Hyundai Mobis succeeded in developing e-DIH, an electronic parking brake system, for large pickup trucks, which has not yet been applied in global markets. The system has changed from being operated mechanically using cables to one with an electronically controlled motor. It is expected to be used in large vehicles such as trucks or buses that need greater braking power.

R&D Expenditures

KRW 695.7 billion

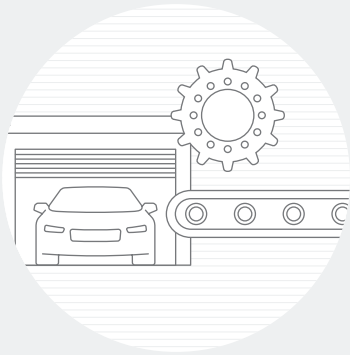
Dollar sign icon

R&D Staff Members (domestic)

2,921 persons

Monitor icon

## Purchasing



### ➡ Passing on Know-how to Suppliers through On-site Visits

Hyundai Mobis has made on-site visits to its suppliers to provide win-win programs and discover solutions to problems. Since March 2016, we have focused on technical assistance for about 40 parts suppliers regarding process optimization and technology standardization. In particular, Hyundai Mobis’ employees from production sites passed on their know-how by making on-site visits to strengthen the company’s win-win partnership with suppliers.

### ➡ Providing Win-Win Funding for Agencies

In order to help improve the business environment of domestic agencies to meet changing demand and market conditions, Hyundai Mobis has provided win-win funding for agencies starting from the first half of 2016. If agencies borrow a large sum of money from financial institutions for facility investment, we provide support for them for as long as five years by paying interest on loans through win-win funding, enabling agencies to stabilize their business by reducing their financial burden.

Number of Domestic and Overseas Primary Suppliers

1,276 companies

Building icon

Purchase Amount

KRW 16.83 trillion

Stack of coins icon

\* Including all employees as of December 31, 2016 (pre-retirees, executives, outside directors, etc.)

## Production



### ➔ First Mass Production at Mexico Plant

Hyundai Mobis began mass production at its Mexico plant, which supplies just-in-sequence inventory to clients by installing bumpers, lamps, CBS and airbags in module products.

### ➔ Celebrating the 10th Founding Anniversary of Mobis North America

In 2016, Hyundai Mobis celebrated the 10th anniversary of the founding of Mobis North America. Since the supply of modules to MNA's major client Chrysler began in 2006, we have produced parts for 4 million vehicles over the past ten years.

## Logistics



### ➔ Established a New Logistics Center in Belgium

Hyundai Mobis established and began operation of a new central logistics center of about 56,198m<sup>2</sup> (17,000 pyeong) in Beringen, Belgium. The Belgium Central Logistics Center will reduce logistics and inventory costs by becoming a logistics hub in Europe, and shorten lead time by at least two days when delivering certain parts to clients.

### ➔ Established a Next-Generation Demand Forecast System

Hyundai Mobis set up a next-generation demand forecast system that introduced optimal methods after analyzing a variety of demand forecast methods, thereby increasing customer satisfaction by analyzing past demand patterns to ensure optimal inventory control and management.

## Customers · Community



### ➔ Implementing the Hyundai Mobis Forest Carbon Offset Project

Starting from 2016, Hyundai Mobis implemented the Forest Carbon Offset Project to offset greenhouse gas emissions by creating forests. The forest area created related to this project is 8.23ha, with 4,819 pine trees planted and managed. As a result, it is expected that the annual amount of carbon absorbed by the forest will be 31.1tCO<sub>2</sub>.

### ➔ Junior Engineering Class in Germany

Hyundai Mobis held classes related to safe cars for 32 sixth graders at Schule am Ried for the first time in Europe together with Hyundai Mobis Technical Center of Europe (MTCE) in Frankfurt, Germany, and garnered high levels of satisfaction from teachers and students. In 2017, Hyundai Mobis plans to expand its social contribution programs internationally.

Module Supply Amount

**134.13** million modules



AS Parts Supply Amount

**2.36** million auto parts



Donations

KRW **17.3** billion



Sales

KRW **38.26** trillion



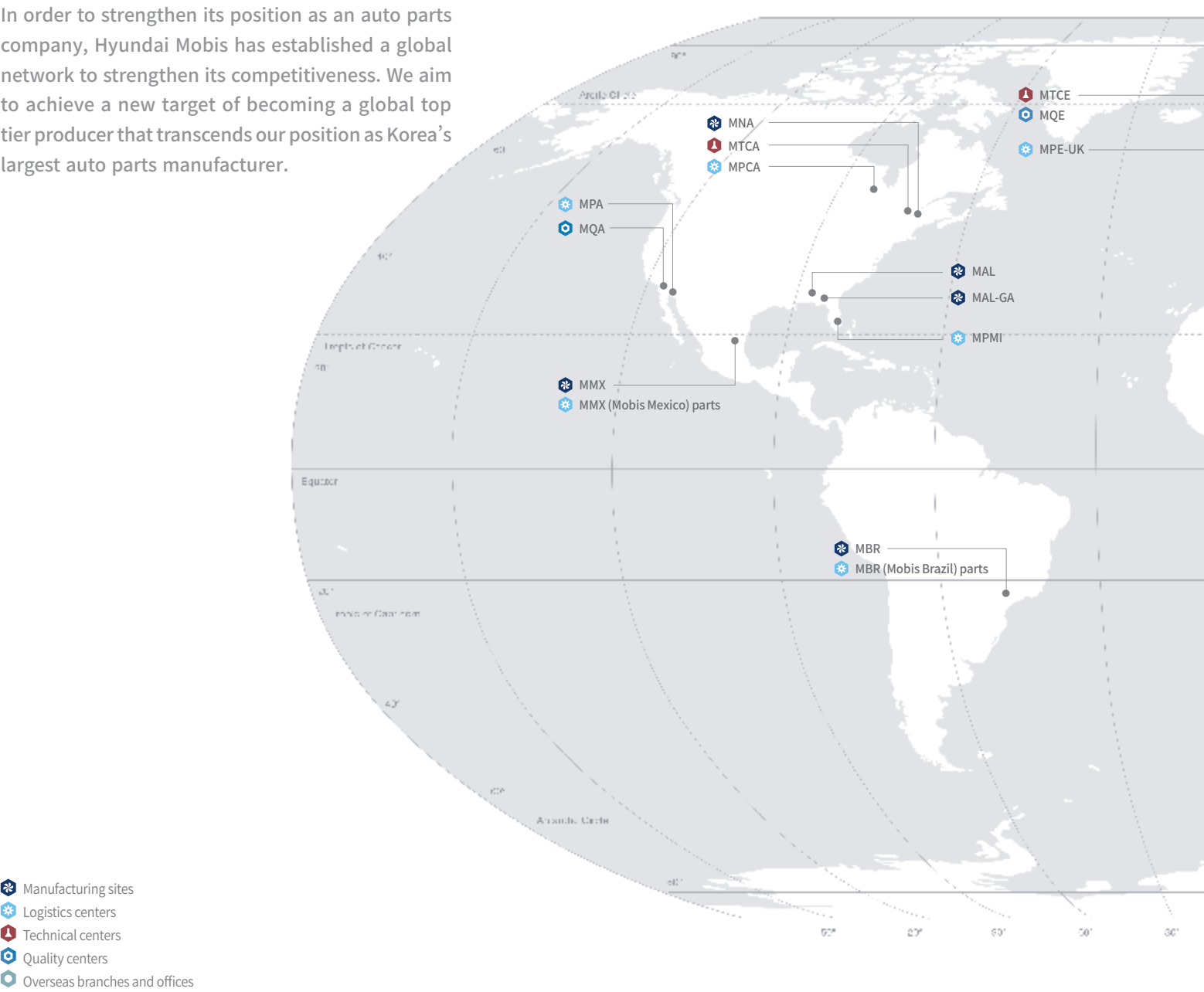
Sisterhood Organizations and Households

**119** sisterhood relationships



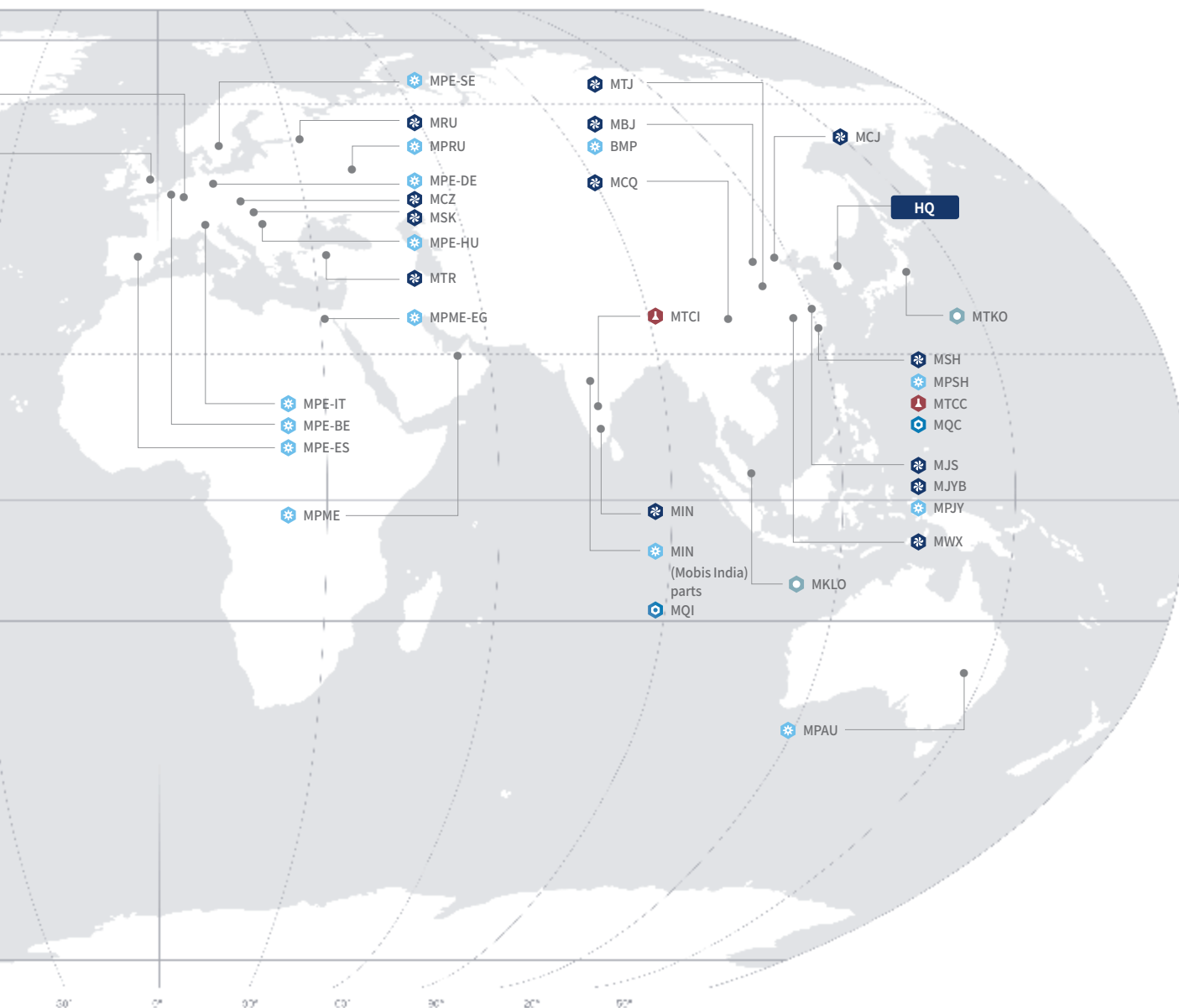
# Global Network

In order to strengthen its position as an auto parts company, Hyundai Mobis has established a global network to strengthen its competitiveness. We aim to achieve a new target of becoming a global top tier producer that transcends our position as Korea’s largest auto parts manufacturer.



(As of December of 2016)

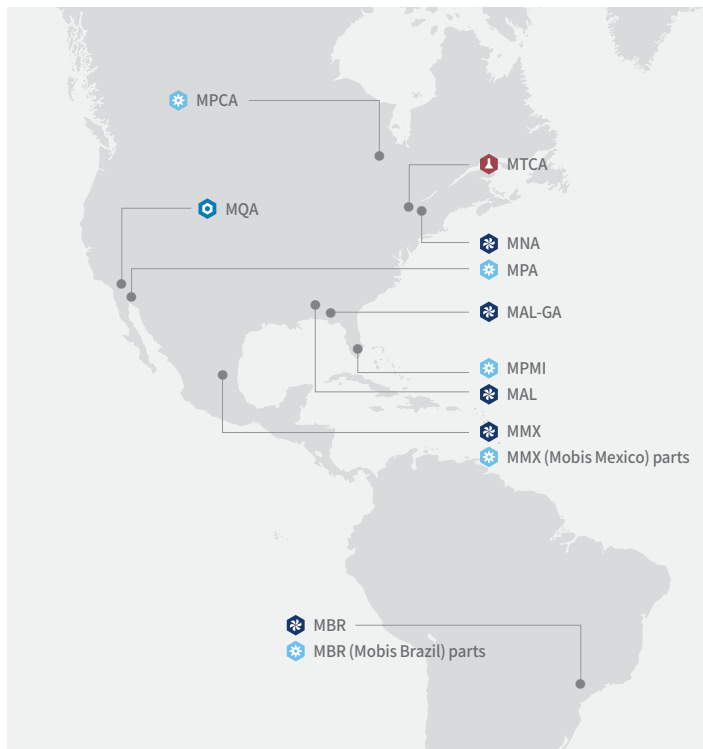
Classification		Total workforce (persons)	Sales (million)
Korea		9,225	12,951,765
Overseas	China	7,965	9,787,131
	America	6,024	8,715,554
	Europe	4,914	4,899,331
	Asia-Pacific/Others	1,371	1,907,964



(Unit: sites)

Classification		Manufacturing sites	Logistics centers	Technical centers	Quality centers	Branches and offices
Korea		12	4	1	-	-
Overseas	China	8	3	1	1	-
	America	5	5	1	1	-
	Europe	4	8	1	1	-
	Asia-Pacific/Others	1	1	1	1	2

# Global Network



## Manufacturing Sites

### Korea

- Ulsan Factory**  
706, Yeompo-ro, Buk-gu, Ulsan(Hyundai Mobis)
- Ihwa Factory**  
707, Namyangman-ro, Ujeong-eup, Hwaseong-si, Gyeonggi-do
- Asan Factory**  
40, Tojeong-ro, Yeongin-myeon, Asan-si, Chungcheongnam-do
- Seosan Factory**  
140, Eumam-ro, Eumam-myeon, Seosan-si, Chungcheongnam-do
- Anyang Factory**  
337-53, Bakdal-ro, Manan-gu, Anyang-si, Gyeonggi-do
- Gwangju Factory**  
45, Jungang-ro, Jingoksandan, Gwangsan-gu, Gwangju
- Cheonan Factory**  
105, 2gongdan 2-ro, Seobuk-gu, Cheonan-si, Chungcheongnam-do
- Poseung Factory**  
16, Poseunggongdan-ro, 118beon-gil, Poseung-eup, Pyeongtaek-si Gyeonggi-do
- Chungju Factory**  
47, Giexpdosi 1-ro, Chungju-si, Chungcheongbuk-do
- Changwon Factory**  
87, Seongsanpaechong-ro, Seongsan-gu, Changwon-si, Gyeongsangnam-do
- Gimcheon Factory**  
258-45, Gongdan-ro, Gimcheon-si, Gyeongsangbuk-do (Eungmyeong-dong)
- Jincheon Factory**  
95, Sayang 2-gil, Munbaek-myeon, Jincheon-gun, Chungcheongbuk-do

### Overseas

- China**
  - MBJ** 59 Shuanghe Rd, Shunyi District, Beijing, 101300, China
  - MJS** No.12 Hope Road South , Economic Developing Zone , Yancheng, 224000, China
  - MJYB** No.70 Hope Road South, Economic Developing Zone, Yancheng China
  - MTJ** No.12 ,9th Street, TEDA, Tianjin, China
  - MWX** No.15 Xinrong Road, No. 16-A New Tech Industrial Development Zone, Wuxi, Jiangsu, 214112, China
  - MSH** No. 1011 Jiujing Road, Songjiang Hi-tech Park No. 1800 Husong Rd Jiu Ting, Shanghai, China, 201615
  - MCJ** Economic Development Zone, Jingye Science and Technology Park 3-2, Cangzhou City, HeBei Province, China, 061000
  - MCQ** Yufu Industrial Estates 6F, Chongqing Liangjiang New Area, China, 401133
- America**
  - MAL** 1395 Mitchell Young Road, Montgomery, Alabama 36108, USA
  - MAL-GA** 7001 KIA Parkway West Point, GA, USA, 31833
  - MNA** 3900 Stickney Avenue Toledo, Ohio, 43608, USA
  - MMX** Carretera Libre Estatal Pesqueria-los Ramones KM 13-15, Localidad La Arena, Pesqueria Nuevo Leon, C.P. 66679, Mexico
  - MBR** Av. Independencia n 350, SL 103/104, Alto, Cep 13419-160, Piracicaba. State of Sao Paulo, Federative Republic of Brazil

## Europe

- MCZ** Hyundai 171, 739 51 Nosovice, Dobra Czech Republic
- MSK** Mobis Ulica 1; 013 02 Gbelany, 01001 zilina, Slovakia
- MRU** Saint-Petersburg, Gorskaya st., Levashovskoe shosse., uchastok 1 Mobis Plant 197704
- MTR** Asim Kibar Organize Sanayi Bolgesi 2, cadde No:4 41310 Izmit, Kocaeli, Turkey

## Asia-Pacific/Others

- MIN** PLOT NO. G-1,SIPCOT Industrial Park, Irungattukottai, Sripurumbudur Taluk, Kancheepuram Dist.,Tamilnadu 602 105, India

## Logistics Centers

### Korea

- Logistics center**
  - Asan Logistics Center**  
420, Tojeong-ro, Yeongin-myeon, Asan-si, Chungcheongnam-do
  - Gyeongju Logistics Center**  
26, Wondong 3-gil, Oedong-eup, Gyeongju-si, Gyeongsangbuk-do
  - Naengcheon Logistics Center**  
439, Naeoe-ro, Oedong-eup, Gyeongju-si, Gyeongsang buk-do
  - Ulsan Logistics Center**  
706, Yeompo-ro, Buk-gu, Ulsan(Yeompo-dong)

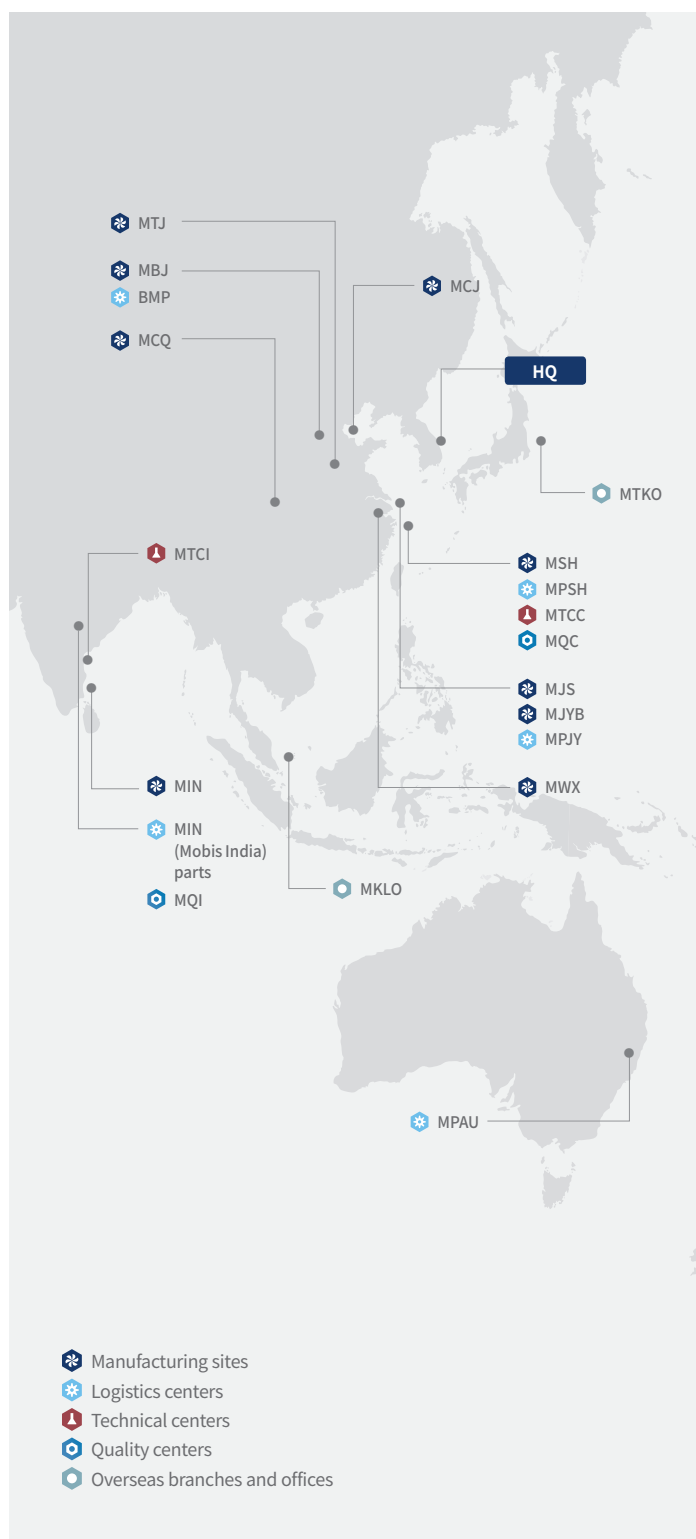
### Overseas

- China**
  - BMP** Rm 1008, 21 Floor,Hyundai Motor Tower, Xiaoyun Road, chaoyang District,Beijing, China (100027)
  - MPJY** No.696 Yandou Road, Yandou New District, Yancheng City, Jiangsu, China, 224005
  - MPSH** No. 1011 Jiujing Road, Songjiang Hi-tech Park No. 1800 Husong Rd Jiu Ting, Shanghai, China, 201615
- America**
  - MPA** 10550 Talbert Ave. 4th Floor, Fountain Valley, CA 92708
  - MPMI** 13200 NW 17 Street Miami, FL 33182, U.S.A
  - MPCA** 10 Mobis Drive, Markham, Ontario, L6C 0Y3
  - MMX (Mobis Mexico) parts**  
Carretera Libre Estatal Pesqueria-los Ramones KM 13-15, Localidad La Arena, Pesqueria Nuevo Leon, C.P. 66679, Mexico
  - MBR (Mobis Brazil) parts**  
Av. Independencia n 350, SL 103/104, Alto, Cep 13419-160, Piracicaba. State of Sao Paulo, Federative Republic of Brazil

## Europe

- MPE-DE** Munchener Str.18, 06796 Brehna Germany
- MPE-BE** Neusenberg 2 BE-3583 Beringen, BELGIUM
- MPE-UK** Anslay Hall Drive Birch Coppice Business Park Tamworth Warwickshire B78 1SQ UK
- MPE-SE** Logistikvägen 1, 55652 Jönköping Sweden
- MPE-ES** Poligono Industrial Meco R2 Calle de Zeus 16-18 Modulo 3 28880 Meco Madrid Spain
- MPE-IT** Viale dell'Industria 23, 20010 Pregnana Milanese, Italy
- MPE-HU** H-2030 Erd, Fiastyuk utca 5, HUNGARY

In order to strengthen its position as an auto parts company, Hyundai Mobis has established a global network to strengthen its competitiveness. We aim to achieve a new target of becoming global top tier producer that transcends our position as Korea's largest auto parts manufacturer.



**MPRU** Presnenskaya nab, 6/2, 26th Floor  
123317 Moscow Russia

**MKLO** Suite 19-01, Level 19, G Tower, 199  
Jalan Tun Razak, 50400 Kuala Lumpur,  
Malaysia

#### Others

**MPME** P.O.BOX 17337 JEBEL ALI FREE ZONE  
DUBAI, U.A.E

**MPME-EG** HYUNDAI MOBIS AUTO PARTS  
PLOT NO 801 ALEX FREE ZONE,  
AMRIA END OF 9TH STREET,  
ALEXANDRIA, EGYPT

**MPAU** 141-145 Newton Road, Wetherill Park  
NSW 2164

**MIN (Mobis India) parts**  
204-206, 2nd Floor, Corporate One (Baani  
Building), Plot No 5, Commercial Centre, Jasola,  
New Delhi-110 076, India

#### Technical Centers

##### Korea

**Mabuk technical center**  
17-2, Mabuk-ro 240beon-gil, Giheung-gu,  
Yongin-si, Gyeonggi-do

##### Overseas

##### North America

**MTCA** 46501 Commerce Center Dr, Plymouth,  
MI 48170, USA

##### Europe

**MTCE** Wilhelm-Fay-Strasse 51, 65936  
Frankfurt am Main, Germany

##### China

**MTCC** No.1011 Jiujiang RD, Songjiang Hi-tech  
Park, No. 1800 Husong RD, Jiuting,  
Shanghai, 201615, China

##### India

**MTCI** \*Unit-1 & Unit-2, 7th & 8th Floor  
in Building No. 12B, M/s. Sundew  
Properties Limited, IT/ITES SEZ  
MindSpace, Madhapur Village,  
Serilingampally Mandal, HYDERABAD  
Ranga Reddy District, Telangana - 500  
081\*

#### Quality Centers

##### Overseas

##### North America

**MQA** Mobis Parts America LLC, 1917 S  
Vineyard Ave. Ontario CA 91761

##### Europe

**MQE** Zweigniederlassung Deutschland  
Wilhelm-Fay-Strasse 51 D-65936  
Frankfurt am Main

##### China

**MQC** No.1011 Jiujiang RD, Songjiang Hi-tech  
Park, No. 1800 Husong RD, Jiuting,  
Shanghai, 201615, China

##### Others

**MQI** A-27 Ground Floor, Mohan Cooperative  
Industrial Estate, Mathura Road, New Delhi  
-110044 INDIA

#### Overseas Branches and Offices

##### Others

**MTKO** Akasaka 1-Chome Center Bldg 12F,  
1-11-30 Akasaka, Minato-Ku, Tokyo,  
107-0052, Japan

#### AS Parts Sales Offices

**Northern parts sales office**  
27, Seonma-ro, Pocheon-si, Gyeonggi-do

**Western parts sales office**  
45, Chukhyeon sandan-ro, Tanhyeon-  
myeon, Paju-si, Gyeonggi-do

**Gangwon parts sales office**  
941-5, Gyeonhwon-ro, Munmak-eup,  
Wonju-si, Gangwon-do

**Gangneung parts sales office**  
137-69, Gwahakdanji-ro, Dongsan-myeon,  
Gangneung-si, Gangwon-do

**Chuncheon parts sales office**  
858, Bongmyeong-ri, Dongsan-myeon,  
Chuncheon-si, Gangwon-do

**Eastern parts sales centers office**  
77, Dunjeon-ro, Pogok-eup, Cheoin-gu,  
Yongin-si, Gyeonggi-do

**Incheon parts sales office**  
195, Chukhang-daero, Jung-gu, Incheon

**Southern parts sales office**  
40, Dongtansandan 1-gil, Dongtan-myeon,  
Hwaseong-si, Gyeonggi-do

**Chungcheong parts sales office**  
125, Mojeon 1-gil, Seonggeo-eup, Seobuk-gu,  
Cheonan-si, Chungcheong nam-do

**Jeonbuk parts sales office**  
2428-57, Beonyeong-ro, Baekgu-myeon,  
Gimje-si, Jeollabuk-do

**Jeonnam parts sales office**  
300, Donghwa-ro, Donghwa-myeon,  
Jangseong-gun, Jeollanam-do

**Daejeon parts sales office**  
150, Sintanjin-ro 756beon-gil, Daedeok-gu,  
Daejeon

**Seosan parts sales office**  
140, Eumam-ro, Eumam-myeon, Seosan-si,  
Chungcheong ngnam-do

**Suncheon parts sales office**  
136, Gurangsiljae-gil, Seo-myeon, Suncheon-  
si, Jeollanam-do

**Mokpo parts sales office**  
76, Mogucheon-gil, Samho-eup, Yeongam-  
gun, Jeollanam-do

**Jeju parts sales office**  
361, Bukseon-ro, Jochon-eup, Jeju-si,  
Jeju-do

**Gyeongbuk parts sales office**  
45, Uisong-gil, Jillyang-eup, Gyeongsan-si,  
Gyeongsang buk-do

**Gyeongnam parts sales office**  
2736, Gimhae-daero, Gimhae-si, Gyeongsang  
nam-do

**Busan parts sales office**  
85, Sojugongdan 2-gil, Yangsan-si,  
Gyeongsangnam-do

**Pohang parts sales office**  
6-13, Injwaan-gil, Gangdong-myeon,  
Gyeongju-si, Gyeongsangbuk-do

**Gimcheon parts sales office**  
256, Sicheong-ro, Gimcheon-si,  
Gyeongsangbuk-do

**Andong parts sales office**  
2298, Pungil-ro, Iljik-myeon, Andong-si,  
Gyeongsang buk-do

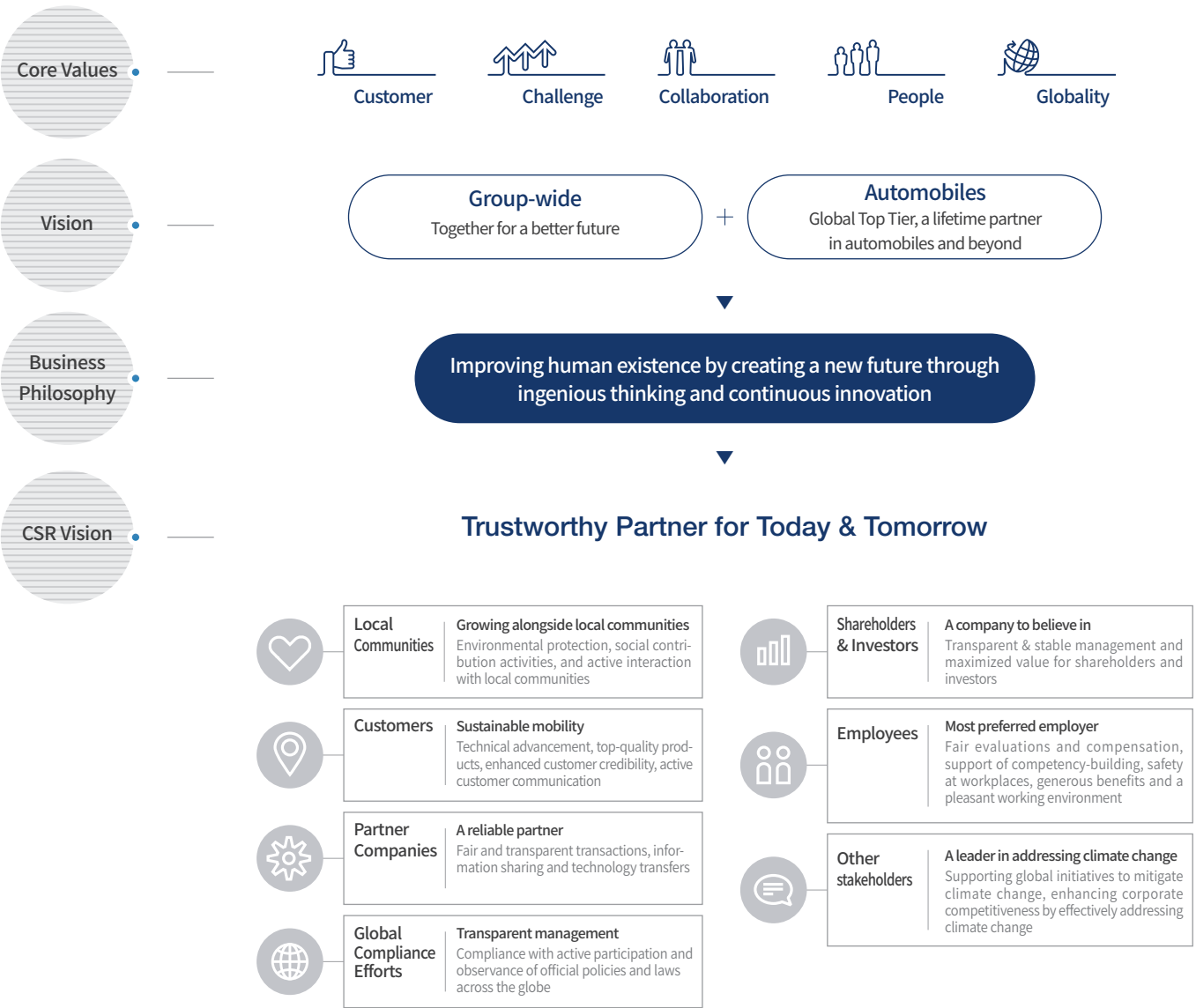
**Jinju parts sales office**  
2-21, Injeolmigogaet-gil, Chukdong-myeon,  
Sacheon-si, Gyeongsangnam-do

# Management System

Guided by our business philosophy which aims to improve human existence by creating a new future through ingenious thinking and constant innovation, Hyundai Mobis aims to become a lifetime partner in the field of automobiles and beyond. In doing so, Hyundai Mobis shares its vision and five core values with its employees. Also, we will create a virtuous cycle of sharing values with our stakeholders by pursuing a mid-to long-term social responsibility strategy by 2020.

## Business Philosophy

Guided by our business philosophy which aims to improve human existence by creating a new future through ingenious thinking and constant innovation, Hyundai Mobis aims to become a leading global company. Not content to rest on its present accomplishments, the company strives to reach its full potential for the realization of future possibilities, while incorporating an unlimited sense of responsibility for the greatest satisfaction of stakeholders as it implements social outreach activities to contribute to a better society for everyone.



## Vision

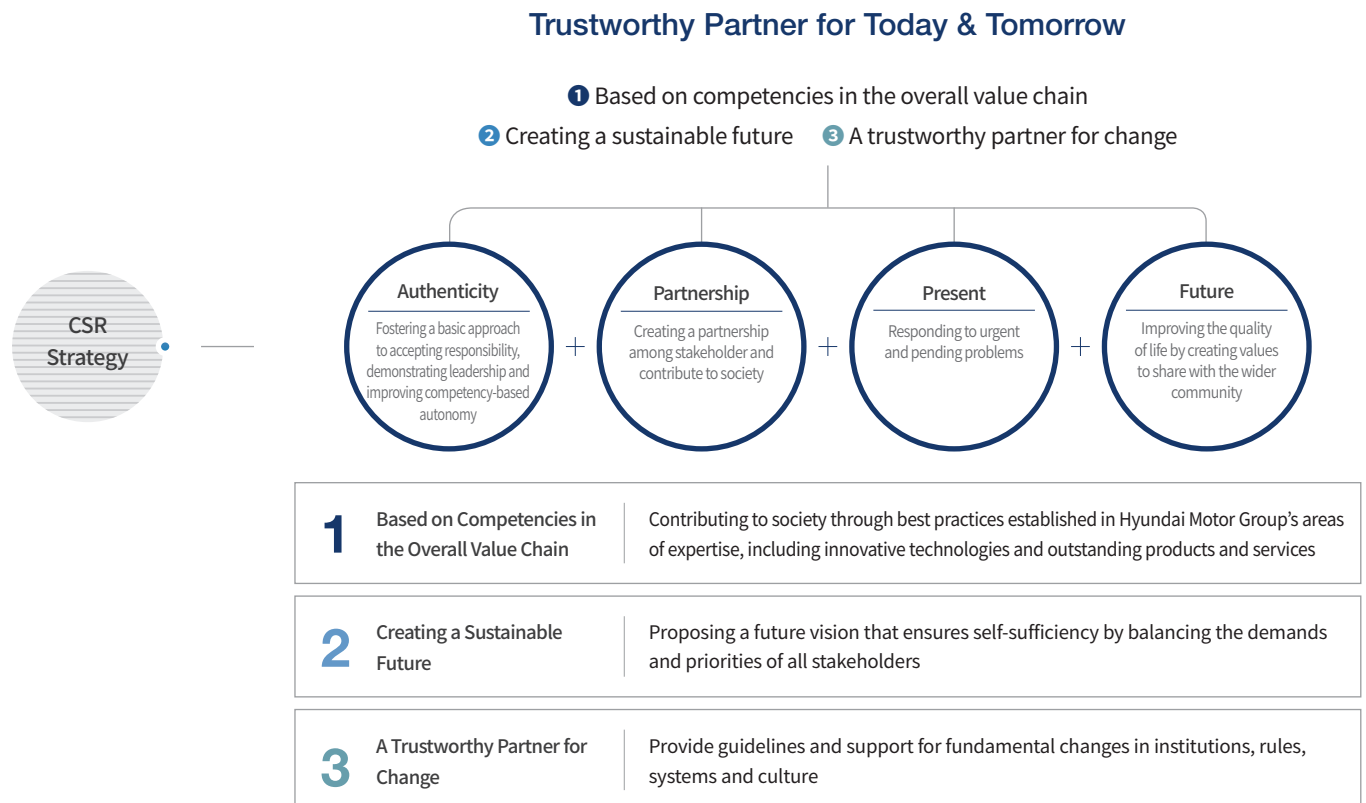
By supplying top-quality products and services, Hyundai Mobis aims to become a lifetime partner in the field of automobiles and beyond, realizing sustainable mobility together for a better future. To that end, Hyundai Mobis developed three-year objectives and channeled its resources to realize a mid- to long-term corporate vision of becoming one of the world's top five automotive parts suppliers by 2020.

## Core Values

The five core Hyundai Mobis values-Customer, Challenge, Collaboration, People, Globality-provide guidelines for Hyundai Mobis to realize its business philosophy and achieve its vision, as well as set the standard for employee behavior and decision-making criteria. Therefore, we strive to meet challenges and enhance collaboration by actively participating in the group-wide Core Value Engagement Survey (CVES) to identify implementation levels and areas that need improvement, while also creating a creative corporate culture that respects both our customers and talented employees. Hyundai Mobis shares and internalizes its five core values with all employees to enhance community spirit and solidarity, thereby achieving sustainable growth and development.

## CSR Management

Hyundai Mobis has implemented a CSR management solution to achieve Hyundai Motor Group's new mid-to long-term strategy for social contributions as it fulfills its obligations as a Trustworthy Partner for Today & Tomorrow, while also maintaining its commitment to finding a balance for the economic, social and environmental impact of its values and performance to share them among stakeholders. Moreover, Hyundai Mobis classifies stakeholders in order to carry out its CSR strategy, as it identifies implementation tasks and creates a working-level CSR team to focus on related issues.

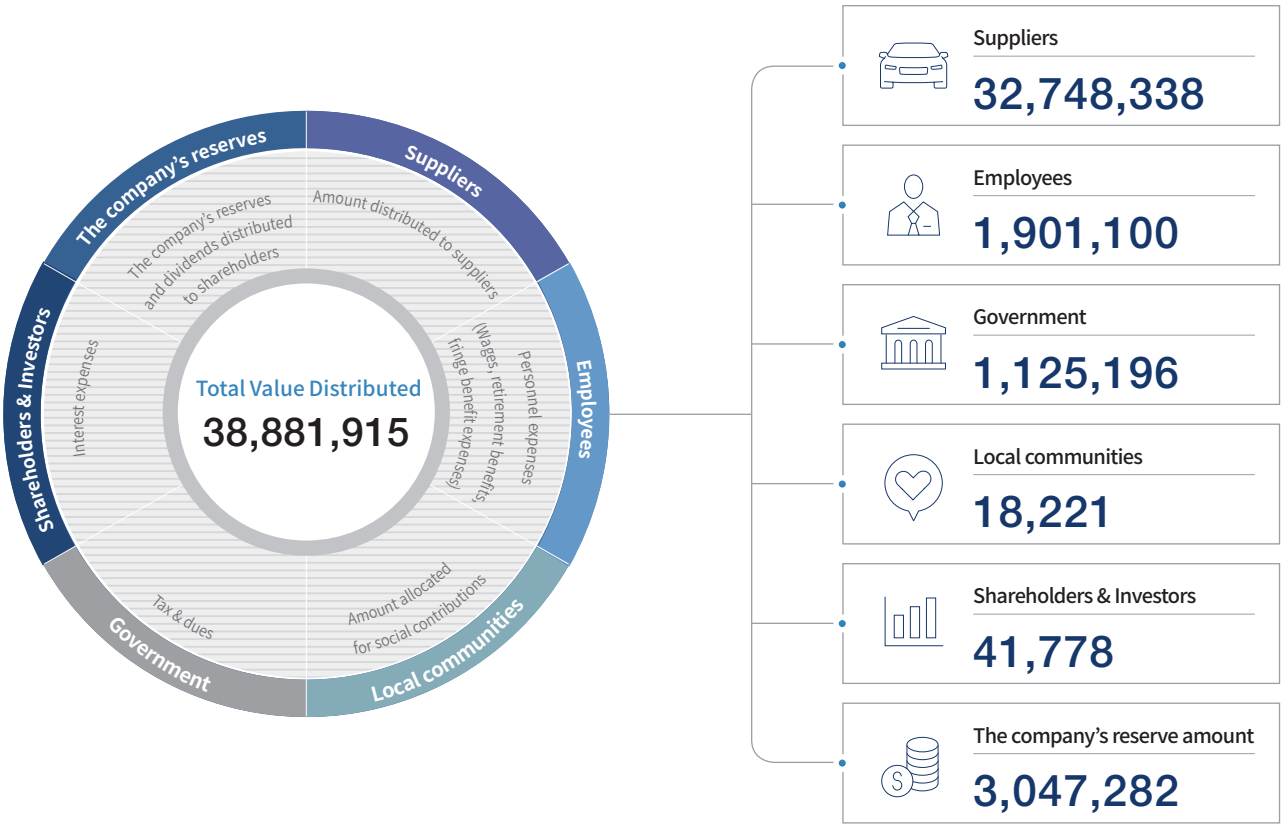


# Management Performance

Hyundai Mobis’ ultimate aim is not only to make sustainable profits, but also share them with its stakeholders. Therefore, we distribute our earnings among stakeholders fairly, aiming to achieve our corporate values of sharing and cooperation. In 2016, Hyundai Mobis created economic value worth KRW 38.88 trillion and shared this growth in value among all stakeholders.

Creation and Distribution of Economic Value

(Unit: KRW million)



Total Value Created	Sales	Other Revenue
38,881,915	38,261,745	620,170



# Materiality Test

STEP 01

Form an Issue Pool and Redefine Issues

1

Hyundai Mobis has run materiality test every year in accordance with the GRI Guidelines, so that an issue pool is organized to identify key internal and external management-related issues by conducting media analysis, evaluating global standards and government policies, benchmarking competitors within the same industry and interviewing persons in charge of sustainability management from relevant divisions. Based on the issue pool identified, we redefine the issues by adjusting issue level and by combining or separating them.

Identify External Issues

Media Analysis

Investigation and analysis of media reports made on Hyundai Mobis between January 2016 and December 2016

- Analyzed a total of 2,369 media reports from newspapers, public TV networks, cable TV networks, the Internet, etc.

Benchmarking competitors within the same industry

Analysis of competitors and leading companies as well as key material issues

- Target: 5 competitors and leading companies
- Sustainability report and annual report

Evaluation of global standards

Analysis of representative CSR-related global standard reports and evaluation items

- DJSI
- GRI G4
- ISO 26000 etc.

STEP 02

Stakeholder Impact Analysis

2

Hyundai Mobis conducted surveys of stakeholders from November 28, 2016 to December 7, 2016 in order to analyze the importance and impact of sustainability issues. We surveyed 3,098 stakeholders (2,627 employees, 471 external stakeholders) in nine groups on their awareness of the company's CSR management to drive key material issues.

Survey Participation

Employees	2,627			
External Stakeholders	471			
	Suppliers	158	Media/Academia/NGO	13
	Agencies	249	Government	-
	Clients	32	Local communities	1
	Other company's CSR	10	Shareholders/investors	8
Total	3,098			

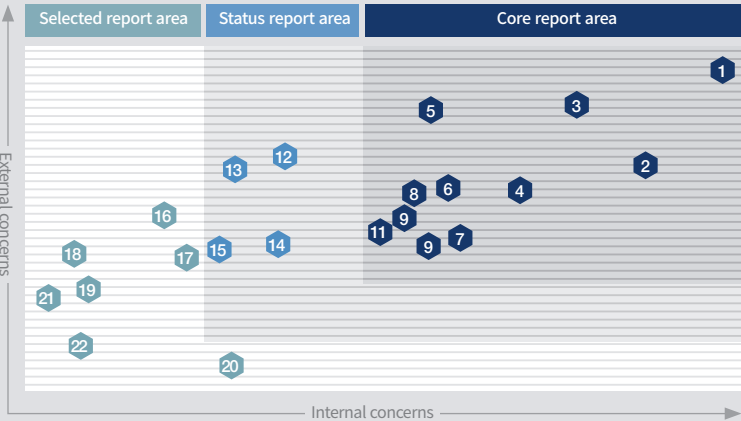
STEP 03

Material Issue Identification and Report Content Selection

3

Based on the impact analysis conducted in Step 2 and the opinions of internal executives gathered, Hyundai Mobis prioritized key issues for sustainable growth. Also, the importance, response strategies and performance of five key material issues identified are disclosed through the report.

Material Issues Identified



Identify Internal Issues

Identifying Internal Policy Documents

- Analyze the company's vision and the 2016 - 2017 management strategy keywords
- Analyze the CEO communication for keywords related to management practices, including the CEO's New Year message, anniversary speech, etc.
- Analysis of the company magazine and press releases

Major stakeholder opinion survey

Sustainability management areas

Stakeholders including employees, etc.

Participation in stakeholder survey

Identifying an Issue Pool

Identification of a total of 22 sustainability issues

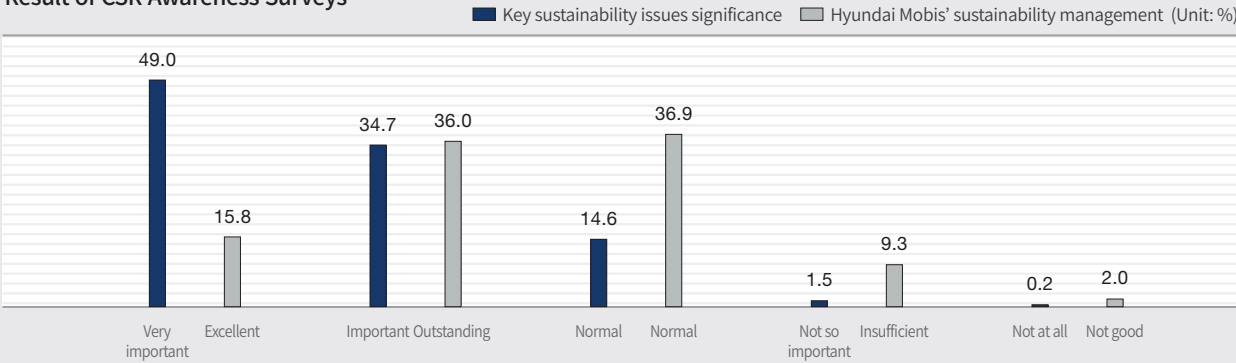
- Economy: 7 key issues
- Environment: 5 key issues
- Society: 10 key issues

Redefining Importance

Based on the issue pool of 22 sustainability issues identified, a total of 5 key material issues were identified by redefining the issues based on issue level as well as combining or separating them.

- Economy: 2 key issues
- Environment: 1 key issues
- Society: 3 key issues

Result of CSR Awareness Surveys



Reporting Target (22 issues)

Core reporting area			Status and selected report area
Issues		Material Aspect	
Economy (7 issues)	1 Securing technological competitiveness	Products and services Economic performance	16 Strengthening competencies for parts and components production and supply 17 Enhance the reputation of shareholders and stakeholders
	2 Expand global standards		
	6 Soundness of corporate governance		
	8 Transparent corporate culture		
	9 Risk management		
Society (10 issues)	3 Achieving customer satisfaction through quality control	Product and service labeling Employment Product and service labeling Labor-management relations, diversity and equal opportunity, equal remuneration, freedom of association and the right to collective bargaining Training and education	12 Establish fair trade order 13 Mutual growth 14 Pursue the safety of worksites 20 Improve health and welfare 22 Social contribution activities
	4 Recruitment of talented employees		
	5 Improving customer satisfaction		
	7 Improve diversity and corporate culture		
	9 Talent development		
Environment (5 issues)	11 Eco-friendly product policy	Materials, energy, products and services	15 Response to climate change 18 Environmental policies and environmental certifications 19 Manage pollutants and hazardous substances 21 Expand eco-efficiency

## Technical Center Trends

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Hyundai Mobis focuses its company-wide competencies across R&D areas to become a leading global auto parts company. In particular, we have set up overseas technical centers in major auto markets to recruit outstanding talent, as well as accelerate the advancement of technologies through differentiated strategies to meet specific local needs.



Overview

Special Theme



Material Issues

Corporate Achievements

Appendix



SPECIAL THEME

# Technical Center

Technical Center of North America / Technical Center of Europe /  
Technical Center of India / Technical Center of China

# Strategy for Overseas Technical Centers

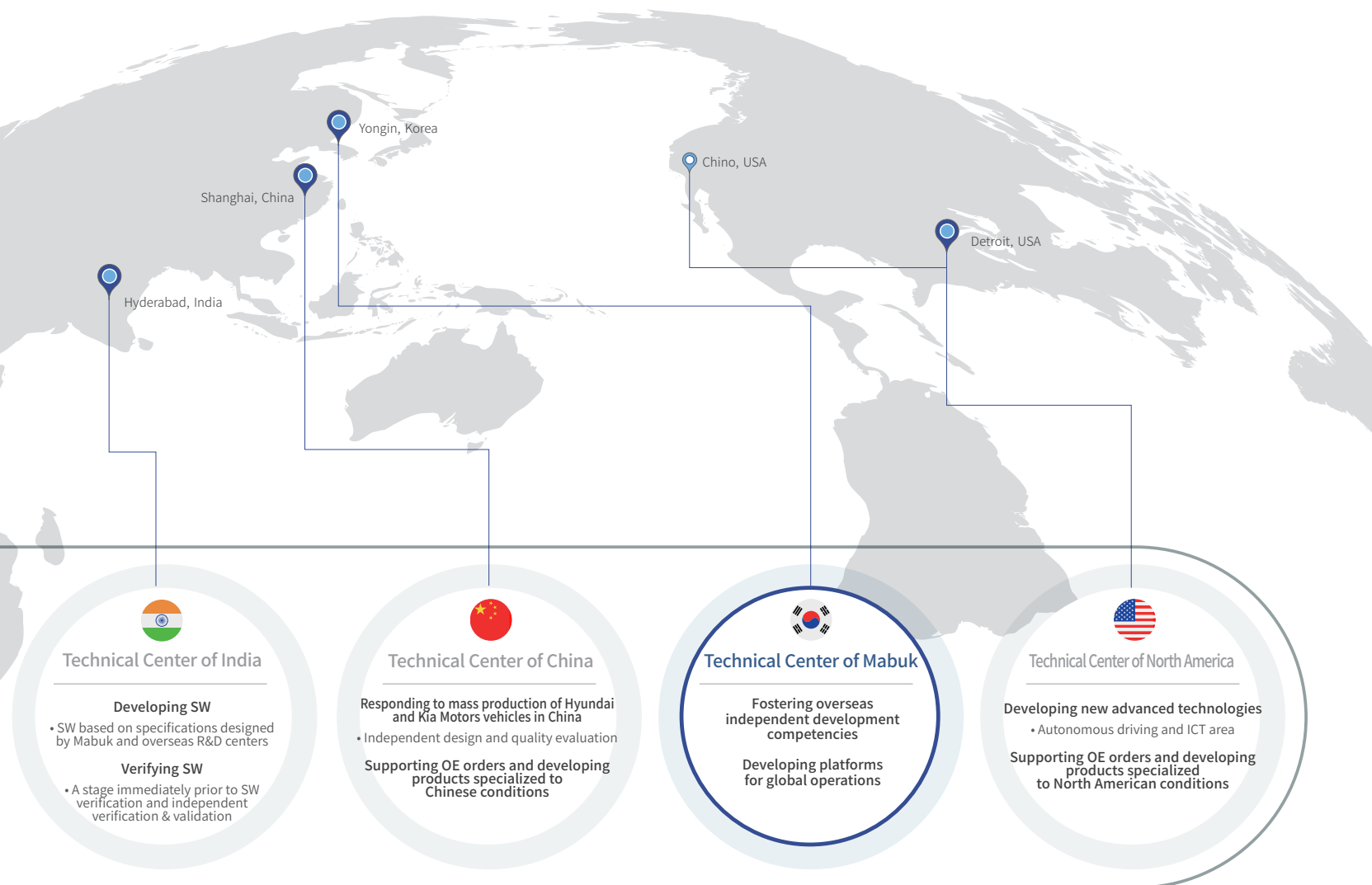
Hyundai Mobis technical centers are located in Detroit, Frankfurt, Hyderabad, and Shanghai, reaching global markets by developing products to meet specific local needs to increase overall original equipment (OE) sales of Hyundai and Kia Motors across its global operations and conduct R&D for core technology targeting future smart cars. Hyundai Mobis has started expanding its global R&D networks by integrating and moving its China Technical Center to Shanghai in November 2014. In March and October of 2015, we moved our technical centers in India and North America to larger facilities, with plans to do the same with the Technical Center in Europe in 2017. In addition, we created websites for each location to recruit outstanding talent and raise awareness about our technical centers, while also increasing university-industry collaboration locally. We strengthened cooperation via a preliminary study related to chassis and DAS technology with the Technical University of Munich, Aachen University of Technology, and Fraunhofer, with plans to maintain close relationships with Virginia Polytechnic Institute and State University and Texas Tech University in the field of autonomous driving.

## Status of Overseas Technical Centers

Detroit, U.S.	Develop core technology customized for American conditions, including multimedia, chassis, and design, as well as advanced technology in the areas of DAS sensor and chassis development
Frankfurt, Germany	Develop core technology customized for European conditions, including multimedia, chassis, and design, as well as advanced technology in the areas of DAS sensor and chassis development
Shanghai, China	Develop products optimized for local conditions at reduced cost
Hyderabad, India	Develop and verify software for automotive applications, including multimedia and DAS



Hyundai Mobis overseas technical centers continue development to meet local needs by identifying regional strengths, while also creating synergies through cooperation with the technical R&D center in Yongin. Overseas technical centers in North America and Europe are at the forefront of future smart car development, including core logics for autonomous driving and DAS. Based on outstanding software engineering talent, the Technical Center in India specializes in developing and verifying software for vehicles, including multimedia and DAS. Our Technical Center in China, located in Shanghai, is also making strenuous efforts to develop technology that meets local needs as well as reduce the cost of parts produced locally, including design, lamp, chassis and multimedia systems.



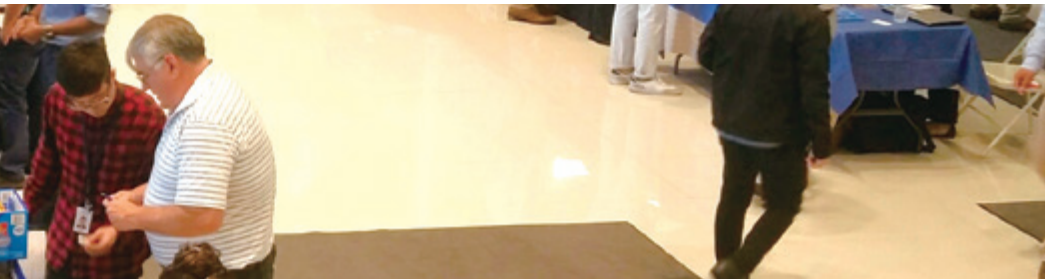
# MICHIGAN NORTH AMERICA

MTCA(Mobis Technical Center of America)



## Features of the Technical Center of North America

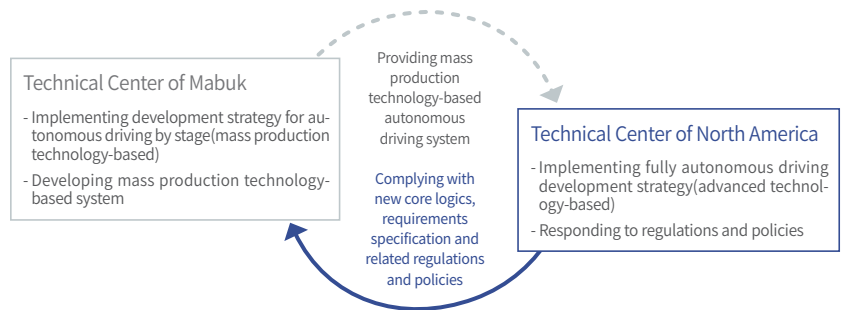
Mobis Technical Center of North America (MTCA) is located in Detroit, famous as the birthplace of the automotive industry and the center of the global auto industry. Since its establishment in 2004 to support the manufacturing of chassis and cockpit modules for Hyundai and Kia Motors in the region, the MTCA started full-scale operations by reorganizing its organization and staff in 2008. The MTCA contributed to Hyundai Mobis' MDPS development through joint development of independent steering logic for motor-driven power steering (MDPS) with the Technical Center in Mabuk, while also conducting a variety of R&D activities customized for North American conditions, including verifying the communications compatibility of multimedia products for Hyundai and Kia Motors and developing specific functionality. We also strived to win orders for the head office by promoting our products and technologies at tech shows and briefing sessions held for global clients, including GM and FCA, regarding electronic components, lamps and brake controls.





## Performance of the Technical Center of North America

In 2016, Hyundai Mobis received orders from GM to invent a new electronic drum-in-hat (eDIH) parking and brake system for pickup trucks, with plans to mass produce lamps and electronic components and supply them to FCA starting from 2018. Meanwhile, in order to take the lead in the future smart car market, the MTCA strives to become a leading center by conducting R&D activities related to new technologies, including recruiting outstanding talent in the field of autonomous driving technology starting from 2015 and developing core logic and system technologies through cooperation with local research institutes.



## Q1

At the region(or area) you are working currently, what kinds social, environmental, economical roles Hyundai Mobis should conduct?

MTCA is located in Plymouth Michigan which is part of the Detroit metro area, and Detroit is a very unique and special city within the U.S. Detroit is well known for the auto industry, but what makes it unique is the disparity in economic conditions for the residents. The city was recently bankrupt, yet data shows that the Detroit area has the highest concentration of engineers and scientists in the U.S. So I think it is clear, Mobis and it's employees here in Michigan are in the position to provide volunteer and gift support to the less fortunate (for example foodbanks and soup kitchens). Also, there is a need for STEM outreach programs to get younger kids interested and on track for careers in science and engineering. This could be a combination volunteer/gift program from Mobis that has a large and long lasting impact on many lives.

## Q2

Which prodcuts and(or) technology do your Technical Center contrubite for Hyundai Mobis' future sustainable growth?

So I will talk about our Advanced Engineering group here, which is tasked to research and bring to reality autonomous vehicle technology. The approach that we are taking is different than many of our competition. We are looking at how to use autonomous technology to directly go after classes of vehicle accidents that cause the most damage (fatalities and serious injuries). The societal value in saving future lives is immeasurable at a personal level, to the families and friends, but it is also a large benefit to society as a whole when you consider the medical and property costs associated with traffic accidents. We feel the personal cost when we see an accident during our daily travel, but it is hard to realize the total cost when this happens 6 million times a year as in the U.S. So we are saving lives and improving lives, making people happier with our technology.

## Q3

What mostly drove you to work at Hyundai Mobis Technical Center?

I have worked in advanced engineering most of my career, with the last several focused on autonomous technology. There is a huge race going on right now with the "Silicon Valley" companies and the traditional auto companies to develop autonomous technology and lay claim to the new uncharted market. When I interviewed here at MTCA just over a year ago, I saw that Mobis was very hungry to be part of this race, to make a claim to the new market. For me, this is exciting.



### INTERVIEW

David Agnew

(DIRECTOR OF ADVANCED ENGINEERING, MTCA)





# FRANKFURT GERMANY

MTCE(Mobis Technical Center of Europe)



### Features of the Technical Center of Europe

In 2004, Mobis Technical Center of Europe (MTCE), which first opened in Frankfurt Eschborn in Germany with only 3 staff members dispatched from Korea and 1 locally hired employee, had a limited role, including ensuring compliance with European laws during its initial foundation stage and supporting technology sales targeting OE clients in Germany. However, after being integrated into the European automotive parts subsidiary in October 2010, the center increased its workforce and set up an organization structure divided by field of expertise, as well as conducted work related to evaluating multimedia and chassis systems for Hyundai and Kia Motors customized for European conditions. Starting from 2015, the MTCE played an important role in developing core technologies for next-generation smart vehicles, including a 48V battery system as key technology for the future of electric cars and a recognition algorithm for automobile sensors such as cameras and radars, by utilizing Germany's outstanding talent pool and research institutes.



## Q1

At the region (or area) you are working currently, what kinds social, environmental, economical roles Hyundai Mobis should conduct?

Frankfurt is a prosperous international city with many automotive companies present in the region. It is perhaps surprising that Mobis are not very well known in this region. I think running a social program aimed at educating school children on advanced Technology (i.e. providing a future perspective for them) would provide both benefits for the local community and raise the profile of Mobis.

## Q2

Which products and (or) technology do your Technical Center contribuite for Hyundai Mobis' future sustainable growth?

There are three major trends that lead recent innovation in cars, and the biggest source of pride for MTCE is that we conduct research on advanced technologies that establish major trends for automotive innovation, including autonomous driving vehicles with no drivers required and connected cars that are always connected to the surrounding environment. The most important thing about autonomous driving technology is being able to recognize the surrounding environment. Hyundai



Mobis is working on developing advanced car communication technology that can actualize sensor technology in the form of cameras and radars and autonomous driving systems, while also taking the lead in developing core technologies that set the trend for eco-friendly technology by conducting research on highly-efficient and high-voltage systems such as hybrid systems.

## Q3

What mostly drove you to work at Hyundai Mobis Technical Center?

I have significant experience in automotive engineering and the industry is undergoing something of a revolution in the mega trends listed above. I came to Mobis because I wanted to merge my automotive experience with the Korean energy (or work ethic) to develop leading edge products and Systems in a fast paced envioronment.



### INTERVIEW

**Steve Edward**

(DIRECTOR OF ADVANCED ENGINEERING, MTCE)



### Performance of the Technical Center of Europe

In 2016, MTCE conducted research on ways to improve brake functions through a joint project with the University of Munich, as well as verified the application of steering and brake systems customized to meet European road conditions. In particular, the center played a very important role in developing Hyundai Mobis' advanced technologies to ensure passenger safety and protect the environment by developing and verifying chassis and DAS technologies suitable for European roads. Since the number of research projects and research staff members has increased to carry out MTCE's new role, the center will move to a larger facility in 2017.

# HYDERABAD INDIA

MTCI(Mobis Technical Center of India)



### Features of the Technical Center of India

Mobis Technical Center of India (MTCI) is located in Hyderabad in India's central inland region, also known as 'India's Silicon Valley'. The whole city serves as an R&D center for top tech companies and global carmakers, as well as a major hub for software engineers akin to Silicon Valley with the University of Hyderabad close by. Locally hired engineers who work at the MTCI not only have high levels of IT expertise, but are also able to communicate well with Korean engineers in English. Moreover, the time gap between Korea and India is only 3.5 hours, making it easy to exchange opinions. When it was founded in 2007, there were only 5 R&D staff members, but now the number has increased by more than 90 fold to about 450, enabling the center to specialize in software verification and development by utilizing strategic parts and components to match local conditions.



### Performance of the Technical Center of India

The MTCI supports the development of multimedia products, including cameras, radars and audio systems, and Advanced Driver Assistance System (ADAS) software technologies. Established for the purpose of verifying automotive software, the center is responsible for developing and verifying the software used in Smart Cruise Control (SCC), the Lane Keeping Assistance System (LKAS), Smart Parking Assist System (SPAS), Airbag Control Unit (ACU) and Mobis Electronic Brake (MEB), leading to the issuance of the ISO 26262 (Functional Safety Standard) for major electronic parts and components. Also, the MTCI developed India's first digital radio receiver which can be used anywhere in India together with the global automotive semiconductor company NXP in India. It greatly improved conditions for India's radio broadcasting as existing FM broadcast bands were only receivable in 40% of the country. The India Digital Radio Broadcasting Association and the Indian government praised the achievement.





### Features of the Technical Center of China

In order to support testing for automobile parts by the Hyundai Mobis Chinese subsidiary and its suppliers, the Shanghai Testing Center opened in 2003. It was followed by an R&D center and an R&D development team set up in Tianjin (2008) and Beijing (2012), respectively, aiming to provide support for technologies and improve the design quality of products manufactured locally. Later on, the company felt an integrated approach to Hyundai and Kia Motors and global clients was needed, which is why the Technical Center of China was established in Shanghai in November 2014 to create synergies with the Shanghai Testing Center and ensure appropriate support is provided to global clients.

### Performance of the Technical Center of China

Despite its short track record of only two years after integration, the Technical Center of China is making strenuous efforts to develop products to meet the specific local needs of Chinese consumers. In addition to designing equipment that meets local preferences for multimedia, cockpit and lamp products, the center is also in charge of monitoring and tuning functions of chassis, brake and steering related products. Also, taking into consideration the preferences of price-sensitive Chinese consumers, MTCC strives to provide high-quality products at reasonable prices to its clients. Moreover, the Shanghai Testing Center is contributing to enhancing the quality competitiveness of suppliers' products, while also expanding win-win partnerships by actively supporting regular assurance testing for the mass production by suppliers of products destined for complete carmakers.

### Performance of tests supported for suppliers (Unit: cases)

2014	2015	2016
24,121	29,918	24,258

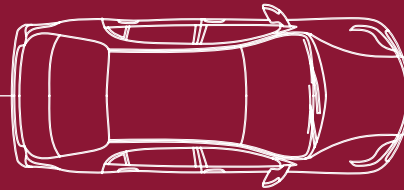
SHANGHAI  
CHINA

MTCC(Mobis Technical Center of China)



# Material Issues

Hyundai Mobis strives to become a global top tier producer of the 21st century by securing core technologies as growth engines for the future and expanding customer-oriented socially responsible management and environmental management, as well as pursuing win-win partnerships together with its suppliers. Most notably, we have made strenuous efforts to maximize human resource competencies that act as the driving force behind corporate growth, thereby respecting the cultural diversity and human rights of all employees.





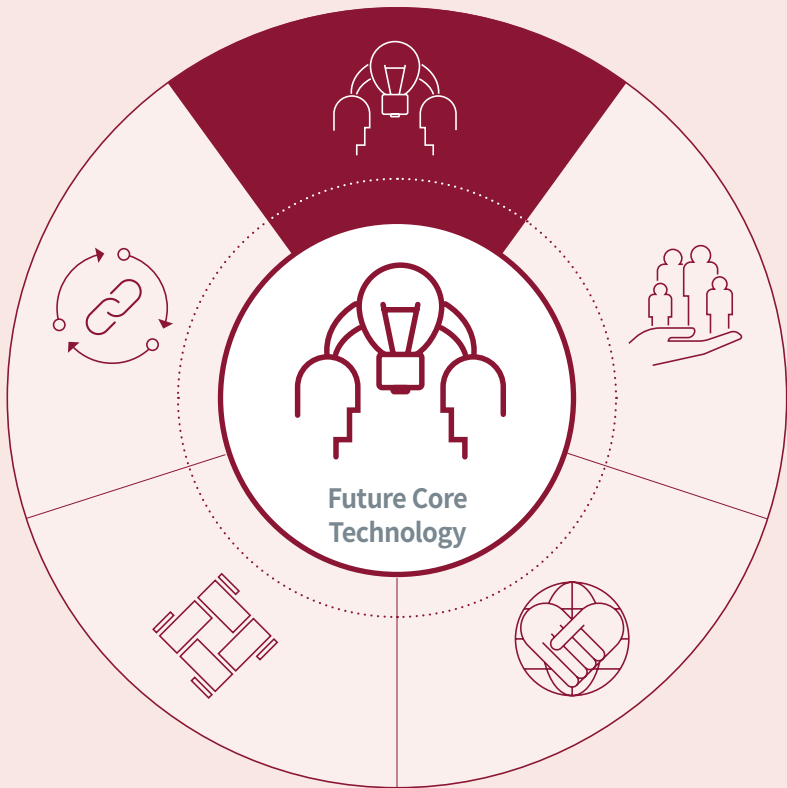
P. 32	P. 40	P. 48	P. 52	P. 60
Future Core Technology	Customers Satisfaction	Win-Win Partnership	Employee Diversity	Environmental Management

1

Future Core Technology

Hyundai Mobis is focusing on its competencies to become a leading auto parts company by strengthening its global technological competitiveness. To achieve this, we expand our R&D base through continuous investments and recruit outstanding talent, as well as accelerate the advancement of technologies through technological exchanges with our suppliers.

Hyundai Mobis has become a leading auto parts company with top-quality products by increasing R&D staff and making investments to secure technological competitiveness for developing key auto parts and future vehicles. Through these efforts, we will solidify the foundation for conducting R&D that ensures the manufacture of top-quality products for global markets.



Progress in 2016

Enhancing price competitiveness and strengthening global competitiveness through proactive management

- Strengthening product competitiveness
- Enhancing global competitiveness
- Improving R&D competencies

2017+

Securing next-generation ICT (autonomous driving, infotainment, eco-friendly) technologies and differentiating existing market strategies

- Internalizing core technologies and conducting research on next-generation technologies
- Securing competitive advantage and continuous growth by strengthening global competitiveness

## R&D Status

Aiming to achieve the R&D vision of strengthening its globally competitive technologies, Hyundai Mobis is conducting R&D by cementing its vision of enhancing its global top tier R&D competitiveness by 2020 and conducting research to strengthen the price competitiveness of chassis and design parts, which are our key products, and differentiate itself with autonomous driving, infotainment and eco-friendly technologies. To achieve this, we expand R&D investments annually, while also working hard to recruit research staff at home and abroad.

### R&D Vision



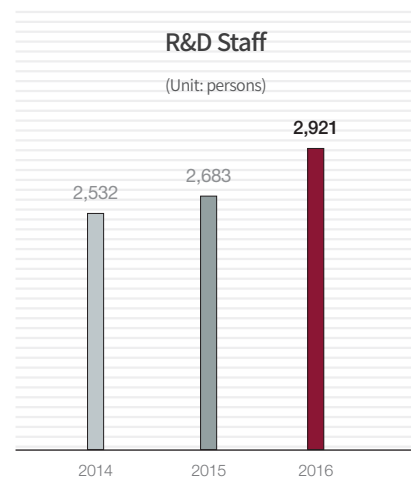
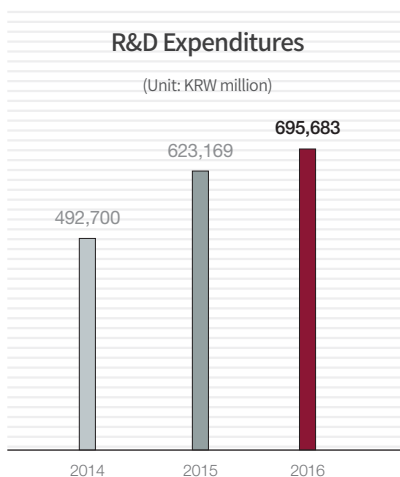
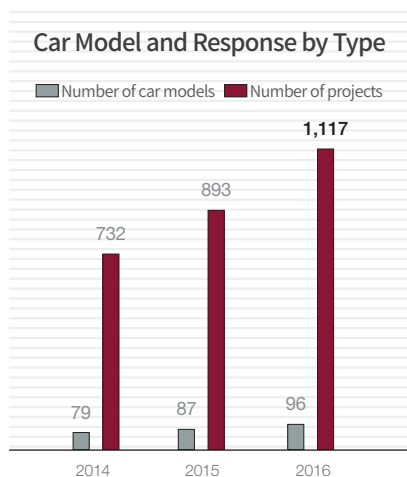
Hyundai Mobis Technical Center Mabuk is located within Yongin-si in Korea. It has played a leading role in Korea's auto parts technologies by continuing to overcome challenge and pursue innovation. The Mabuk Technical Center is furnished with advanced equipment and research facilities, including an electromagnetic darkroom and airbag deployment testing lab. We also maintain the Uiwang Technical Center for the development of production

technology with a quality control center and a test base in place separately. In addition, we have overseas technical centers in North America, Europe, India and China to enhance competitiveness by strengthening technological competencies regionally. Starting from 2016, we have begun tests for new advanced technologies like DAS by opening the Hyundai Mobis High Tech Green Technology Center on a 330,000 pyeong site in Seosan, Chungnam with 14 test roads, including a high-speed test road and high-tech test road. Besides Seosan, Hyundai Mobis has set up test roads in Sweden, New Zealand and China, ensuring high-tech auto parts to meet specific local needs can be developed in multiple environments globally.

Classification	Test roads	Major evaluation activities for test roads
Overseas	Arjeplog (Sweden, 500,000 pyeong)	· New advanced technologies including MEB/CBS/MDPS/EPB/DAS · Benchmarking and evaluating new technologies and products
	Wanaka (New Zealand, 30,000 pyeong)	
	Heilongjing (China, 900,000 pyeong)	
Korea	Seosan (Korea, 330,000 pyeong) [Completed in December of 2016]	· Evaluated the credibility and clients' sign off during the winter · Strengthened the verification of new technologies, including test roads for new DAS (Driver Assistance System) advanced technologies, etc.



Hyundai Mobis High Tech Green Technology in Seosan



## Developing Technologies through Cooperation with External Stakeholders

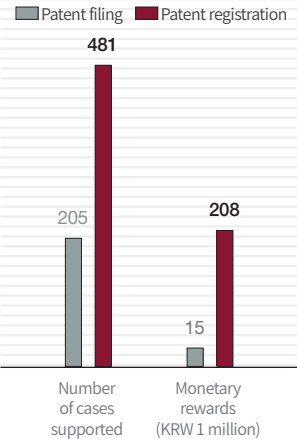
Hyundai Mobis is improving its technological competencies through exchanges with external stakeholders, including the government, academia and suppliers. We receive advice on pending issues by identifying the latest technology trends from academic experts at technology forums. In 2016, we held technology forums to discuss 15 cases involving the latest trends in automotive technologies and reviewed theoretical approaches for 10 cases with professors both in Korea overseas. In addition, we held a Chief Technology Officer (CTO) forum to share future directions for technology development with our suppliers, while also strengthening cooperation by accepting and reviewing proposals related to new technologies and techniques. In 2016, 13 teams within the R&D headquarters shared key projects with suppliers, while also providing one-on-one consultations to screen technology proposals through on-site visits. We also actively carry out national projects. Through the provision of government funding (KRW 3,250 million), Hyundai Mobis is currently participating in 26 national projects related to EV advanced technology, reduced vehicle and component weight, new materials and DAS technology.

## Supporting Employee Patents and Creativity

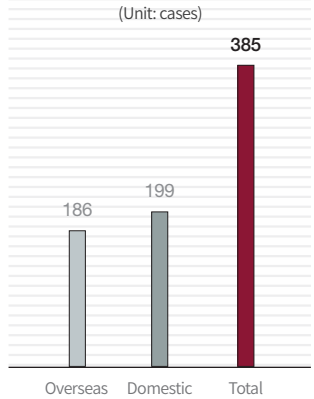
Hyundai Mobis encourages all its employees, as well as its researchers, to get involved in creative activities through a number of programs. Employees who file for or register patents are provided with transparent monetary incentives based on internal laws governing compensation for employee invention. Additional monetary rewards are offered when the registered patents are used in our products or generate profits. The company awards teams that generate the best performance with monetary rewards on an annual basis, while providing motivation for employee engagement and

inventions through our invention support programs, with a patent attorney providing consultations on the patent application process once a month. Since 2012, Hyundai Mobis has been holding a company-wide contest for ideas related to future technologies in promotion of employee creativity. A total of 1,111 applications were received over the past five years and 100 outstanding entries have won awards. The 2016 grand prize winner was a collimator for removing the effects of tunnel vision in a light receiving sensor, and received an award worth KRW 1 million. Hyundai Mobis will continue with this awards program to motivate more creative ideas and technology development from employees for future technologies, thereby leading to the commercialization of new technologies.

Status of support provided for employee invention



Performance of intellectual property rights filed domestically and overseas



## Hyundai Mobis' International Standard Certifications and Plans for Electronic Components

Classification	2012	2013	2014	2015	2016	2017
Cyber-Security						Cyber-Security Establishing cyber-security process
ISO26262	SCC (ASIL B), LKAS (ASIL B)	ACU (ASIL D), SPAS (ASIL B)		MDPS (ASIL D)	Expanding the application of MEDP-based international standards	
A- SPICE		ICS products and development processes(Level 2)		ICS products (Obtaining 14 items of Level 2 certification)		
CMMI			Reobtaining the Level 3 certification (3-year term)			

Acquiring certifications for international standard SW development process: CMMI/ ASPICE/ ISO



## Developing Green Car Components

Climate change and natural disasters caused by global warming have already affected our daily lives, resulting in concerns about sustainable growth. This situation has encouraged many countries from around the world to strengthen environmental regulations. In response to such efforts, Hyundai Mobis strives to ensure a better future for everyone by improving engine efficiency through developing green car components with highly-efficient and lightweight technologies, as well as developing a variety of technologies for electric drive components in green cars.

### The Future Direction of Green Car Technologies

Acceleration of global warming due to increased CO<sub>2</sub> emissions raised the need for the development of green car technologies. As a result, governments around the world have introduced stricter permissible emission levels to curtail CO<sub>2</sub> emissions and energy consumption, so that CO<sub>2</sub> emissions from vehicles are lowered to 95g/km by 2020 and 70g/km by 2025 in the EU. Also, the U.S. has strengthened its target for average fuel economy from 35.5mpg (15.1km/l) by 2016 to 54.5mpg (23.2km/l) by 2025, as well as pushing for lowered CO<sub>2</sub> emissions of 107g/km by 2025. The permissible CO<sub>2</sub> levels for China and Korea are set at 117g/km and 97g/km, respectively. Stricter regulations are calling for the development of green vehicles and improvements in the efficiency of internal combustion engines. In response, complete carmakers are opting to develop diverse technologies for green cars such as electric drive systems and downsizing, while also working on improving average fuel economy.



























### Developing Key Components for Green Vehicles

In line with the changes implemented by complete carmakers, Hyundai Mobis came up with the following development strategies to take the lead in green car components. First, we are striving to reduce engine load by utilizing a 48V power system. Second, we are developing various green car technologies, including water-cooled battery systems and chargers for efficient thermal management of high-capacity batteries installed in plug-in hybrid electric vehicles (PHEV), as well as hydrogen supply devices used in fuel cell electric vehicles (FCEV).

### 48V System for Enhancing the Engine Efficiency of Internal Combustion Engines

The 48V power supply system consists of starting generators for engine restarting and generation and auxiliary driving force, converters that supply power to 12V electronic components, and batteries that supply 48V electric energy. In 2015, Hyundai Mobis developed a 10kW-class integrated starting generator, a 2.5kW-class bi-directional converter (48V↔12V), and a 450Wh-class 48V lithium battery system. Air-cooled chillers are utilized by starting generators with cooling fans installed in the motor rotation axis, with no need for a separate cooling loop. Converters have been developed to enable 12V lead-acid batteries for 48V supplies and step-up operation, so that power is supplied to start engines in emergency situations. The application of this system will provide better fuel efficiency than a 12V Stop & Go System because it can stop and restart the engine regardless of whether the car has stopped or not, while also enable driving torque assistance and regenerative braking. Compared to the high-voltage hybrid technology, the new system is a low-cost hybrid technology that can minimize changes made to a vehicle's powertrain.

### Green Vehicles Using Hyundai Mobis Technologies

	Hybrid				Electric	Fuel Cell
2017	 Ioniq Hybrid	 Niro Plug-In Hybrid	 Azera Hybrid	 K5 Wagon Plug-In Hybrid	 Ioniq (18MY)	
2016	 Ioniq Hybrid / Plug-In Hybrid (Exclusive Model)	 Niro (Small SUV)	 K5 Plug-In	 K7 Hybrid	 China K5	 Ioniq (Exclusive Model)
2015	 Sonata Plug-In Hybrid	 New K5	 China Sonata			
2014	 Sonata				 Soul	
2013	 Azera	 K7				 Tucson
2012	 Ultra-low floor CNG buses					
2011	 Sonata	 K5			 Ray	
2010					 BlueOn	
2009	 Elantra	 Forte				



## Autonomous Driving Technology

In January 2016, the world's leading auto parts companies and carmakers showcased their innovative technologies for future vehicles at the Consumer Electronic Show held in Las Vegas to attract worldwide attention. The astounding speed of technological progress was evident from how auto parts companies and carmakers introduced new automotive technologies at a consumer electronics show instead of a motor show, resulting in a blurring of the boundaries between the auto industry and IT industry. Experts predict that car models with partially automated driving will be possible by 2020, with cars equipped with full self-driving technology appearing by 2025. In this regard, Hyundai Mobis is accelerating its development of autonomous driving technology. Since 2014, we have developed autonomous driving systems and autonomous parking systems with functions such as pedestrian detection, vehicle overtaking, automatic braking in emergency situations and acceleration or braking to keep pace with traffic.

The U.S. National Highway Traffic Safety Administration (NHTSA) defined autonomous driving system into five levels (level 0~level 4). Currently, the functions of up to level 1 are available in mass produced car models, and the HDA (Highway Driving Assist) system found in level 2 is used in the Hyundai Genesis EQ900 model. There are no cars being mass produced equipped with functions of level 3 or above, but Hyundai Mobis and many auto parts companies and carmakers are in the process of developing them.

The autonomous driving system and unmanned vehicle system can easily be confused as being the same, but are in fact different. An unmanned vehicle system is used to carry out specific roles that may be dangerous, inconvenient or unsafe without human input. In contrast to this, since the autonomous driving system drives the vehicle automatically on behalf of drivers or passengers, it has to take into consideration issues of driver safety and convenience.

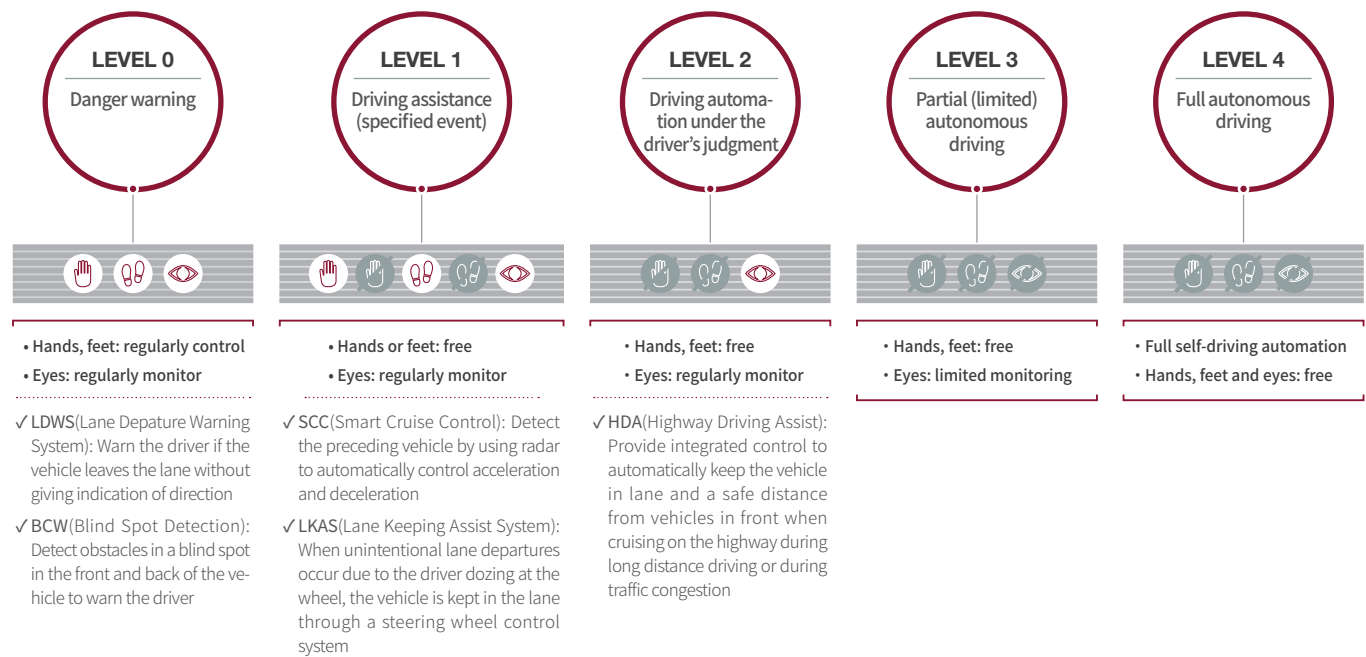
The level 2 system is expected to be installed in more cars starting with the HAD system used in the EQ900. Many global carmakers have also begun mass producing similar systems, and they are expected to be commercialized after 2020. The functions of autonomous driving systems for level 3 and above will be introduced first on highways, and become widespread in the market after 2025.

### Developing Autonomous Driving Technology for Hyundai Mobis

Hyundai Mobis has been developing factor technology to realize autonomous driving technology. Car control technology is already a reality in SCC or LKAS used in cars being mass produced, while we have almost completed individual sensor and sensor convergence technologies for recognizing vehicles nearby and the surrounding environment. Also, we are developing the technology for calculating information about vehicle location by using GPS and high-precision maps, and V2X technology that sends and receives information about surrounding vehicles and infrastructure. Moreover, we are currently conducting research on driving strategies to ensure autonomous driving is possible under all environmental conditions and on all roadways.

Unlike the existing DAS (Driver Assistance System), the autonomous driving system needs omnidirectional object detection. For example, the SCC (Smart Cruise Control) system maintains a certain speed and distance from cars in front by using radar installed in the front of the vehicle, and the LKAS (Lane Keeping Assist System) controls the steering of the vehicle if it leaves the lane by using cameras in the front. Compared to these, the autonomous driving

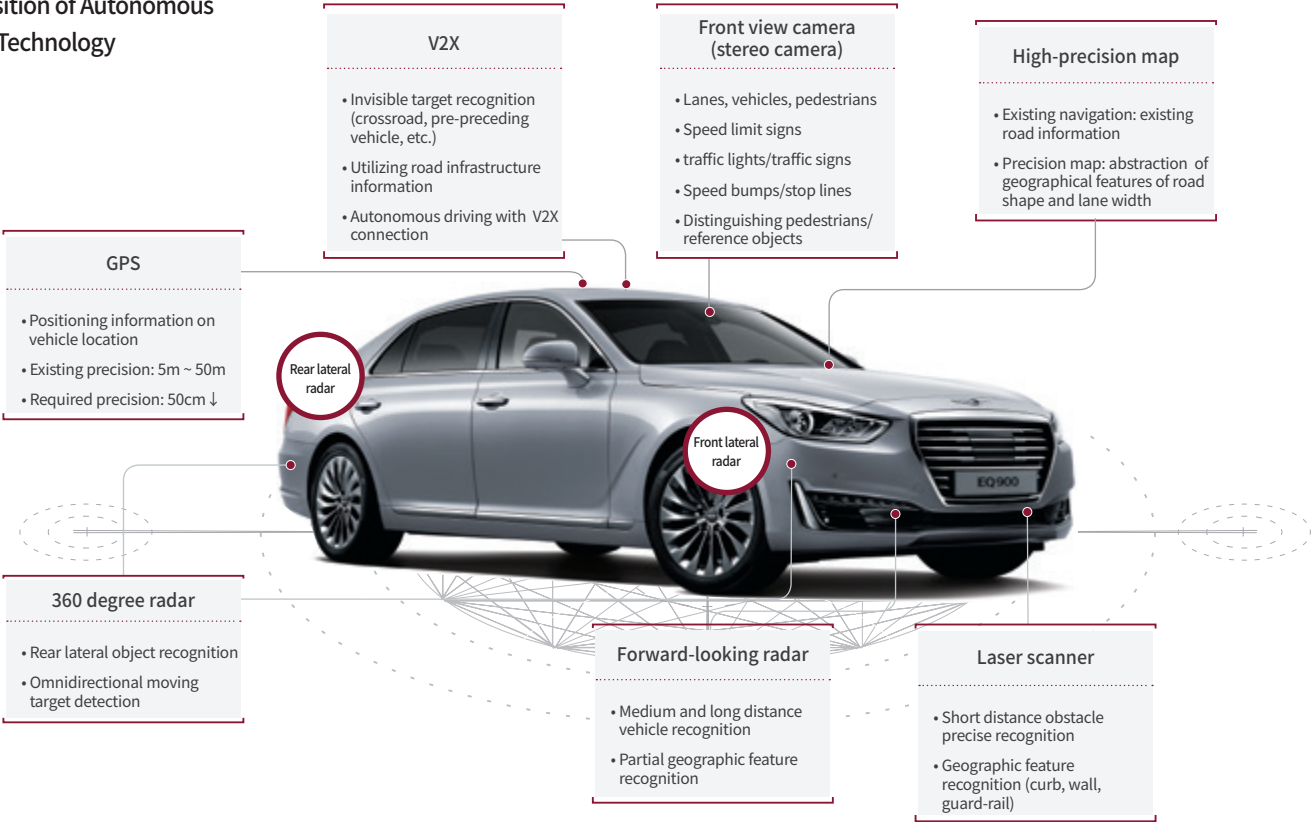
### Autonomous Driving Technology Development by stage





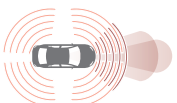
system has to control driving conditions by receiving information on objects in the front, back and sides. Therefore, it is necessary to utilize technologies that integrate information from diverse sensors and extract useful information. Hyundai Mobis has mass produced convergence technology for objects in the front (vehicles and pedestrians) using information from the radar and cameras installed in the front, as well as completed the development of convergence

technology for omnidirectional objects (vehicles, obstacles and lanes) using information from the front cameras and radar and rear lateral and front lateral radar. This technology is expected to be mass produced soon. It is also necessary to have a system platform suitable for autonomous driving, and we are currently developing the overall system architecture (hardware and software) to make autonomous driving systems a reality.

### Composition of Autonomous Driving Technology



### Reference of Autonomous Driving Technology

Classification		Driver Assistance System (DAS)		Autonomous driving			
Recognition targets	Stationary objects	<div><div>Euro NCAP 2018</div><div>Euro NCAP 2020</div></div> <div>Lanes, signs</div> <div>Boundary line of road</div>		Full 360 degree driving condition recognition, including speed bumps, pedestrian crossings, road surface loss, falling rocks/falling objects, tunnels, guardrails, soundproof walls, sinkholes, etc.			
	Moving objects	Vehicle rear, lamps, day and night pedestrians, bicycles, vehicle side, motorbikes		Wheelchair, large and small animals, one-seater electric vehicle, baby carriage, etc.			
Sensing scope		<div>Rear radar</div> <div>Front radar</div> <div>Front lateral radar</div> <div></div> <div>Fusion / single</div>	<div>Front lateral radar</div> <div></div> <div>Fusion</div>	<div>Radar</div> <div>AVM</div> <div>Radar</div> <div></div> <div>Fusion</div>			
Representative system		SCC, FCA, LKA		HDA2 ('19~)	HAD ('21~)	Complete autonomous driving (~'30)	
Function (NHTSA automation standard)		Warning and driving assistance (levels 0,1)		Driving automation under the driver's judgment (Level 2)		Partial (limited) autonomous driving (Level 3)	Full autonomous driving (Level 4)
Driver conditions		Hands or feet: temporarily free Eyes: always watching		Hands, feet: temporarily free Eyes: always watching		Hands, feet: free Eyes: temporarily free	Hands, feet, eyes: free

※ MFC : Multi Function Camera, SCC : Smart Cruise Control, FCA : Front Collision Avoidance, LKA : Lane Keeping Assist, HDA : Highway Driving Assist, HAD : Highway Autonomous Driving

# The first CES



## Korea's First Auto Parts Company to Participate at CES 2016

Hyundai Mobis was Korea's first auto parts company to participate at the Consumer Electronics Show (CES) held in Las Vegas for four days on January 6-9, 2016. At CES 2016, we introduced the DAS (Driving Assistance System), an innovative automotive technology for the future, under the concept of becoming a lifetime partner in the field of automobiles and beyond. Since it is automotive electronics technology that will make autonomous driving a reality, we have to acquire the necessary technology to secure future growth and increase added value. Hyundai Mobis unveiled the following seven DAS technologies at CES 2016.



### List of Products Showcased at the CES 2016

#### SCC

Smart Cruise Control (SCC) is a product that maintains a certain speed and distance from the preceding vehicle to automatically control acceleration and deceleration without a driver. The SCC was first installed in the first-generation Genesis, and currently an upgraded advanced version is being installed in Genesis and EQ900 models.

#### AEB

Autonomous Emergency Braking (AEB) is a smart driver assistance system that automatically applies emergency braking when it detects an imminent collision, first installed on Kia Motors' new K5 model that launched in 2015.

#### LKAS

The Lane Keeping Assistance System (LKAS) is a steering wheel control system that automatically warns the driver when unintentional lane departures occur without the use of a turn signal indicator, as well as automatically controlling the steering wheel.

#### Active BCW

Active Blind Spot Detection (Active BSD) detects dangers in blind spots in the front and back of the vehicle to warn the driver, while also controlling the steering wheel when a collision is detected to prevent traffic accidents. For example, if another vehicle is detected in the blind spot area, the system uses this information to warn the driver with a flashing light on the side mirror.

#### LED Matrix Beam

An accident may occur when driving at night if the high beams from cars driving in the opposite direction are too bright, which is why the LED matrix beam blocks light coming from vehicles in the front or the opposite direction through sensors. This intelligent lamp prevents dangerous glare.

#### CTA

Cross Traffic Assistance (CTA) is a roadside assistance system for cars that detects other vehicles, bicycles and pedestrians when driving through intersections. If it detects danger, the CTA warns the driver about the danger to prevent accidents, with automatic braking and steering.

#### Remote SPAS

The Remote Smart Parking Assistance System (SPAS) is an unmanned parking technology that guides drivers easily into parking spaces by providing information via smartphones.

2

Customer-Oriented Management

Hyundai Mobis focuses all of its competencies on achieving customer satisfaction that transcends expectations. To do this, we established our top priorities as follows: realizing defect-free quality, ensuring the highest possible customer satisfaction, complying with global standards and reinforcing our suppliers' quality competitiveness.



CS 1 Million Index Improvement Rate  
(domestic)  
(Unit: %)

21

Number of replacement parts for 223 car  
models  
(Unit: million items)

2.36

Total hours of training for CS staff  
(Unit: hour)

482

Progress in 2016

- Improving quality indexes in accordance with quality-first policy
- Strengthening responses to customers by facilitating global quality centers
- Establishing a field-oriented quality management system

2017+

- Establishing Hyundai Mobis quality standard (Q-Standard)
- Strengthening competencies for preliminary verification of quality
- Upgrading the smart quality management system

## Quality Management Based on a Customer-First Policy

In order to provide top-quality products and services, Hyundai Mobis has focused all of its competencies on achieving its most important tasks: realizing defect-zero quality, ensuring top-quality customer satisfaction, establishing processes in line with global standards, and reinforcing suppliers' quality competitiveness. In 2002, Hyundai Mobis was the first Korean company to earn the ISO/TS 16949 certificate, the quality management system (QMS) for international carmakers, to establish the basis for achieving zero-defect quality processes. As of the end of 2016, the company completed acquiring the ISO/TS 16949 QMS certificate for 30 of its production sites around the world. In line with the transformation to a new standard –IATF 16949 QMS as of the end of 2016, we are preparing for the transformation of global production sites in phases by 2018. In addition, we established a risk-based process that meets global standards from product development to quality assurance as part of our efforts to improve preventive actions taken. In addition, we set up overseas quality centers in major automotive hubs, including the U.S. (LA), China (Shanghai), Germany (Frankfurt) and India (Delhi), ensuring the quality issues of locally manufactured products are controlled. Overseas quality centers not only improve quality through customized assurance that meets local demands and market conditions, but also confirm the quality of new cars and analyze quality issues that occur in the field. In order to promptly resolve problems that arise from overseas sites and improve quality to meet specific local needs, Hyundai Mobis has strength-

ened global quality competencies by expanding quality centers located abroad including in the Middle East (Dubai). In addition, we will focus on reinforcing quality competitiveness through our recently constructed test roadway in Seosan, Chungnam. By establishing multiple test roadways, we plan to upgrade the quality of products with evaluations conducted using actual vehicles.

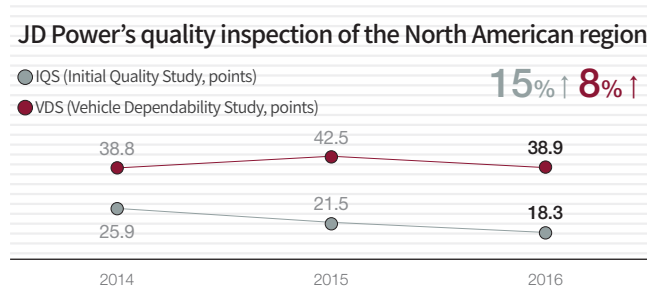
### Performance of Quality Improvement

In 2016, Hyundai Mobis prepared for 10 million vehicles produced globally with 'C&C 300' as a quality catchphrase. The 'C&C' refers to change and challenge and '3' refers to reducing costs by 33% within 3 years and developing products that rank at least third in market share. Also, '00' refers to achieving 100ppm in terms of the CS 1 million index and ensuring 100% consistency for tracking inventory levels, and '0' refers to achieving zero defects to eliminate waste and inefficiency (reoccurrence, non-operation, defects and disposal cost).

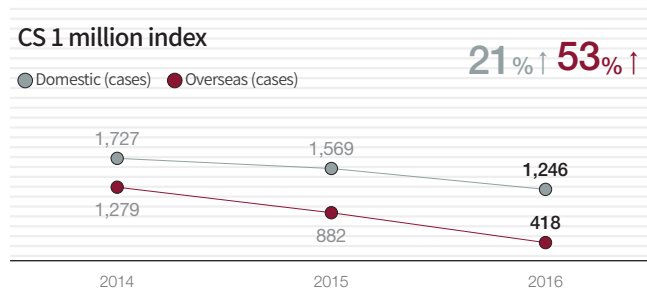
Through company-wide quality improvement efforts, Hyundai Mobis greatly improved its CS 1 million index, which stood at 1,727 in Korea and 1,279 overseas in 2014, to 1,246 in Korea and 418 overseas in 2016. Also, we scored 18.3 points for the same year in the IQS (Initial Quality Study) rating in the North American market, considered the world's largest automobile market, showing an improvement of 7.6 points from 25.9 points in 2014. In this way, the performance of our quality improvement initiative led to the stabilization of our product quality level, with our plant operation ratio improving from 92.9% in 2014 to 98% in 2016, resulting in a cost reduction of KRW 9 billion due to improvements in operation ratio.

Also, Hyundai Mobis has made efforts to improve not only quantitative numbers, but also reflect customer demands through its products. A representative example is the test roadway for driving cars that was completed in the second half of 2016 to test the overall function of vehicles. Although unusual in the field of auto parts, we made the decision to offer top-quality products to our customers. Through these efforts, we established a system for verifying our products using actual cars driven by testing experts. Going forward, we will enhance our product quality by evaluating products in actual vehicle tests under diverse environments.

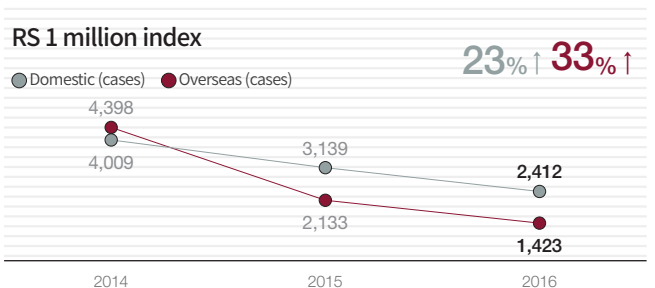
### Quality Indexes



※ IQS (Initial Quality Study) shows the number of problems per 100 vehicles experienced in the first 90 days of ownership, and the VDS (Vehicle Dependability Study) indicates the rate of problems per 100 vehicles experienced in the first three years after purchase.



※ The CS 1 million index is a market quality indicator that indicates the number of claims made for every 1 million vehicles in the first 90 days of ownership.



※ The RS 1 million index is a market quality indicator that represents the number of claims made for every 1 million vehicles in the first 10-12 months of ownership.

### Proactive Field-Oriented Quality Management

Hyundai Mobis aim to achieve zero-defect production quality by preemptively managing factors that might cause problems by statistically managing such problems. Since enhancing durability has been a major challenge for automotive parts, we analyze and improve components with weak durability and reflect the results in technology standards, while also conducting intensive production line checking to improve field practices. In addition, Hyundai Mobis’ Quality Council, presided over by top management, ensures the systematic management of quality innovation. Besides daily quality control meetings held to review quality improvements made, we also have monthly meetings to share quality innovation tips and review future directions for innovation. The agenda items discussed and deliberated on in the meetings are reflected in company-wide quality innovation drives. Hyundai Mobis has established systems that prevent quality issues arising in different plants, such as early warning systems, defect tracking management systems and human error prevention systems. If the system detects any defects, immediate actions can be taken, while a QR code ensures other types of parts are not included in the process. As for key components, the automation of important processes reduces mistakes that might occur during processing and assembly. In particular, we aim to achieve zero-defect production quality by preemptively managing factors that may cause problems by statistically managing such problems. Also, in order to systematically improve execution for integrated management and quality management, we established QMS 2.0 as a next-generation quality management system, thereby enhancing the quality of activities in a smart environment. In addition, we make strenuous efforts to improve basic quality by conducting on-site inspection and problem analysis of suppliers that cause repeated quality problems.

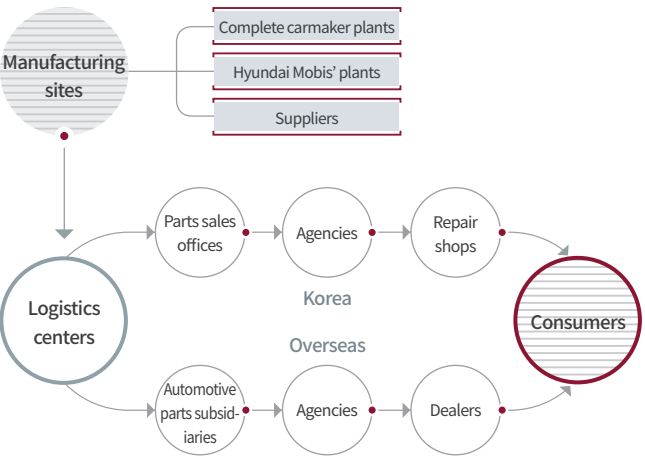
### Strengthening Overseas Quality Centers

Hyundai Mobis manages quality problems that occur locally through its overseas quality centers located in major automobile markets. Overseas quality centers are improving quality through verification of specific local needs and customer demands, as well as strengthening their competencies to verify the quality of new cars and analyze quality problems that occur on site. Moreover, Hyundai Mobis is planning to expand overseas quality centers to immediately tackle various quality issues and differentiate quality control by region. We plan to strengthen our global quality competencies by expanding overseas quality centers in South America and the Middle East from a medium-to long-term perspective.

### Logistics for Higher Customer Value

Hyundai Mobis is obliged to provide end-users with timely aftermarket service (AS) parts for vehicles sold by carmaker clients. Under the relevant Korean laws governing the industry, the Consumer Protection Act and the Automobile Management Act, all AS parts are required to be available on the market for at least eight years after a vehicle model has been phased out. In compliance with this, Hyundai Mobis supplies AS parts to Hyundai and Kia Motors vehicles both in the domestic and overseas markets by drawing on its vast distribution network after rigorous tests and quality assurance programs are conducted to ensure the optimal functioning of various vehicle models until the end of each model’s lifecycle. As of the end of 2016, approximately 61 million Hyundai and Kia Motors vehicles were on roads around the world, with Hyundai Mobis supplying 2.36 million AS parts for 223 different models. Although customer demand for AS parts is always unpredictable, it is necessary to have an efficient logistics system with accurate demand forecasts to ensure timely supply. As a result, Hyundai Mobis has optimized its logistics operations with a standardized system which improves the accuracy of demand analysis through a next-generation system for demand forecasts. In addition, we have an intelligent warehousing system in logistics operations to allow real-time monitoring of all procedures, from storage to shipment of AS parts. We aim to provide high-quality supplies to our customers by upgrading our demand forecasts based on actual demand and big data.

### Aftermarket Service Parts Supply Process

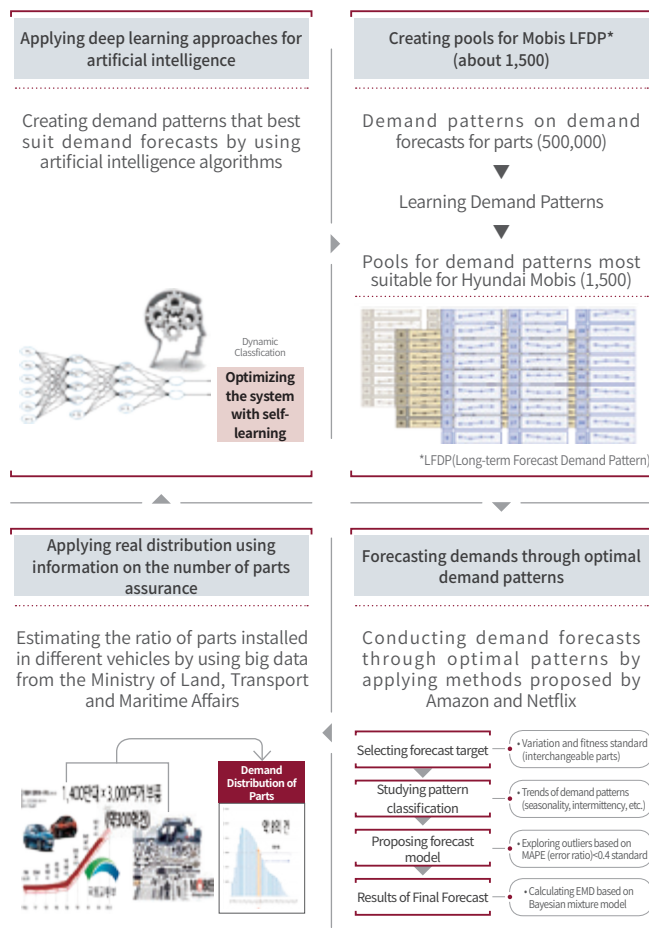


※ Regions without overseas agencies such as China and India supply parts directly to dealers through automotive parts subsidiaries.  
 ※ Regions without overseas automotive parts subsidiaries such as Africa, Central and South America and parts of Asia-Pacific supply parts directly to agencies through logistics centers.

## Established a Next-Generation Demand Forecast System (GIOS) in 2016

In 2016, Hyundai Mobis established a next-generation demand forecast system (GIOS) that integrates demand forecasts from 15 overseas subsidiaries and 23 domestic offices that supply AS parts. This system predicts the demand for AS parts of Hyundai and Kia Motors domestically and internationally to control the entire production and distribution processes, making it an accumulator of know-how on supply processes for AS parts. In other words, the system uses Hyundai Mobis' know-how and high-level data, such as deep learning approaches for artificial intelligence, distribution data for Hyundai and Kia Motors around the world with information like the number of parts verified, demand supply patterns for more than 500,000 AS parts, demand forecasts for parts according to the age of vehicles by using the big data of vehicle driving information. As for overseas subsidiaries, we improved demand forecast data so that local dealers' conditions are well reflected, while also increasing customer satisfaction by upgrading the accuracy of demand forecasts with additional information like inventory and sales data of AS parts and call center information from dealers around the world. Hyundai Mobis derived diverse benefits from the demand forecast system as of 2016, including a drop in unnecessary domestic inventory by 39%, cutting unnecessary inventory for export by 10%, and reducing order cancellation ratios and export logistics costs.

### Composition of System



## Domestic and Overseas Parts Sales Network

(Unit: centers)

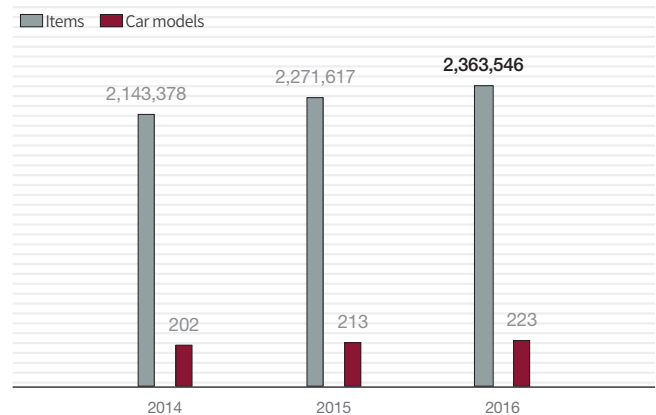
Classification		2014	2015	2016
Korea	Parts sales offices	23	23	23
	Logistics centers	4	4	4
	Service parts sales teams	43	42	41
	Agencies	1,976	1,940	1,856
Overseas	Automotive parts subsidiaries	14	15	15
	Parts Distribution Centers(PDC)	49	51	55
	Regional Distribution Centers(RDC)	2	2	2
	Branches and offices	1	1	1
	Agencies	477	460	535
	Dealers	11,262	12,929	14,241

## Customer Satisfaction System

Hyundai Mobis has strived to assist customers in emergency situations and fulfill requests by operating a customer service center 365 days a year. In particular, the customer consultation system (VOC) for prompt customer response is linked to the parts operation system (SMART), so that parts not found in a particular region are delivered within two days normally from a worksite closest to the client.

Also, in order to improve customer-oriented service, we conduct a satisfaction survey for wholesale and retail customers every year and enhance customer satisfaction levels by improving areas with low satisfaction levels. We also continuously strengthened our customer service (CS) training for customer contact points with 482 hours of training held annually, an increase of 66 hours compared to the previous year. CS related training was provided not only for CS staff, but also employees in other positions, so that they received a total of 482 hours of CS-related training, up from 416 hours for the previous year.

## Status of the Supply of Replacement Parts



Status of CS Related Training

Classification	Contents	2015		2016	
		Number of sessions	Number of hours	Number of sessions	Number of hours
Head office, logistics center	CS-related lectures for new employees through open recruitment of university graduates	23	42	23	46
Parts agencies	VOC manual training, CS-related training and related programs for agency CEOs	35	195	18	46
Parts sales offices and parts teams	CS-related training, CS leader course, customer service skill improvement course and other programs for parts sales offices	58	179	124	390
Total		116	416	165	482

ExpandingOurClientBasebyReinforcingGlobal Competencies

Besides our traditional major clients, Hyundai and Kia Motors, we focus on achieving sustainable growth through diversifying our client base globally. In doing this, we provide support for stable production by our clients in various regions and concentrate on making R&D investments under our differentiated strategies to meet specific local needs. Through these efforts, we supply our products to global clients, including Chrysler, GM, Daimler, Volkswagen, Mitsubishi, Subaru and Mazda. Moreover, we hold technology shows and conferences for our clients to improve understanding of Hyundai Mobis’ technologies and products. As a result, Hyundai Mobis received US\$ 1 billion in orders from global clients in 2016.



PSA technology conference

Status of Global Clients



Technology

# Technology

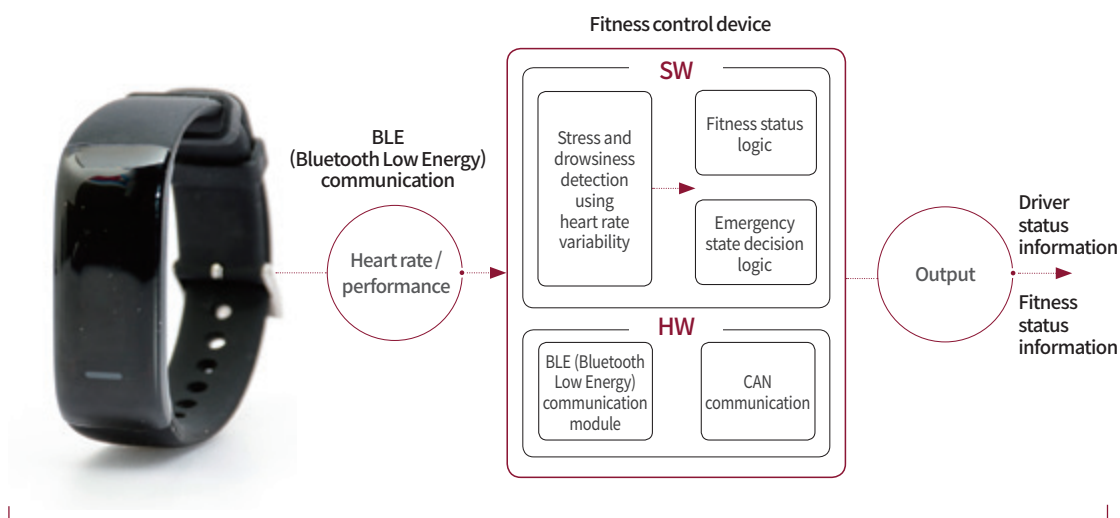
## CASE\_1



### Improving Customer Convenience through Technological Perfection

#### Wristband-Type Smart Key System

The technological development of automobile keys started off with a mechanical key, followed by an electronic lock that opened and closed doors by remote control and the current smart key system that automatically detects the driver by using radio waves. Going forward, it is forecast that car keys will be included in smart phones, which MP3 players, digital cameras and game devices obsolete. In this way, the wristband-type smart key is a wearable car key that starts the car as well as opens and closes the trunk without needing pressing a button from a distance. The key also makes it possible to check one's health by measuring heart rate when sleeping and exercising in the same manner as a wearable fitness tracking device.

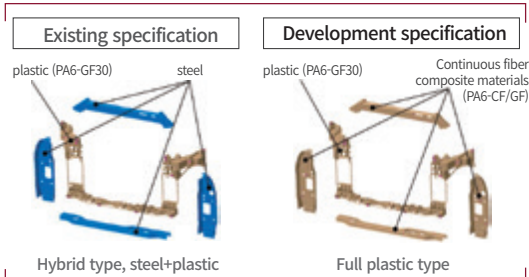


## CASE\_2



### Automotive Lightweighting of Emissions, Fuel Economy and Functions

#### Developing FEM Carriers



There is a global trend toward stricter environmental regulations for vehicles, which is expected to become even stricter after the latest manipulation of fuel economy and emissions scandals in Europe and Japan. In order to reduce energy consumption and toxic air pollutant emissions, regulations will improve fuel economy per liter by 2020, to reach 24.3km in Korea, 26.5km in Europe, 18.8km in the U.S. and 20.3km in Japan. Vehicles will be prohibited from being sold in the country concerned unless they meet the new standards. In general, a 10% reduction of vehicle weight will

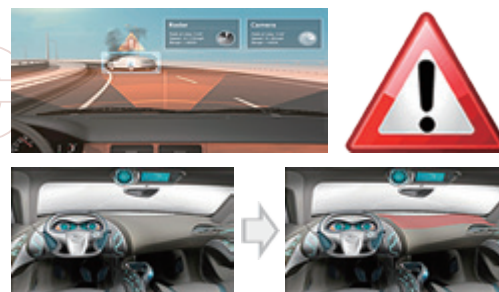
improve fuel economy by approximately 6%, with emissions of NOx reduced by 8.8% and CO<sub>2</sub> and HC reduced by 4.5% and 2.5%, respectively. Also, acceleration and steering are improved by 8% and 6%, respectively, as well as the braking distance shortened by 5% and the durability of chassis parts increased 1.7 fold after weight reduction. In this way, lightweighting has many benefits, but carmakers have been hesitant to participate in the trend them because cars become heavier if parts are added to meet consumer demands for safety and convenience. However, Hyundai Mobis has worked toward developing advanced technology and achieving mass production in line with the lightweight material trend. Many cars, including the Hyundai Sonata, Grandeur and Santa Fe, now incorporate aluminum materials in some chassis module parts (lower arm, knuckle, etc.), with mass production of lightweight parts using advanced high-strength steel and high-strength cast iron. In 2016, Hyundai Mobis achieved outstanding results from research on high-strength continuous fiber composite materials to replace steel. Through these efforts, we developed 25% lighter FEM carriers. Going forward, we will focus all of our competencies on R&D related to diverse lightweight technologies, including extended application of aluminum and magnesium parts, dissimilar metal bonding, high-strength composite materials and the bonding of metal and high molecular materials.

## CASE\_3



### Upgrading Internal Parts Using Lights Light-Transmitting Synthetic Leather

Due to the technological standardization of the global auto industry, a huge change has been seen in materials. In particular, technologies for making plastic parts with softer surfaces or producing luxury leather car seats are already being used in marketing to appeal to customer emotions. The recent trend of vehicle parts and concept cars released or introduced at motor shows stress the importance of three-dimensional, emotion-focused design. Many luxury cars across the globe have dashboards that no longer feature a hard wooden feeling but instead use LED lights for border lighting to create a luxurious indoor light environ-



ment. Hyundai Mobis has used not only light sources for border lighting, but also optical fiber and transparent high molecular materials to develop technologies that use the surface itself as a source of light. Besides the hard surface of parts, we incorporated expensive and soft leather in diverse display screens. Also, technology is not only used to improve interior components, but also contribute to securing driver safety. If an obstacle suddenly appears in front of the car when autonomous driving is activated, the entire IP panel surface in front of the driver's seat can light up, which is the best way of effectively warning the driver of a hazard.

>

CASE\_4

Ferrite Core

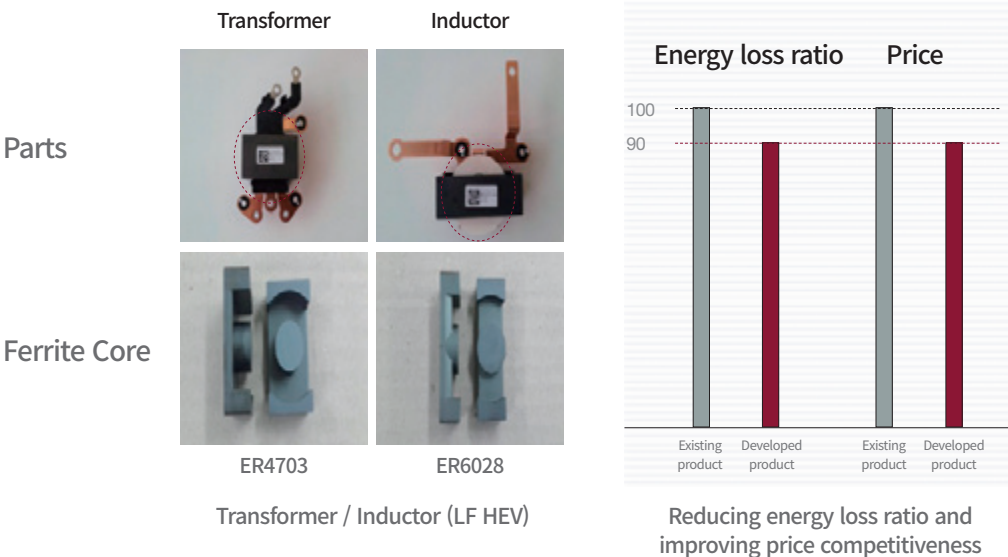


Localization of Ferrite Core through Win-Win Partnership with SMEs

Localizing Ferrite Core Used in LDC Transformers and Inductors

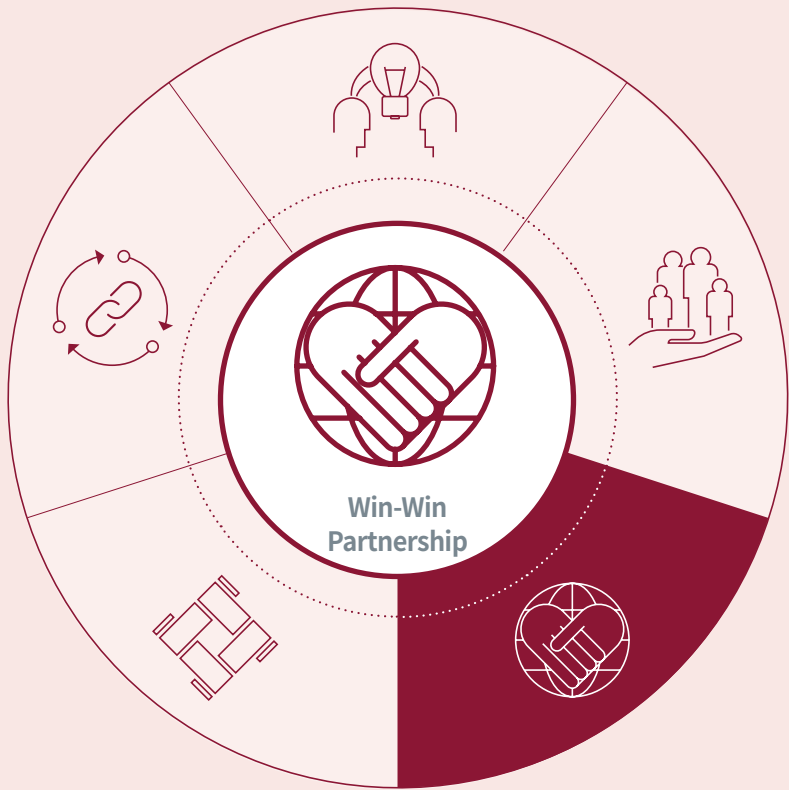
The battery systems of green cars use 270V or 360V high-voltage batteries. In order to use high-voltage energy in vehicles components such as head lamps, audio and AVN devices, it is necessary to lower the voltage to 12 volts, which is why a transformer is used to change voltage. The inductor inside the transformer changes the energystate from alternating to direct current. In short, the inductor is a coil and the area covering up the coil is called the core. Until now, we imported cores from Japan, but Hyundai Mobis recently succeeded in the localization of core production.

Compared to competing Japanese products, our core has improved the loss ratio by 10%, as well as reduced production costs by approximately 10%. Currently, Hyundai Mobis’ domestic core products are used in Sonata hybrid cars, with plans for use in other hybrid vehicles starting from 2017.



# 3 Win-Win Partnership

The quality and technology of suppliers that supply more than 95% of all auto parts are directly linked with Hyundai Mobis’ competitiveness. Hyundai Mobis has established detailed policies that include enhancing suppliers’ competitiveness and expanding practical win-win partnerships to offer practical support to all of its suppliers. Moreover, we have strengthened cooperation by adopting a fair trade compliance program and providing benefits to primary suppliers that support secondary and tertiary suppliers, as well as helping suppliers so that they can secure global competitiveness.



Number of primary suppliers  
(Number of companies, domestic)

859

Amount of financial support for suppliers  
(Unit: KRW 100 million)

1,283

Number of agency CEOs who participated in  
Business Academy  
(Unit: persons)

150

## Progress in 2016

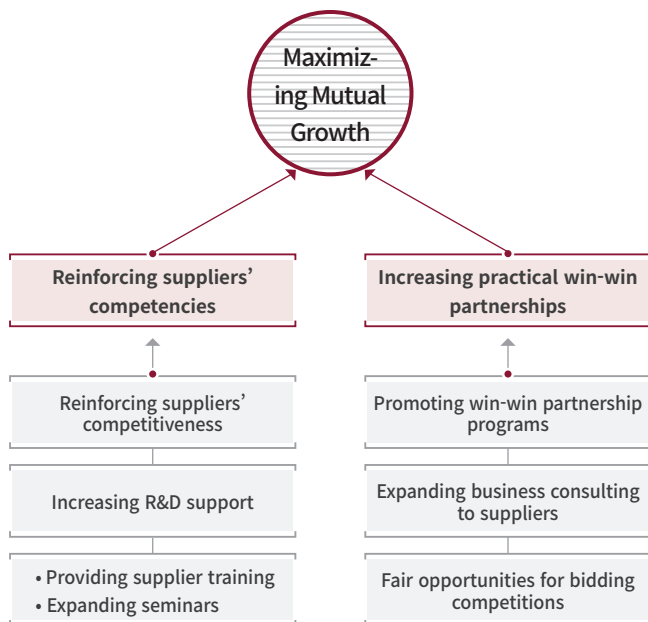
- Establish the quality improvement system for suppliers
- Enhance the evaluation system through distributing guidebooks that assess suppliers
- Strengthen the support for secondary suppliers

## 2017+

- Strengthen the communication with suppliers and spread the culture of shared growth
- Upgrade the performance management system for win-win partnerships (Establish an integrated management system and a website)
- Expand training on quality and technology for suppliers

## Systematic Supplier Management Policies

In order to ensure win-win partnerships with suppliers, Hyundai Mobis is operating diverse programs aimed at enhancing suppliers' competitiveness and expanding practical win-win partnerships. We have integrated separate division-level initiatives into a company-wide shared campaign called Seven Beautiful Pledges, allowing Hyundai Mobis to adopt a more systematic approach in supporting secondary and tertiary suppliers. Also, we are currently developing MCOMS, a system which allows our primary and secondary/tertiary suppliers to get easy access to our mutual growth initiatives and progress. For instance, we carry out biannual in-house evaluations of suppliers' product quality control, environmental management system certifications (ISO 14001), human rights practices, safety control at work-sites, business ethics, and mutual growth initiatives between primary and secondary/tertiary suppliers. Based on the evaluation results, we provide support for them in addressing the issues which need to be addressed as well as other shortcomings. Also, we help to enhance our suppliers' competitiveness by strengthening relationships between suppliers, including providing benefits to primary suppliers that support secondary and tertiary suppliers. In 2015, we published a guidebook and manual on evaluation results by business type to share the evaluation criteria of all our domestic and overseas suppliers. In order to ensure the accuracy, clarity, objectivity and fairness of the guidebook's details, we referred to the ISO/TS 16949 (2009 requirement) certification, our client's demands, and the component development procedure, while also including our suppliers' best practices to be used for their internal training materials and during evaluations and inspections. As a result, Hyundai Mobis has improved quality through standardization and enhancement of its suppliers' process management and objectively enhanced guidance for them to strengthen their competitiveness. We will strive to improve competencies for guidance and evaluation of our suppliers, by utilizing the guidebook as a source of training materials for our employees including those at overseas subsidiaries.



## Support Measures for Strengthening Suppliers' Competitiveness

### Providing Technical Support and Pursuing Overseas Expansion

Hyundai Mobis has contributed in improving its suppliers' technological competitiveness through the transfer of testing and evaluation technologies for in-house infrastructure, while also filing for joint patent rights through the joint development of original technologies and royalty-free licenses of its domestic patent rights. In addition, we support our suppliers' attendance at international exhibitions to explore new markets and increase sales, including full payment for attending the exhibition including fees for renting and installing exhibition booths and providing consultations for buyers, contributing to increasing orders and expanding global operations. In 2016, ten SMEs that signed fair transaction agreements with Hyundai Mobis were given a chance to attend the Global TransporTech (GTT) and international exhibitions for SMEs (KOAA Show). Besides these, we set up supplier booths and showcased related products, as well as establishing a base for exploring new markets by holding consultations for overseas buyers.

#### R&D Partnership Programs

Index	
Sharing of patent rights	Share Hyundai Mobis' domestic patent rights with suppliers, providing support for their technical competitiveness through the free lending of patented technologies - 2016 results: disclosure of 160 patents and utility model licenses, 3 suppliers, no-cost sharing of 21 patents
CTO forum	Sharing our R&D direction with suppliers for stronger win-win partnerships (Participation by 90 companies in 2016)
Open door policy at the Shanghai R&D Center	Opening the doors to our Shanghai R&D Center and its test equipment to Korean suppliers who followed Hyundai Mobis into overseas markets (a total of 127 testing devices, including airbag deployment apparatus testers, etc.) - 2016 test performance results: 24,258 cases
Filing for joint patent rights	Filing for joint patent rights on jointly developed technologies and paying all the required expenses to ease supplier liquidity issues - 2016 results: a total of 9 suppliers, 25 cases filed for joint patents, with KRW 9.4 million in expenses
Subsidizing patent filing expenses	Subsidizing supplier applications for patents based on their own technology to help them protect their technical innovations - 2216 results: KRW 14.7 million

### Passing on Know-how related to Production and Quality Management

Hyundai Mobis passes on know-how related to production and quality management to its suppliers to strengthen their competencies. Since 2012, the open event held at plants was only for primary suppliers, but starting from 2015, we expanded it to include secondary suppliers. We invited employees from about 300 secondary suppliers to our plant to take a tour of production site and share information about advanced management systems, including plant management, process enhancement and quality assurance. Based on the MSQ (Mobis Supplier Quality) quality certification system for suppliers, we held benchmarking events for outstanding suppliers targeting our

secondary suppliers, contributing to strengthening quality and improving management practices through a ladder of mutual growth among secondary suppliers. We provided a tour of our production lines and held council meetings to share best practices for 185 secondary suppliers that visited two suppliers chosen for outstanding quality. Also, Hyundai Mobis invited a total of about 85 employees from 79 outstanding suppliers that contributed to improving customer service by supplying top-quality parts and components in a timely manner during the past year, and sent them on a four day short-term overseas training program to Beijing, China. The employees attended the Beijing Motor Show, and were given a chance to benchmark Beijing Hyundai Mobis plant and Beijing Hyundai Motors plant.



Benchmarking outstanding suppliers

## Increasing Practical Win-Win Partnerships

### Expanding Financial Aid to Suppliers

Hyundai Mobis contributed KRW 96.5 billion in funds exclusively for the financial stability of its primary and secondary suppliers, offering payment guarantees for under-banked suppliers to receive low-interest loans. As of the end of 2016, 41 suppliers received a total of KRW 57.2 billion in loans under the program. Additionally, we have introduced a KRW 16.9 billion program exclusively for secondary suppliers. In a bid to help its suppliers with liquidity problems, Hyundai Mobis pays all its bills in cash, with the scope of beneficiaries expanded to include larger-sized SMEs with sales of below KRW 300 billion as of April 2015. Starting from 2016, we have expanded to medium-sized companies with sales of less than KRW 500 billion. We also advise our suppliers to make cash settlements among fellow suppliers to promote this practice throughout our entire supply chain. In order to create a culture of stable payment among secondary/tertiary suppliers, we adopted the win-win settlement system, so that starting from July 2015 payments are made through all commercial banks as win-win settlement products. In consideration of the impact that volatile commodity prices have on our suppliers, we sat down with them to adjust supply prices through the Fair Transaction Agreements recommended by the Fair Trade Commission. The automotive industry makes adjustments whenever there is a ten percent or

greater change in prices, while Hyundai Mobis makes adjustments whenever there is a five percent or greater change in prices. In 2016, we raised the prices paid to our suppliers by KRW 64 billion. Furthermore, all changes to supply prices are transparently disclosed to every supplier via a separate portal site and through the MCOMS, so that they are accessible to all suppliers.

### Win-Win Program with Agencies

The Hyundai Mobis automotive parts sales network consists of agencies and dealers, and is closely linked to all areas of the AS parts business including sales, marketing and inventory management. Therefore, the enhancement of their competencies will greatly improve the value of Hyundai Mobis, which is why we support competency-building for agencies with varied training programs as well as other practical programs to assist with their business activities. For instance, we dispatch our business consultants to agencies where our representatives can help with business restructuring. Additionally, our Best Practice Awards motivate higher performance results at these same agencies. We share the burden of product defects that occur in the process of warehousing or transporting parts and components. At the same time, we support their inventory cost-saving measures and distribution control improvements. This, in turn, adds to our competitive edge.



Business Academy for agency CEOs

### Supplier Communication Programs

Classification	Number of sessions (yearly)	Details
Regular general meetings of suppliers	One time	Explanation about Hyundai Mobis' purchasing/quality policies for partner companies and raising their management mindset
Executive meetings of the Win-Win Partnership Council	2 times	Approval on partner companies' budget and project against their executives
Seminars for CEOs of secondary suppliers	2 times	Explanation about Hyundai Mobis' purchasing/quality policies for secondary suppliers and sharing visions/ visited Hyundai Mobis' module/parts plants
Seminar on win-win partnerships with partner companies for beautiful companionship	One time	Promoting the culture of win-win partnerships through actively implementing related policies and explaining about support systems for suppliers
Hanmaum Meeting with major suppliers	One time	A resolution rally for achieving quality targets (listening to areas of difficulty)
Fruit basket rewards to suppliers with outstanding performance results	One time	Rewarding outstanding suppliers in the first half of the year with seasonal fruits
Seminars for suppliers to our local subsidiaries in India and China	Once each	Introducing Hyundai Mobis' policies and rewarding outstanding suppliers that made joint entries



In order to ensure win-win partnership with suppliers, Hyundai Mobis is operating diverse programs aimed at enhancing suppliers' competitiveness and expanding practical win-win partnership.

## Seven Beautiful Pledge Performance Results

Classification		Units	2014	2015	2016
Loan Support to Suppliers	Loan guarantees	KRW 100 million	568	518	572
	Suppliers	Companies	42	42	41
R&D Collaboration	Sharing of the Shanghai Test Center	Cases	22,265	39,623	7,889
	CTO forums	Companies	152	119	90
	Sharing of royalty-free intellectual property Rights	Cases	160	160	160
Support to Secondary/Tertiary Suppliers	Supporting MSQ evaluations	Companies/persons	23/23	156/156	164/212
	Subcontracting agreements between primary and secondary suppliers	Companies	412	733	437
Support of Training Programs	Supporting training programs	Companies	1,648	1,905	587
	No. of trainees	Persons	2,265	2,800	2,657
Communication with Suppliers	Cooperation meetings	Companies	173	167	166
Ethical Management and Suppliers	Results of CP evaluation	Grade	A	-	-
Promotion of Fair Transactions with Suppliers	Paying SME suppliers in cash	-	Settlements in cash	Settlements in cash	Settlements in cash
Supporting win-win partnerships including performance sharing and others	Rise in paid customer supply & unit cost	KRW 100 million	16,789	14,337	12,677
	PMI	KRW 100 million	76	-	90

## Status of Competence-Building Programs for Agencies

Classification	Program purpose and details	Major performance in 2016
Management Consulting for Agencies	Dispatch Hyundai Mobis employees with management consulting qualifications to each agency for four weeks, and analyze the overall management problems of the agency, including organizational management, sales, marketing, inventory and logistics, to derive improvements	Completed at 52 agencies (a total of 299 agencies)
Best practice contests for agencies across the nation	Share best practices from four outstanding agencies from the previous year during invitational seminars held for outstanding agencies to motivate them to voluntarily improve their management practices	Announced and awarded best practices of management innovation for four agencies
Enhancing the inventory of agencies	Support agencies' inventory cost-saving measures and distribution control enhancement programs by sharing the burden of product defects that occur in the process of distributing parts and components	Support KRW 1.87 billion
Personnel assistance to improve the environment of agencies	Strengthen the competitiveness of the distribution network by supporting part of the personnel expenses for agencies that have applied for environmental improvements	Supported 35 agencies (a total of 52 agencies) and a total of KRW 120 million
Safety Tests for Agencies	As part of the commitment to establish a win-win partnership system for agencies, external institutions reviewed risk factors that make agencies unsafe and encouraged improvements based on review results to provide a stable environment for supplying parts.	Completed inspection of 669 agencies Supported a total of KRW 72 million

## Number of Trainees that Completed the Support of Training Programs for Our Agencies

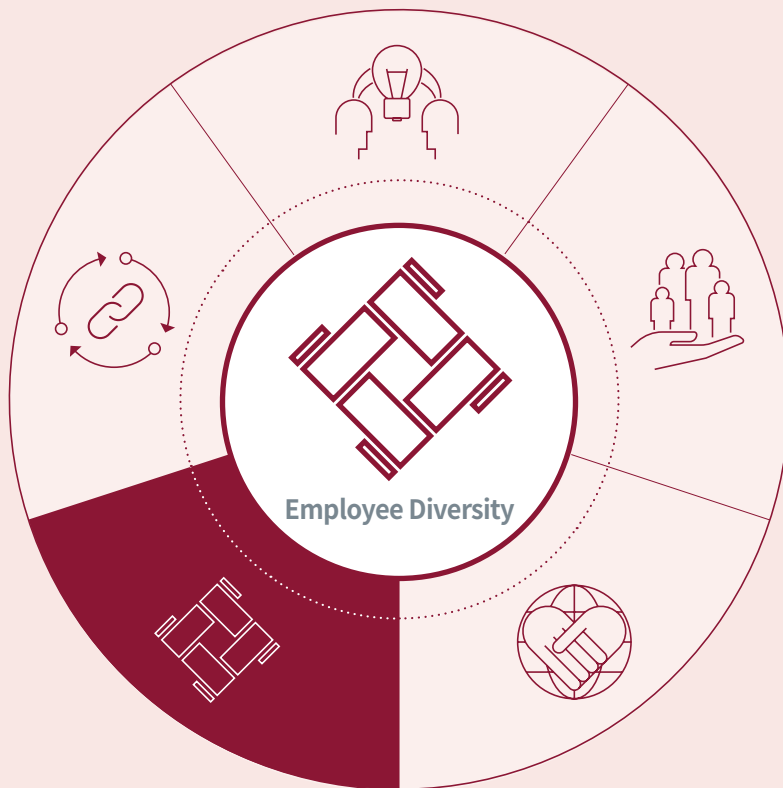
(Unit: persons)

Classification	Program purpose and details	2014	2015	2016	Year of adoption
Business Academy for agency CEOs	Strengthening personnel competencies and training change management for agency CEOs → Special lecture on leadership, inventory/logistics management and outstanding agencies	253	148	150	2009
Job training programs for agency employees	Job training for strengthening personnel competencies of agency employees → Component technology information, inventory/logistics management, computer program utilization, CS, etc.	204	342	333	2011
Fostering next-generation managers	Training on management succession of agencies with next-generation managers and strengthening their job competencies	-	68	57	2015
Training on Strengthening Agencies' Competitiveness	Providing training on motivation to improve autonomous management for agencies with bad evaluation grades (C,D grades), including self-management consulting (analyzing the current level of management, identifying improvement tasks) and consultations.	-	-	97	2016

4

Employee Diversity

The driving force behind a company’s sustainable growth comes from its employees. New ideas are derived from employees with different backgrounds and competencies, contributing to the creation of new business opportunities and the company’s sustainable growth. Hyundai Mobis has a diverse workforce not only to make social contributions that take into consideration the socially neglected, but also utilize human resources with diverse backgrounds to achieve business goals. To do this, we recruit talented people through an open recruitment process and operate a competency-based evaluation and compensation system. Moreover, we make strenuous efforts to create a corporate culture that respects diversity in the workplace and our employees’ human rights.



Number of employees  
9,225 in Korea / 20,274 overseas  
(Unit: persons)

29,499

Number of new employees  
(Unit: persons)

667

Training hours per person  
(Unit: hours)

116

### Progress in 2016

- Recruiting global R&D staff
- Strengthening leadership training and establishing the 100 day journey for new team leaders
- Spreading integrated HRD to overseas subsidiaries

### 2017+

- Recruiting outstanding global talent
- Expanding opportunities of developing employees’ work experience
- Establishing overseas subsidiaries’ training system

## Recruitment of Talented Employees

### Recruiting Talented Employees

Hyundai Mobis recruits talented employees through a fair and open recruitment process. As of 2016, the total number of employees totaled 29,499 persons. We actively recruit foreign employees with outstanding abilities in line with the company's overseas expansion. In order to effectively hire talented overseas employees in 2016, we set up a task force for global recruitment and increased localization by expanding the responsibility and rights of locally-hired employees working at overseas subsidiaries.

### Status by employee category

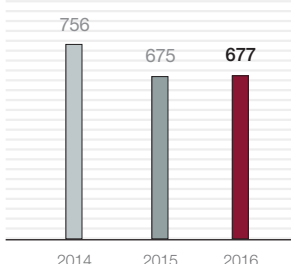
Executive	General manager	Senior manager	Manager	Assistant manager	Assistant or below
103	476	1,056	1,901	1,423	1,639

### Domestic & Overseas Workforce

Classification	2014	2015	2016
Domestic	8,170	8,672	9,225
Overseas			
China	5,885	6,480	7,965
The Americas	3,828	4,705	6,024
Europe	3,858	4,068	4,914
Asia-Pacific/Others	1,101	1,291	1,371
Total	14,672	16,544	20,274
Total	22,842	25,216	29,499
Growth rate	11.2%	10.4%	17.0%

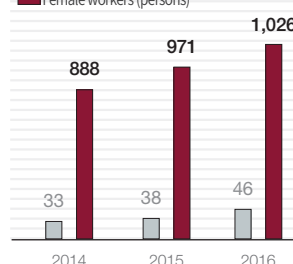
### Domestic New Employees

(Unit: persons)



### Female workers

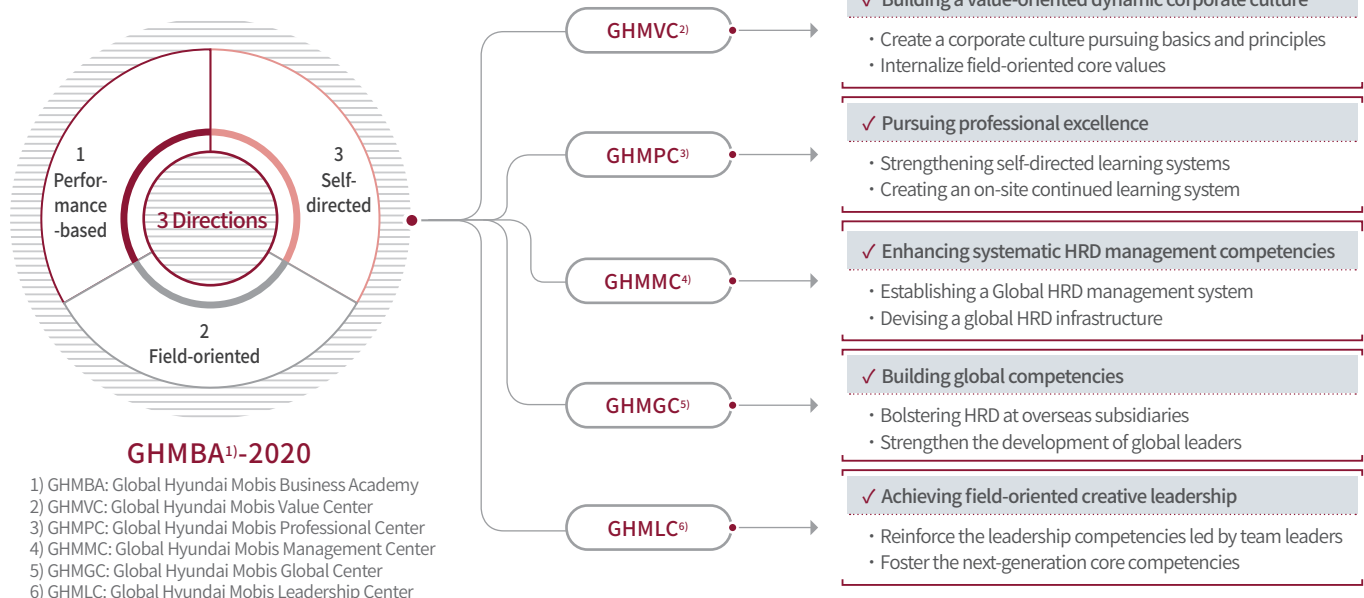
■ Female employees whose rank is manager/senior researcher or above (persons)  
 ■ Female workers (persons)



### Human Resources Development

The key to the company's sustainable growth is 'talented people' and fostering such talent means going beyond developing human resources to focus on the individual. Also, we strive to develop multiple leaders rather than a small group of managers, so that talented people can achieve the company's vision while at the same time fulfilling their own dreams. In 2015, Hyundai Mobis established the Global Hyundai Mobis Business Academy (GHMBA) 2020, which is a mid-and long-run HRD system, to develop human resources based on field-oriented, self-directed learning and performance-oriented programs. In 2016, we promoted the development of employee competencies by focusing on strengthening leadership competency and self-directed learning programs.

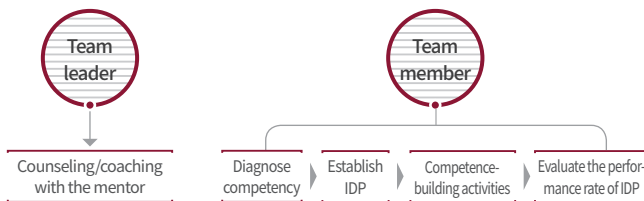
### Hyundai Mobis' HRD System



## Fostering Job Experts through Self-directed Learning

### IDP

Hyundai Mobis employees make their own training plans and carry out plans to develop their individual competencies, thereby creating a self-directed learning culture. This system is known as the IDP (Individual Development Plan) and has been used since 2015. The IDP diagnoses individual competencies at the current stage to come up with a development plan for improved competencies. After meeting with the mentor (team leader), the company provides support for the individual until his/her career goal is achieved. The program is designed so that the company's goal and the employee's personal goal are in harmony. We also set up the IDP infrastructure to ensure effective implementation. In 2016, Hyundai Mobis strengthened the responsibilities of employees in charge of HRD by reflecting KPIs (key performance indexes) when evaluating the performance of IDPs (Individual Development Plans).



### Community of Practice (COP)

Hyundai Mobis runs multiple Communities of Practice (COP) that motivate employees to take interest in diverse fields and derive ideas for the company's management practices. COP can be formed with at least three employees. They are aimed at creating a self-directed learning culture that encourages self-directed learning on a daily basis and facilitates communication through R&D activities. In 2016, a total of 135 COPs were set up where 1,500 employees took part in sharing different ideas. The members of COPs thought that the advantages included: creating a self-directed learning culture, facilitating human networking through a COP and strengthening the member competencies, and generating new growth opportunities. At the year-end, we held a COP best practice contest to accurately evaluate the diverse activities carried out throughout the year in 2016 and recognized the achievements of one gold prize team, three silver prize teams, two bronze prize teams and three participation prize teams. Moreover, we held

a knowledge conference so that the knowledge learned from COPs can be spread across the enterprise. In this way, Hyundai Mobis had three tracks for COPs, including the sharing of learning results and knowledge from COPs, selecting best practices from COPs and spreading business trends across the enterprise, allowing knowledge gained from COPs to be shared throughout the company.

### S-OJT(Structured On-the-job Training)

Structured On-the-job Training (S-OJT) is a self-directed learning course that was created because the existing OJT was conducted out of mere formality and was not helpful on site, which is why the new system is based on a teaching plan provided by an experienced employee (tutor). In 2016, a total of 214 employees participated in 104 S-OJT programs. Among the S-OJT programs, we selected and rewarded two outstanding S-OJT programs based on goal achievement, expertise, satisfaction level and passion. Hyundai Mobis strives to support diverse training programs to meet its employees' learning needs

#### Types of S-OJT (Structured On-the-job Training)



### Competence-building Activities by Job Duty

Competence-building types	Classification	2015		2016	
		Number of courses	Number of employees	Number of courses	Number of employees
Formal Learning	Internal job training	518	25,099	744	44,896
	External job training	554	554	699	699
Informal Learning	Community of Practice (COP)	129	1,141	135	1,500
	S-OJT	116	375	104	214
	Mentoring	448	896	468	936
	Knowledge (regularly learned contents)	440	18,869	452	33,281

## Strengthening Leadership Competency

### ACE (ACE: Awakening, Communication, Execution) Team Leadership Program

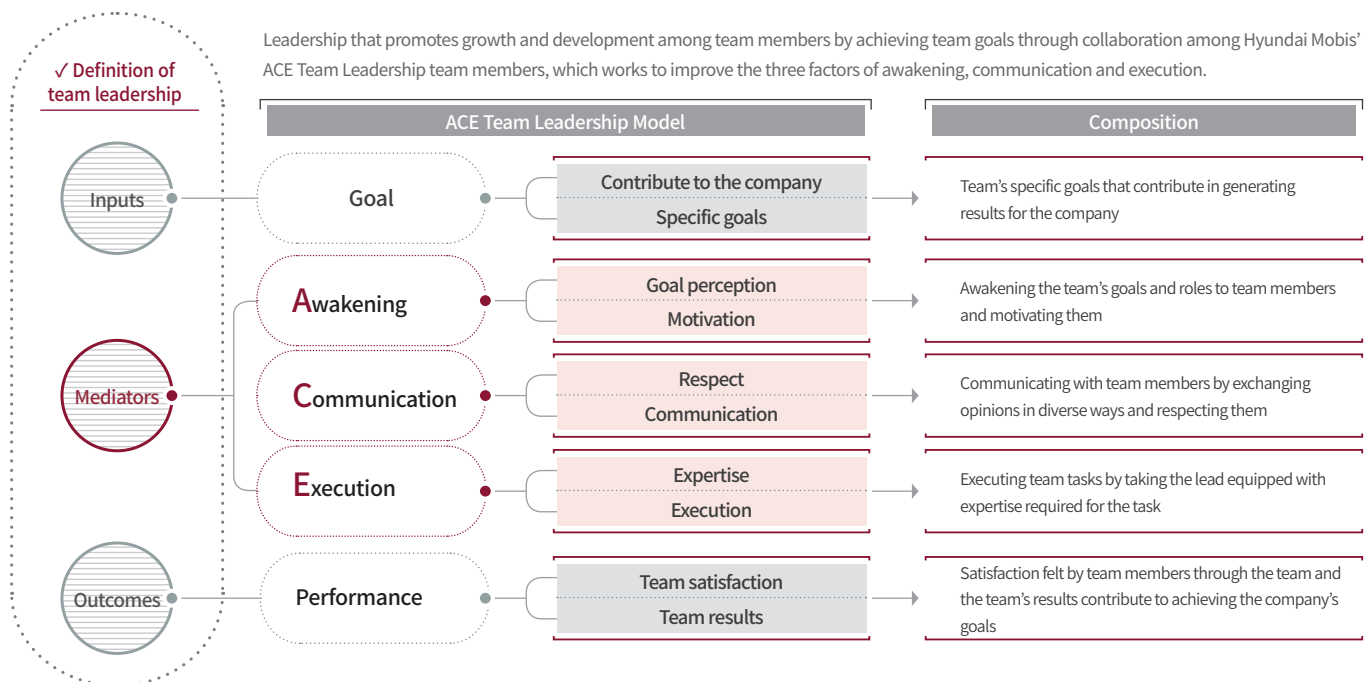
In recognition of the need to change the existing leadership paradigm, Hyundai Mobis reorganized its regular leadership programs mainly for teams to realize practical leadership by developing field-oriented leadership. We decided to support the new learning unit and learning method as we diagnosed and managed the effectiveness of training. As a result, we developed field-oriented leadership within a team unit (team leader+team members), while also encouraging self-directed learning in real time under the team leader's supervision. Time-series analysis and trend management are conducted for the team leadership diagnosis model.

In 2014, Hyundai Mobis developed the Team Leadership ACE Model. We diagnosed the team leadership against managerial office workers at the company a total of four times, twice each in 2015 and 2016. Later in December of the same year, we provided practical management for each team through a briefing session to give feedbacks on the results of the team leadership diagnosis. In 2016, we developed and operated a 100-day strategy program for new team leaders to improve their leadership competencies while taking into consideration their responsibilities and roles at the company, including HR assessment, team member development and ethical management. Hyundai Mobis plans to implement continuous monitoring and share the results by identifying analysis results in real time and setting up implementation plans through performance indicator sharing. Going forward, we will run customized leadership training programs for each team led by different team leaders on site.

### Fostering Global Leaders

In order to dispatch outstanding people to overseas subsidiaries around the world, Hyundai Mobis is doing its best to develop experts for each region. We upgraded our training courses provided at overseas subsidiaries so that staff members dispatched overseas can quickly adapt to the new business environment and easily get used to the local language, culture and business environment. We have a pool of local experts including those situated in English-speaking regions (the U.S., Europe), Chinese-speaking regions (China) and other regions (Mexico, Brazil), enabling employees sent abroad to learn the local language and culture. In the case of local experts for China and Brazil, we improved the training system so that employees can learn the language in Korea before going on to take training courses at local universities or language institutions. Through the business skill language programs, employees can learn communication skills required for working at overseas subsidiaries while also learning the language. In order to ensure staff members sent overseas fulfill their basic roles, we provide training on the roles and responsibilities of overseas subsidiaries, the region's safety environment, incidents at overseas subsidiaries, and the Foreign Corrupt Practices Act (FCPA). Moreover, we run global leadership competence-building programs to nurture their mindsets as global leaders. Besides the employees dispatched overseas, we also provide family workshops to help family members adapt to local environments by providing training on different cultures, global manners and meeting with family members when returning home.

### ACE Team Leadership Definition and Model



## Evaluation and compensation

### Performance Evaluation

Hyundai Mobis develops talented employees through a suitable human resources system, which evaluates employee performance in two aspects: individual competencies and performance results.

Individual evaluations are made based on individual competencies in consideration of team performance as measured by KPIs (key performance indexes). The KPIs reflect management's annual goals, with the evaluation scheme sharing the same approach for all teams. Each performance indicator is classified into quantitative and qualitative indicators to ensure objectivity in the evaluation results. There is brief feedback provided whenever a target is not reached. Team members are evaluated on their competencies, while team leaders are evaluated for their leadership based on a multilayered evaluation criteria list.

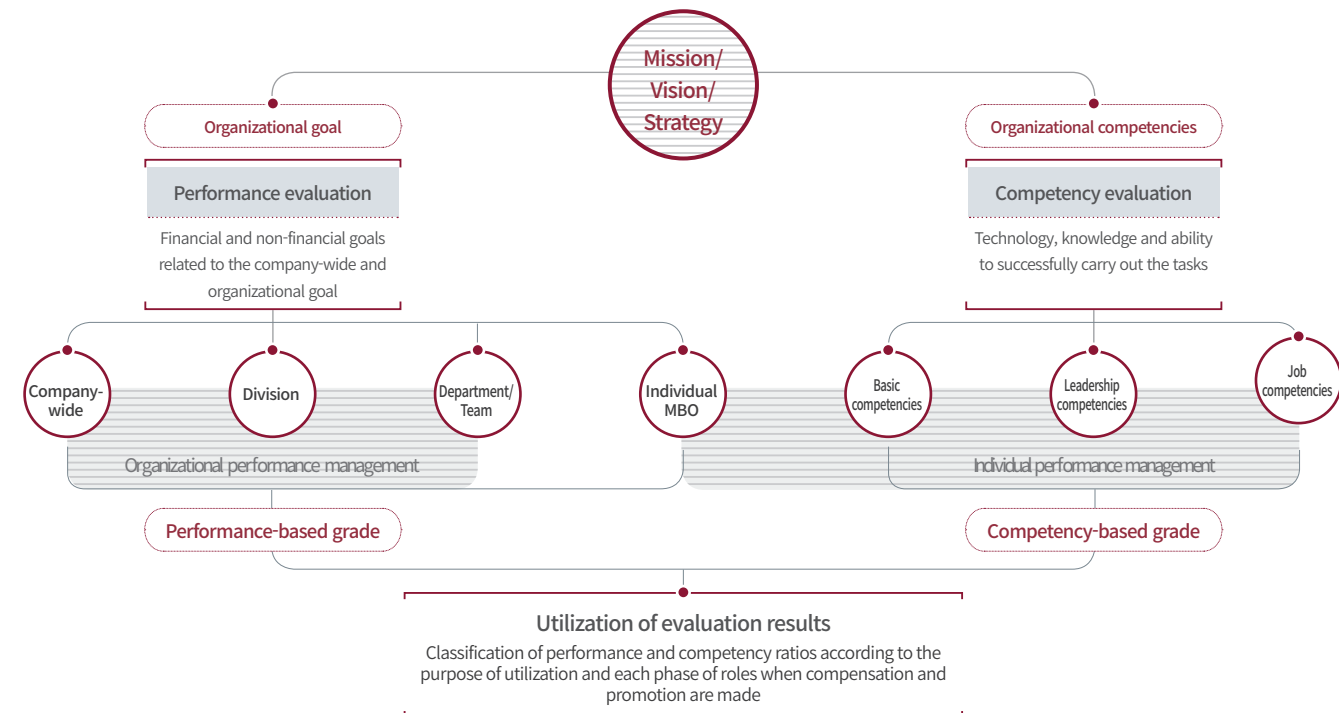
### Performance-based compensations

Performance-based compensations differ for each job position and evaluation, but there is no gender discrimination in compensation. Moreover, compensation is incentivized for managers and executives to provide additional motivation. Promotions are only made after reviewing employee performance in consideration of HR evaluations, language skills, certificates, and completed training. Those with outstanding accomplishments qualify for promotion regardless of their seniority.

### Performance Evaluation System

Hyundai Mobis has clear operating standards and procedures along with systematic HR management policies that comply with performance-based, role-based and operating excellence principles that contribute to motivating employees and revitalizing the organization.

### Performance Evaluation System



### Individual Performance Evaluation

Classification	2015			2016			Note
	No. of employees evaluated	No. of employees compensated	Percentage	No. of employees evaluated	No. of employees compensated	Percentage	
KPI-based evaluation	8,672	8,672	100%	9,225	9,225	100%	
Multi-layered evaluation	8,672	437	5%	9,225	485	5%	Persons in positions of above executives (excluding above managing directors) and team leaders
Compensation linked to relative evaluations	8,672	3,238	37%	9,225	3,558	39%	Persons in positions of above executives (excluding above managing directors) and managers

## Diversity and Human Rights

### Promoting Diversity in the Workplace

Hyundai Mobis pursues a creative corporate culture that consists of employees from diverse backgrounds and respects human rights as part of its core values. As such, we have diverse systems to ensure our employees can utilize their individual competencies without any discrimination based on gender, nationality or academic background.

### Gender Equality

As of 2016, Hyundai Mobis had 1,026 female employees, accounting for 11.1% of the domestic workforce. We have female employee lounge including a nursing room at all worksites. At the Mabuk Technical Center, there are separate parking spaces for pregnant employees who are easily recognizable with their pink-colored employee cardholders, so that female employees can enjoy a better working environment. In addition, Hyundai Mobis strictly prohibits female workers from being involved in dangerous or harmful tasks, and does not tolerate any form of sexual harassment in the workplace. In support of employees in their attempt to maintain a healthy work-life balance, and to prevent female workers from unwillingly interrupting their careers, the company has in place advanced maternity and parental leave programs and encourages employees to apply for leave when necessary, while also providing flexible work schedules for female employees who took leave to give birth or take care of their children.



Hyundai Mobis encourages the use of maternity and parental leave as part of its commitment to supporting a healthy work-life balance and preventing female workers from career interruptions due to child care.

### Overseas Employees

Hyundai Mobis actively recruits outstanding overseas employees in line with plans to grow its international operations. In order to help locally hired employees working at overseas subsidiaries quickly adapt to Korean culture, we provide opportunities to enhance cultural understanding through language and culture education. In addition, we invite local employees from overseas to visit our head office, technical centers and regional worksites in Korea, so that they get a better understanding of the company and Korean culture.



Invitational event for employees from overseas subsidiaries

### Return to Work After Using Parental Leaves

Classification		2014			2015			2016		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Maternity Leaves	No. of employees on maternity leave	-	77	77	-	62	62	-	76	76
	Rate of returning to work after a leave (%)	-	100	100	-	95	95	-	95	95
	Rate of working for at least 12 months or longer after returning to work (%)	-	97	97	-	90	90	-	-	-
Childcare Leaves	No. of employees on childcare leave	1	75	76	2	81	83	6	100	106
	Rate of returning to work after a leave (%)	100	100	100	100	99	99	100	99	99
	Rate of working for at least 12 months or longer after returning to work (%)	100	96	96	100	93	94	-	-	-

※ 2016 figures for employment for at least 12 months or longer after returning to work will be available at the end of 2017.

### Strengthening Communication between Generations and Employees in Different Job Positions

Hyundai Mobis holds team seminars and meetings with top management to increase synergies by strengthening communication and cooperation between generations and employees in different job positions. In the case of division-based seminars on core values, we identify corporate culture issues at divisional levels and resolve them to come up with innovative initiatives that encourage actual changes while performing job duties. A total of 10 division-based seminars have been held to develop twenty-two company-wide campaigns. For team-based seminars, we systematically managed seminars through a comprehensive management process, including preliminary diagnosis, schedule setting and result reporting. Additionally, we implemented diverse programs to create a communicative and trust-based corporate culture where the top management and employees can communicate openly. In 2016, the CEO held various events for employees each month, such as birthday celebrations, meals and movies events. Moreover, we held Junior Board and division-based meetings to provide more opportunities for employee participation and tried to reflect employee opinions when setting management policy direction.



### Casual Fridays to Create a Flexible Corporate Culture and Respect Individuality

Hyundai Mobis has designated the last Friday of each month Casual Friday to respect the individuality of its employees and create a flexible corporate culture. Casual Fridays allow employees to wear business casual attire instead of business formal suits that are standard in Korean corporate culture. Casual Fridays have become a monthly event that shows the company's will to encourage a flexible horizontal and vertical corporate culture, to encourage its employees to think outside the box. Staring from 2017, the company will make Casual Fridays a weekly event to highlight the company's ardent desire to create a flexible corporate culture that encourages the individuality of each employee.

## Respecting Human Rights

### Internal Ombudsman System

Hyundai Mobis has established an internal ombudsman system. The Cyber Auditor Office is open to reports on unethical conduct and improper decisions, including infringement on human rights and associated disciplinary action. A company-wide evaluation that includes business ethics indicators, corporate culture diagnosis, core value surveys, and employee engagement surveys is instrumental in helping the company measure employee sentiment, communication, work-life balance, work-related stress, and ethics awareness. The key issues derived from these research results are then reported to the management board for reflection in innovation initiatives at each divisional level.

### Compliance with Labor Laws

Hyundai Mobis faithfully abides by local labor laws and related regulations in all countries it operates in, and respects local cultures and social norms in its personnel management practices. Moreover, we guarantee employees the right to form unions, representative bodies and collective bargaining entities under all related laws and regulations in Korea and overseas, as well as the right for them to carry out union activities. In 2016, 5,336 people, or 56.9% of our total workforce, were entitled to collective bargaining. Hyundai Mobis arranges quarterly collective bargaining and labor management council meetings, and hosts annual labor-management joint business presentations to strengthen mutual partnerships. Also, the company strictly abides by all laws and regulations regarding human rights and labor, and extends generous working conditions and fringe benefits under its collective bargaining agreements that go above and beyond legal requirements.

### Achieving a Work-Life Balance

Under the belief that efficiently and effectively fulfilling job duties while eliminating unnecessary hindrances is the basis for flexibly responding to the changing business environment and achieving continuous growth, Hyundai Mobis has been internalizing a work smart environment as part of its corporate culture.

To achieve this, we share information through various systems to ensure smooth communication and cooperation, including the centralization of knowledge assets through MCloud and the reorganization of the imobis report and approval system to achieve a paperless work environment. For a genuine work smart environment, we selected five innovative initiatives (meeting/document writing/work guidance/report, approval/cooperation) with guidelines to improve role fulfillment through related manuals and handbooks in e-book format to help employees enhance their levels of understanding. In addition, we reached a consensus and raised awareness through change management activities to encourage employees to change their mindset about how they work.

As a result, the average Work Smart Index (WSI) for 2016 increased by 6.3 points compared to the previous year.

## Creating a Healthy and Safe Working Environment

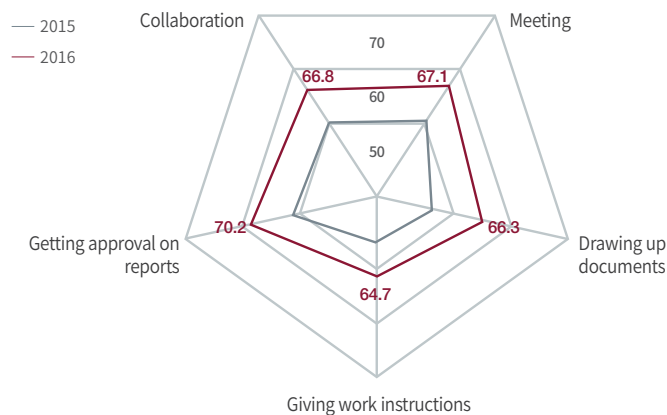
In order to promote the health of employees, Hyundai Mobis has in-house workout rooms at each worksite/regional center, and a non-smoking campaign in alliance with local public health centers. Since 2014, we have operated Healing Sam, which provides counseling services offered by clinical psychologists to act as communication channels between management and employees. The program also provides training on mental health and changing corporate culture, as well as conducting team-based psychological diagnosis. In 2016, we promoted the psychological health of our employees with 879 consultations that resolved workplace issues and offered relationship coaching. Under the safety-first management policy that aims to make employee health and safety the top priority in all business activities, Hyundai Mobis has been implementing diverse policies to enhance employees' satisfaction levels and create a safe working environment. We set up a Safety & Environment Team to be in charge of company-wide health/safety/environmental management activities at domestic and overseas worksites. In order to thoroughly manage safety at all worksites, we selected safety & environment staff and established specific and realistic improvement plans to prevent industrial accidents. Moreover, we came up with countermeasures to meet the growing public need for sustained social responsibility and increased control over safety/environmental risks. Additionally, we set up the Industrial Health & Safety Management Committee to deliberate and decide on major issues and policies regarding the company's health and safety management.

In 2013, Hyundai Mobis was the first to obtain OHSAS 18001 (Occupational Health & Safety Assessment Series) certification and KOSHA 18001 (Korea Occupational Safety & Health Agency) certification for all its domestic production lines, and has maintained the certifications by passing follow-up reviews in 2016. Additionally, all of our overseas production sites established and operated OHSAS 18001 systems, so that all domestic and overseas plants implemented systematic health & safety management policies by stipulating detailed action plans and guidelines for application in day-to-day role fulfillment. In order to achieve the goal of a zero-accident workplace, Hyundai Mobis has implemented various health and safety initiatives, while also setting up an autonomous and advanced safety management system by managing performance to reach goals set for each field, evaluating company-wide health & safety KPIs, and offering rewards for outstanding performance and zero-accident worksites.



Healing Sam

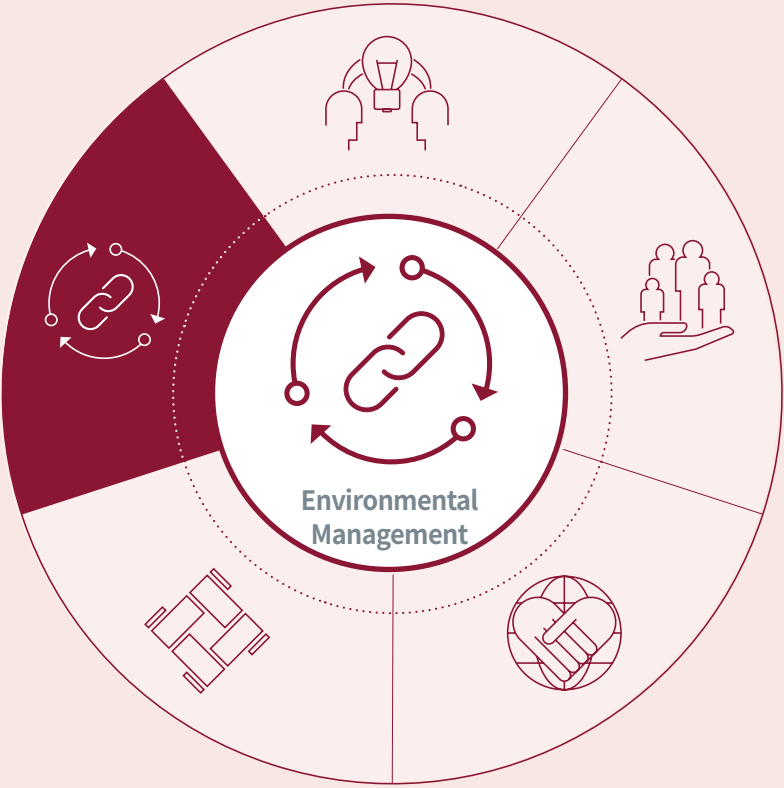
## Result of Work Smart Analysis



5

Environmental Management

Hyundai Mobis has established a global energy management system to ensure efficient energy consumption and reduce CO<sub>2</sub> emissions, thereby proactively responding to climate change. Additionally, we will achieve sustainable growth by striving to reduce the use of hazardous substances and waste generation while focusing on the development of eco-friendly materials.



Domestic Water Resource Use in 2016  
Compared to 2015  
(Unit: %)

27.5

↓

Domestic Energy Consumption in 2016  
Compared to 2015  
(Unit: %)

16.4

↑

Domestic Waste Discharge Volume in 2016  
Compared to 2015  
(Unit: %)

16.8

↓

Progress in 2016

- Proactive response to chemical management regulations
- Strengthen activities for reducing pollutants
- Develop suppliers' reduction technologies for environmental impacts

2017+

- Expand greenhouse gas emission and energy reduction technologies to all worksites
- Facilitate the resource circulation through waste recovery and recycling
- Strengthening operating process for hazardous substances

## Environmental Management System

Hyundai Mobis sets detailed implementation tasks and goals for environmental management on a yearly basis, and shares major issues and status with internal and external stakeholders. As of the end of 2016, all our operations, including 29 plants and 29 parts operations at home and abroad, had obtained ISO 14001 certificates, the international standard for environmental management systems, which is renewed every year through certification review through comprehensive inspection and improvement of environmental management at each site.



In order to effectively respond to domestic and overseas regulations on GHG emissions and energy consumption, Hyundai Mobis has established and implemented eco-friendly management strategies.

### Input & Output Flowchart (domestic)

Input			Output		
	2015	2016		2015	2016
Water use	824,000 tons	598,000 tons	GHG emissions	112,350 tCO <sub>2</sub> eq	119,628 tCO <sub>2</sub> eq
Electricity	2,073 TJ	2,210 TJ	Air pollutants	51.9 tons	75.4 tons
Fuel	198 TJ	209 TJ	Water pollutants	11.5 tons	64 tons
Solvents	4,328 tons	3,974 tons	Recyclables	9,692 tons	7,894 tons
Plastics/rubbers	27,387 tons	41,501 tons	Wastes	18,176 tons	15,127 tons
Metals	305,007 tons	224,723 tons			

### Mid-to long-term Implementation Directions for Environmental Management



### Input and Utilization of Resources

#### Metals

In 2016, Hyundai Mobis used 224,723 tons of metal raw materials, down by 26.32% compared to the previous year. This reflects the recent trend of lightening the weight of frames and parts in cars with light but high-strength materials like plastic and aluminum.

#### Petrochemical Products

To increase fuel efficiency and the recycling rate of end-of-life vehicles, Hyundai Mobis strives to raise the recovery rate of its products and gradually phase in composite plastics to lighten the weight of its products, and ultimately of automobiles. Since 2010, we have adopted a process that collects and recycles fugitive paint powders that scatter during the coating

lamp lens process, thereby lowering the loss of solvents and raising efficiency. In 2016, our petrochemical product use increased by 51.54 percent in plastics/rubbers (41,501 tons) and decreased by 8.18 percent in solvents (3,974 tons).

## Energy

In 2016, Hyundai Mobis consumed a total of 6,876TJ (domestic 2,419TJ, overseas 4,457TJ) of energy at domestic and overseas worksites. The amount of energy consumed increased by 16.4% compared to the previous year, showing increased energy consumption internationally (22.5%) compared to domestic operations (6.7%) due to the expansion of production and manufacturing sites. Meanwhile, Hyundai Mobis has completed building the GEMS (Global Mobis Energy Management System) at major domestic and overseas worksites in 2016, thereby aiming to reduce company-wide energy intensity (TJ/KRW 100 million) and manage energy systematically at each individual worksite and facility.

## Water Resources

Characteristic to the assembly process, our total use of water resources is not very high, and we make use of industrial water and water services, neither of which have an influence on biodiversity. In order to raise the re-use/recycling rate, Hyundai Mobis has continuously invested in improving facilities, including addressing cooling tower overflow and increasing the recovery of steam condensing water, so that we used 27.5% less water than the previous year.

### Domestic/Overseas Energy Consumption

Amount of raw materials used	Unit	2014	2015	2016	Change compared to 2015 (%)
Total of domestic and overseas energy consumption	TJ	5,622	5,906	6,876	16.4%
Consumption intensity	TJ/KRW 100 million	0.016	0.016	0.018	9.6%
Domestic energy consumption	TJ	2,124	2,268	2,419	6.7%
Overseas energy consumption	TJ	3,498	3,638	4,457	22.5%

### Domestic Raw Material Use

Amount of raw materials used	Unit	2014	2015	2016	Change compared to 2015 (%)
Metals	tons	321,610	305,007	224,723	-26.3%
Plastics	tons	11,613	27,387	41,501	51.5%
Solvents	tons	5,781	4,328	3,974	-8.2%

### Domestic Water Resource Use

Amount of raw materials used	Unit	2014	2015	2016	Change compared to 2015 (%)
Total volume of water resources used	1,000 tons	1,099	824	598	-27.5%

## Pollutant Emissions & Control (Output)

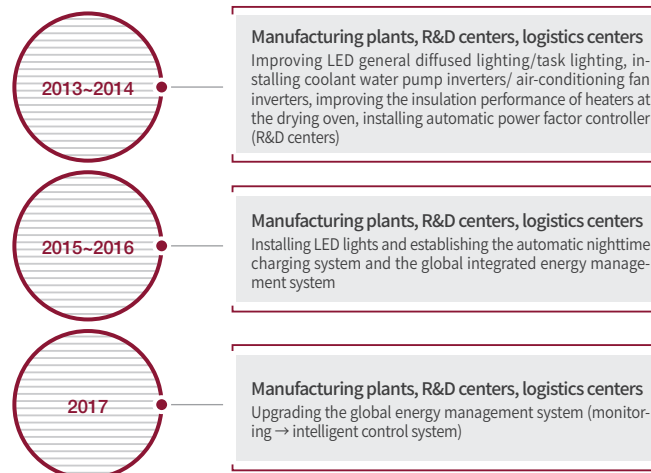
### GHG Emissions Control

After being designated as a company managed under the Korean GHG & Energy Target Management System in accordance with the Basic Act on Low Carbon Green Growth in 2014, Hyundai Mobis fulfilled its reduction obligation for the first time in 2016. As a result of implementing detailed goals and reduction plans for different worksites that aim to reduce emissions by 10.8% compared to the emission quota determined by the government, we emitted 119,628 tons of GHG and succeeded in reducing our emissions by 22.3% to exceed the quota.

In recognition of the need to mitigate climate change that has become a social issue, Hyundai Mobis has made many efforts to control GHG emissions as part of fulfilling its CSR. Since the establishment of its in-house MGMS (Hyundai Mobis Greenhouse-gas Management System) in 2011, we calculate company-wide GHG emissions, analyze statistics and set up a database with regular updates, while also participating in the Carbon Disclosure Project (CDP) to disclose our GHG emissions management performance to stakeholders.

In 2016, we completed building the GEMS (Global Mobis Energy Management System) at 17 domestic sites (12 plants, the Mabuk Technical Center, Asan and Ulsan Logistics Centers) and 4 overseas sites, which are expected to contribute to providing real-time measurement and analysis for energy and GHG emissions reduction, including energy consumption and conditions, costs and quality used in diverse facilities and equipment through efficient energy management based on IT system. The GEMS has been set up at 27 domestic sites, and it will gradually expand to cover 13 overseas sites. Meanwhile, Hyundai Mobis has reduced logistics costs through various activities aimed at boosting logistics efficiency, including enhancing logistics imports and exports, improving CKD aviation logistics, optimizing global shipping, improving and applying logistics systems. During the delivery process of logistics, we also contributed to reducing GHG emissions.

### Energy Reduction Activities



## Status of Waste Generation, Recycling and Reproduction

Hyundai Mobis has made many efforts to manage the entire process of emissions, transport and treatment of waste by utilizing an online legal waste treatment system (Allbaro System: the Ministry of Environment's waste management system), as well as raising the waste recycling rate. Under the voluntary agreement on the recovery and recycling of plastic wastes signed with the Ministry of Environment in 2012, we have improved our recycling of automotive AS parts, including plastic-containing bumpers and moldings, contributing to minimizing the environmental impact of manufactured goods. In 2016, a total of 15,127 tons of waste were generated from Hyundai Mobis' domestic operations, and 52.2% percent (7,894 tons) were recycled. The remaining amount was incinerated (44.7%) or landfilled (3.1%).

## Pollutant Emissions Control

Hyundai Mobis manages and controls its pollutant emissions by means of both pollution prevention facilities and regular monitoring, while preparing for accidental leakage of pollutants through continued facility checks and improvements. Moreover, in order to reduce the generation of VOCs from the coating/painting process, the main cause of global warming and ozone depletion, we increased the use of water-based paints in our painting process to reduce air pollutant emissions, while optimizing environmental facilities and replacing old air pollution prevention facilities to minimize our impact on air quality. As for water pollutants, the company treats all wastewater from washing automotive parts at wastewater treatment facilities at each plant before discharging it into public sewers, or retreats it at public sewage treatment plants. In particular, the wastewater treatment facilities make efforts to minimize the impact of water pollutants by applying stricter standards of wastewater treatment that remain 50 percent stricter than legal requirements.

## Hazardous Substance Management

Hyundai Mobis has established the MCMS (Mobis Chemical Management System) for the systematic management of chemical substances to prevent the use of hazardous substances in advance, a system applied to all domestically produced car models. Besides fulfilling the obligation to report

chemical substances used by country and preventing the use of hazardous substances in the R&D stage, we promptly respond to stakeholders' requests for data. In addition, Hyundai Mobis collects information on listed hazardous substances contained within automotive parts, while also conducting regular monitoring through an international material data system, enabling prompt response to important changes made.

## Restrictions on the Use of Four Heavy Metals and Ozone Layer Destroyers

The Hyundai Motor Group has in place Global Standards for the Four Heavy Metals to meet the requirements necessary as outlined in global regulations on control of end-of-life vehicles (ELVs). Accordingly, Hyundai Mobis controls its use of the four regulated materials (lead, cadmium, hexavalent chromium, and mercury) in all its components and raw materials, and is continually striving to develop substitutes for these materials.

Additionally, we have signed numerous green components/parts supply agreements with suppliers not to use these substances, while supporting their use of substitutes that have little or no environmental impact and prohibiting the use of substances that deplete the ozone layer at domestic plants and in our partner companies' manufacturing processes.

## Developing Eco-friendly Materials

Hyundai Mobis restricts the use of hazardous substances, and strives to develop substitutes for these substances. As part of such efforts, Hyundai Mobis successfully developed a lead-free solder without any lead components to be used in electronic devices produced internally. The initial mass production of lead-free solders started from the second half of 2014 to verify the credibility of the product, followed by an expansion of the scope of mass production in the second half of 2015 and application to the European Union's end-of-life vehicles starting from 2016. Meanwhile, eco-friendly bio plastics that may be installed in cars are made from plant resources, which are made in collaboration with bio and chemical technologies. Hyundai Mobis and Hyundai Motor Group are currently conducting joint research to mass produce biocomposite materials, as well as developing additional technologies to increase mass production.

### Domestic and overseas GHG emissions

Emissions	Unit	2014	2015	2016	Change compared to 2015 (%)
Total GHG emissions	tCO <sub>2</sub> eq	278,361	292,234	339,701	16.2%
Emissions intensity	tCO <sub>2</sub> eq/KRW 100 million	0.8	0.8	0.9	9.4%
Domestic	tCO <sub>2</sub> eq	105,238	112,350	119,628	6.5%
Overseas	tCO <sub>2</sub> eq	173,123	179,884	220,073	22.3%

### Domestic waste emissions volume

Emissions	Unit	2014	2015	2016	Change compared to 2015 (%)
Emissions, Waste emissions volume (designated/general)	tons	19,533	18,176	15,127	-16.8%
Emissions intensity	tons/KRW 100 million	0.11	0.10	0.08	-20.0%

### Domestic air pollutant emissions

Emissions	Unit	2014	2015	2016	Change compared to 2015 (%)
Air pollutant generation by year	tons	46.0	51.9	7.5	-85.5%
Pollutant emissions					
Emissions intensity	kg/KRW 100 million	0.2	0.3	0.0	-86.0%

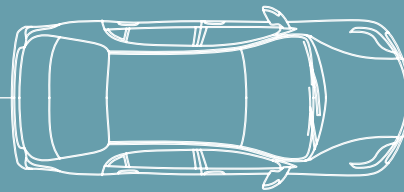
### Domestic water pollutant generation

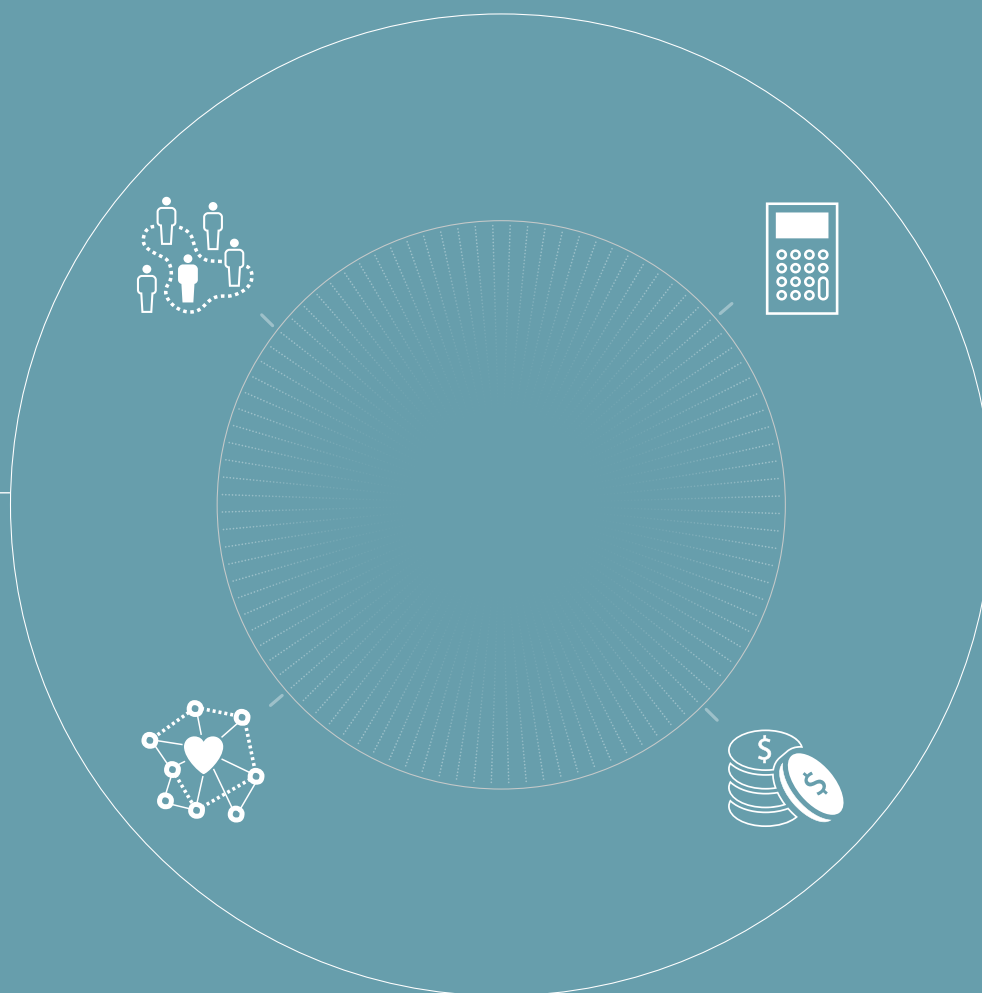
Emissions	Unit	2014	2015	2016	Change compared to 2015 (%)
Domestic water pollutant generation	tons	233	115	64	-44.4%
Emissions intensity	kg/KRW 100 million	0.13	0.06	0.03	-46.6%

# Corporate Achievements

## General Issues

In order to fulfill its CSR and inspire credibility in stakeholders, Hyundai Mobis has an independent board of directors under a transparent and healthy corporate governance system to achieve win-win partnerships and implement ethical management practices. Through these efforts, we aim to become a global top tier producer respected in the auto parts industry by protecting future resources and enhancing corporate values.





# Corporate Governance

In order to increase corporate values and protect the interests of stakeholders, including shareholders and customers, Hyundai Mobis has set up a board of directors under a transparent and healthy corporate governance system. Outside directors account for more than 50% of the board to ensure that all stakeholder opinions are reflected in the decision-making process and strengthen the board’s independence, with subcommittees supporting the BOD’s efficient operations with expertise in their respective areas.

## Ownership

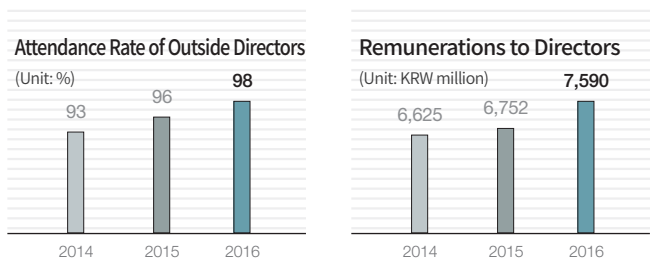
As of the end of 2016, Hyundai Mobis’ outstanding shares totaled 97,347,837 shares (including 97,343,863 common and 3,974 preferred shares). The largest shareholders and persons of vested interest held 30.17 percent of total shares, while the aggregate number of shares held by minority shareholders below 1/100 ownership of the company’s equity capital accounted for 59.4 percent of total shares for the same period.

## Operation and Remuneration of the BOD

In 2016, the board of directors (BOD) convened 10 meetings to deliberate and resolve 37 agenda items and reports. The attendance rate for outside directors stood at 98 percent that year. Remuneration is made to board members within the limits approved by the general shareholders’ meeting based on the reported performance review results. In 2016, a total of KRW 7.59 billion was paid out from a budget of a KRW 10 billion ceiling.

## Status of the BOD

The BOD of Hyundai Mobis is the top decision-making body that represents its diverse stakeholders, and supervises and approves resolutions on major management issues to ensure the company’s long-term growth. As of the end of 2016 (reporting period), Hyundai Mobis’ BOD consisted of nine directors, including four internal and five outside directors. As the automotive parts business requires prompt decision making and large-scale investments, the CEO concurrently takes the chair of the BOD, while the company runs an Outside Director Recommendation Committee to make sure the BOD functions independently regardless of the CEO’s concurrent positions.



## Ownership Structure (As of Dec. 31, 2016)

Classification	Common (shares)	%	Preferred (shares)	%
International investors	43,651,055	44.8	174	4.4
Domestic institutional investors	18,620,524	19.1	88	2.2
Domestic individual investors	3,061,910	3.1	3,712	93.4
Largest shareholders	29,367,179	30.2	0	0.0
Treasury stocks	2,643,195	2.7	0	0.0
Total	97,343,863	100.0	3,974	100.0

## BOD Composition (As of Dec. 31, 2016)

Classification	Name	Responsibility/Additional Job	Functions		Note
Inside director	Mong-koo Chung	Chairman & CEO			
	Eui-sun Chung	Vice Chairman			Member of Outside Director Recommendation Committee
	Young-deuk Lim	President & CEO			Chair of Outside Director Recommendation Committee
	Yong-bin Han	Chief Finance Officer			
Outside director	Tae-woon Lee	Senior Partner, The One Law Firm	Member of Audit Committee	Chair of Ethics Committee	
	Byung-joo Lee	Advisor at Bae, Kim & Lee (BKL) Law Firm	Member of Audit Committee	Member of Ethics Committee	Member of Outside Director Recommendation Committee
	Ji-soo Yu	President, Kookmin University	Member of Audit Committee	Member of Ethics Committee	Member of Outside Director Recommendation Committee
	Woo-il Lee	Professor, Seoul National University	Member of Audit Committee	Member of Ethics Committee	Member of Outside Director Recommendation Committee
	Seung-ho Lee	Advisor at Yulchon Law	Chair of Audit Committee	Member of Ethics Committee	

## Independence of the BOD and Appointment of Directors

At Hyundai Mobis, outside directors account for the majority of the BOD to ensure its independence in accordance with the Commercial Act. As a person with related expertise and experience who has no special relationship of interest with Hyundai Mobis, an outside director is recommended by the Outside Director Recommendation Committee and appointed at the general shareholders' meeting. The outside director is appointed only after the Korea Exchange verifies the legal qualifications and independence of each candidate based on the submitted qualification certificate before approving their appointment. Among the three BOD subcommittees, the Ethics Committee and the Audit Committee are comprised only of outside directors to ensure independence in their activities.

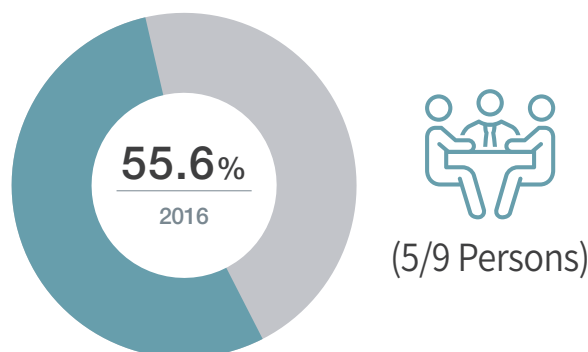
### Subcommittees

Under the BOD are three subcommittees-an Audit Committee, Ethics Committee and Outside Director Recommendation Committee-all of which support BOD activities with their expertise in their respective areas under their own authority to monitor management activities in a transparent and responsible manner.

#### Ethics Committee

The Ethics Committee is operated for the purpose of strengthening ethical management and creating an ethical corporate culture by overseeing related activities, including compliance programs, transactions with persons that have special interests, and amendments and enforcements of the code of ethics and important policies related to ethical management and social contributions. In 2016, the committee convened seven meetings to review social contributions and ethical management performance and plans, while also approving agenda items regarding financial transactions with the Group's financial affiliates according to the provisions of contracts and the limits on transactions with the company's largest shareholders. Starting from 2017, the committee will change its name to the Transparent Management Committee to reflect domestic and overseas shareholders' opinions when making important management decisions that impact shareholder value, such as major asset acquisition and disposal, as well as expand the transparent decision-making structure by creating a new position in charge of protecting shareholders' rights and interests.

### Percentage of Outside Directors



#### Audit Committee

The Audit Committee audits general management activities and accounting practices. The committee has the authority to request that directors report on operations and to examine the company's financial status and operational practices. It convened a total of six meetings in 2016 to deliberate the audit results of the company's financial statements, and review internal accounting control system operations.

#### Outside Director Recommendation Committee

The Outside Director Recommendation Committee consists of both internal and outside directors and has the right to recommend candidates for outside director positions. The recommended candidates are approved by the BOD before being appointed at the GSM. In 2016, the committee held three meetings to fulfill its duties.

# Compliance

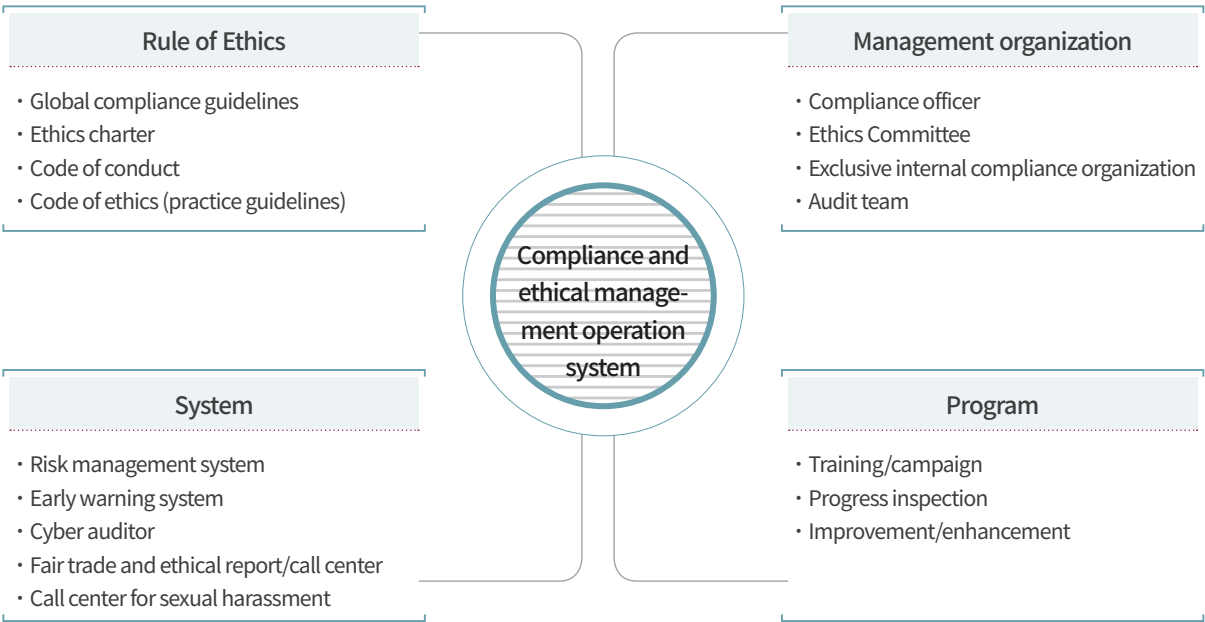
In order to achieve sustainable growth by becoming a global top tier manufacturer in the auto parts industry, Hyundai Mobis implements compliance and ethical management practices that comply with laws, principles and ethical values. To achieve this, we prevent illegal, wrongful and unethical acts, while also establishing regulations and management systems to create transparent and fair working environments, with the expansion of diverse implementation programs. Hyundai Mobis will fulfill its CSR by improving its level of compliance and ethical management and inspire credibility in all stakeholders.

## Compliance System

### Compliance and Ethical Management System

Hyundai Mobis established and operates a compliance and ethical management system for its employees, customers and suppliers. Domestic and overseas employees comply with Hyundai Mobis' global compliance guidelines and code of ethics while utilizing them to judge value and establish standards. The dedicated compliance organization plans and implements detailed action programs for prevention, inspection and improvement activities. The Ethics Committee comprised of outside directors appoints a compliance officer to ensure the creation of a more transparent and ethical corporate culture. To do this, we have in place various internal systems,

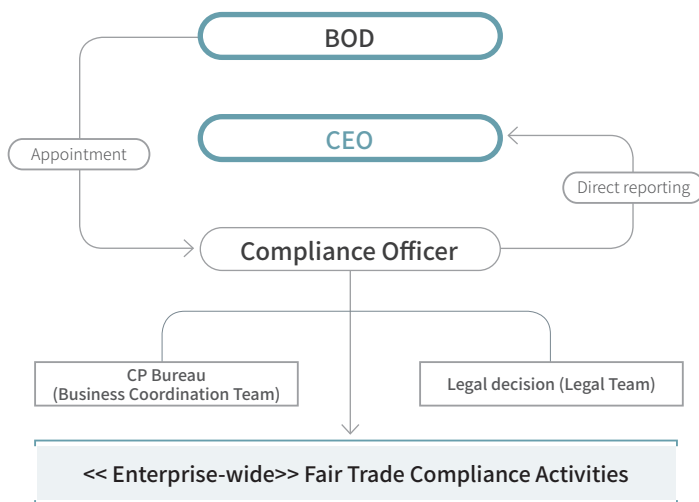
including an online reporting and consultation center, an information security early warning system and a web-based risk management system for preventing wrongdoing. Besides this, we also contribute to the prevention of illegal and unethical issues while enhancing fair trade practices, by adopting a standard contract management system, standardizing internal control procedures and computerizing electronic contracts, bids/purchases and price decisions.



## Fair Trade Compliance Program

Hyundai Mobis works to ensure the establishment of a fair trading order in recognition of fair trade and competition being the basis for sustainable growth. Accordingly, we adopted a Compliance Program (CP) as part of our bylaws for legal compliance in December 2002. The compliance officer serves as the chief facilitator of overseeing company-wide CP operations and is appointed by the company's highest decision-making body, the BOD. In order to ensure independence, the compliance officer is entrusted by the CEO with the authority and responsibility to smoothly run all CP operations, including complying with company-wide fair trade laws and regulations as well as activities to prevent law violations.

Established to support the compliance officer, the CP bureau takes charge of practical CP operations throughout the company, and provides expertise related to CP activities in collaboration with the legal affairs team. The CP bureau and the legal affairs team contribute to efficient CP operations by being under the control of the compliance officer.



### Global Compliance Guidelines

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Anti-corruption	224
Fair Transactions	210
Customs duty	222
Personal information protection	220
Employment	222
Environment	222
Intellectual property	224
Product safety	222

Hyundai Mobis has established global compliance guidelines to ensure universal standards of behavior for employees. The global compliance guidelines enacted in 2015 includes detailed action guidelines in 8 areas, including anti-corruption, fair trade, employment and environment. Hyundai Mobis provided these guidelines in both Korean and English to ensure those working abroad become familiar with them, thereby enhancing employees' ethical and compliance awareness and helping to prevent legal risks from arising as part of its efforts to eradicate unethical and illegal activity, as well as work towards creating a fair and transparent corporate culture.

※ Global compliance : <http://en.mobis.co.kr/global/contentsid/2220/index.do>  
 ※ Code of Ethics : <http://en.mobis.co.kr/ethics/contentsid/2218/index.do>

## Program

### Compliance and Ethical Management Training

Hyundai Mobis held compliance training to raise employee awareness about anti-corruption efforts in accordance with the Improper Solicitation and Graft Act that came into effect on September 28, 2016. The training consists of information on the background and meaning of the Act, the main details and precautions for employees, which aim to prevent illegal acts in advance by reviewing and improving existing work practices. Also, in order to create a fair and transparent work environment, we provided compliance training programs required by different units of the company, including training related to the Fair Trade Act, Fair Transactions in Subcontracting Act and labor law. Meanwhile, Hyundai Mobis is increasing training effectiveness by providing action guidelines based on situational examples that may arise during actual work duties and emphasizing the importance of ethical management. The situational examples are comprised of the following: reporting procedures and reward and punishment regulations; requests for pecuniary interests and prohibition of receipt; faithful and fair job performance; protection of the company's assets and information; prevention of sexual harassment; prohibition of unfair equity investments related to suppliers; and transparency when selecting suppliers. Through these efforts, Hyundai Mobis' employees establish behavioral standards for actual job duties and put into practice ethical management practices at work sites.

Compliance with Fair Transactions

Activities to Review Compliance with Fair Transactions

Hyundai Mobis systematically implements activities to review compliance with fair transactions to ensure that day-to-day job duties are free of any legal violation risks. A CP website is maintained to provide easy access for employees who need more information on fair transactions, allowing them to make inquiries to the website if any CP issues arise while performing their duties. Also, a checklist on the website allows employees to preemptively screen for legal risks. If and when they discover a risk(s), or are not sure about a particular compliance issue, employees are advised to receive a preliminary review through a legal support system in order to prevent any legal risks from arising. The CP Bureau carries out company-wide prevention activities, such as identifying risk exposure of legal violations in each business division of the company regarding the Fair Trade Act and Fair Transactions in Subcontracting Act, and reviewing and improving job performance on a regular basis. Moreover, we frequently engage inactivities to improve job performance in accordance with changes to government policies and amendments.

Training on Compliance with Fair Transactions

Hyundai Mobis offers regular training on fair transactions to raise employee awareness of the CP, with training performance reported to the BOD bianually. We provide CP training for employees with duties related to fair trade laws and regulations, while also ensuring that working-level employees in charge of fair transactions receive specialized external training courses regularly to understand trends in policies and laws and enhance their expertise in CP-related areas. In addition, the new employee orientation program includes entry-level training on fair transactions to help new recruits realize the importance of complying with the Fair Trade Act. In 2016, a total of 2,771 employees completed CP training.

Signing of Fair Transaction Agreements

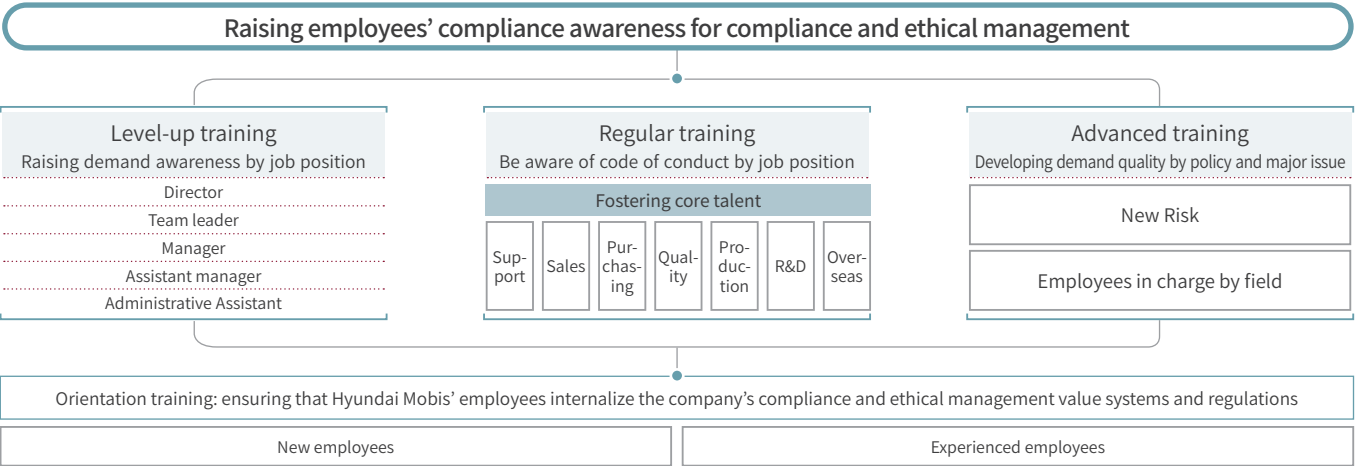
Hyundai Mobis signs fair transaction agreements with its suppliers annually to support fair transactions and mutual growth. More specifically, we have a list of major details contained within the Fair Transactions in Subcontracting Act that the employee in charge must adhere to when trading with suppliers (four guidelines on subcontracts: contract signing management regulations, supplier registration and management regulations, internal review committee management regulations and document issuance and management regulations). In 2016, we signed eight rounds of agreements for fair transactions with 378 suppliers worth KRW 5.4 trillion. Moreover, we actively encouraged fair transaction agreements between primary and secondary suppliers, resulting in 138 primary suppliers and 468 secondary suppliers signing such agreements.

CP Training Performance Results

(Unit: persons)

Classification	2016
Divisions with high risks of legal violations	1,647
Open recruitment/experienced new employees	486
Working-level training on fair transactions	47
Executive training	2
Online compliance training	607

Compliance and Ethical Management Training Process



## Sexual Harassment Prevention Training

In order to create a healthy corporate culture without sexual harassment, Hyundai Mobis provides special training to prevent sexual harassment. In 2016, we classified trainees by job position and gender to differentiate course curriculums, while also maximizing the effect of training by fostering internal training staff. As for team leaders, we provide special training on developing basic precepts and advice on case studies of sexual harassment and how to handle such cases. Additionally, we distributed guidebooks to team managers for sexual harassment consultations so that the effects of such training can be increased through behavioral standards. Besides this, we also set up online training courses to allow workers from small-sized regional worksites and those on business trips and vacations to take the course, as well as making sexual harassment training mandatory during orientation training of new and experienced employees, thereby highlighting the company's strong desire to prevent sexual harassment at the workplace.

## Information Security Training

Hyundai Mobis has established information security regulations and guidelines in accordance with the international information security management system (ISO 27001). In particular, since acquiring the ISO 27001 certificate for international standards in 2008, we have conducted surveillance audits twice a year and renewal audits once every three years at the Technical Centers responsible for research and development of core technologies and at the Jincheon plant that produces advanced electronic devices for cars. As a result, we are equipped with an information security system suitable for a global automotive parts company. In addition, we have raised the security awareness of all employees by providing information security training, as well as strengthening compliance with information regulations and rules. In 2016, we provided guidance and support for the information security duties of 335 suppliers that grow together with the company, while also providing information security training for IT staff of suppliers to achieve a win-win partnership in information security. Going forward, Hyundai Mobis will become global top tier producer of auto parts by strengthening in-house information security to achieve mutual growth.

## Status of Compliance and Ethical Management Training

Classification		2016	
		No. of trainees	Hours of training
Offline training	Ethical and Anti-corruption training	6,839	7,081
	Fair trade training	2,180	4,243
	Information security training	8,779	8,779
	Sexual harassment training	8,940	8,940
Online training	Compliance training	591	4,728
Total		27,329	33,771

## Efforts to Spread a Fair and Transparent Corporate Culture

Hyundai Mobis is striving to create a consensus on compliance and ethical management among employees and reinforce transparency in work processes. In 2016, we handled of 37 cases of ethical code violations reported and also implemented various activities to raise awareness. By spreading the top management's commitment to compliance and ethical management to the entire workforce, Hyundai Mobis aims to create a transparent and fair corporate culture, as well as encouraging active participation from employees by introducing compliance pledges with details that must be followed when compliance management practices are implemented. Moreover, in order to prevent unethical acts like bribery during holidays or summer vacations, we have introduced procedures for reporting violations and provide action guidelines for employees and suppliers, while also making efforts to create a clean corporate culture that highlights compliance and ethical management.

>

### Compliance Pledge

As an employee of Hyundai Mobis, I agree to comply with laws and the company's ethics code and pledge to faithfully carry out the following in order to fulfill the company's CSR and achieve sustainable growth:

1. I shall always comply with laws and the company's regulations and shall not commit, order, approve or aid any illegal acts, including unfair transactions, unfair internal transactions, unfair subcontracts and unfair collective practices.
2. I shall not commit any unfair/corrupt practices that might hinder the fair execution of my job duties as they relate to all stakeholders, including improper solicitation, provision of bribery, entertainment, gifts and other business courtesies.
3. I shall not disclose the company's trade secrets or relevant information without consent and refrain from using them for personal gain.
4. I shall do my best to prevent sexual harassment in the workplace, including any sexual harassment practices that might make the other party uncomfortable or feel humiliated visually, verbally or physically.
5. I shall comply with all safety-related laws and standards and do my best to prevent industrial disasters and accidents.
6. In cases where this Pledge is not adhered to, I shall take full responsibility in accordance with relevant laws and the company's regulations.

# Risk Management

Risks are factors that have a huge impact on short-term management performance and sustainable growth for the future. Since changes to domestic and overseas management environments are likely to bring uncertainties and risks, systematic management and timely responses are the key conditions for determining a successful or failing business. Hyundai Mobis has continuously developed its risk management system and strives to minimize negative effects by responding quickly if a problem arises. As a result, we are able to detect a variety of risk factors in advance and operate a systematic management system that analyzes and responds to risks. Additionally, we are improving our responsiveness so that risks can be resolved quickly through collaboration among different divisions.

## Risk Management System

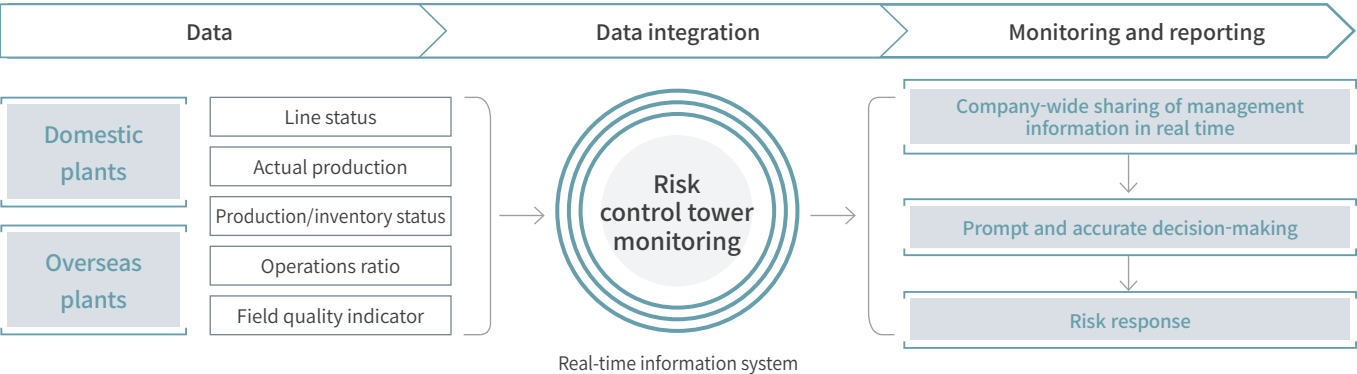
### Risk Management Organization

Hyundai Mobis operates a company-wide integrated risk management system within the Planning Department to manage risks under the management’s supervision at management meetings. We also provide a professional response process through a response organization for different risks to ensure timely responses under any and all circumstances. If there is a serious risk arising that cannot be resolved by an individual organization, the relevant divisions take action together to handle risks through company-wide competencies. Cases where a prompt decision is required from management are handled by reporting the issue quickly through a relevant hotline.

### Risk Management IT System

Since 2013, Hyundai Mobis has prevented risk factors arising in advance by having its global risk control tower take immediate countermeasures. The control tower monitors domestic and overseas worksites in real-time to prevent risk factors and stop risks from spreading across the enterprise. Also, major trends are regularly reported to the management to support timely decision making. Additionally, we conduct follow up analysis for existing risks to ensure more appropriate measures can be taken if similar cases occur in the future. Meanwhile, in order to identify and respond to different risk factors in advance, it is essential for employees to share information promptly. Hyundai Mobis has prevented problems from arising by effectively sharing information on economic and industrial trends regarding major risks through the company-wide central documentation system (M-Cloud) set up in 2015. Moreover, we minimize damage from risk factors by encouraging cooperation by relevant divisions in real time on major issues of global operations through the EIS (Executive Information System) for different business areas.

## Risk Control Tower System



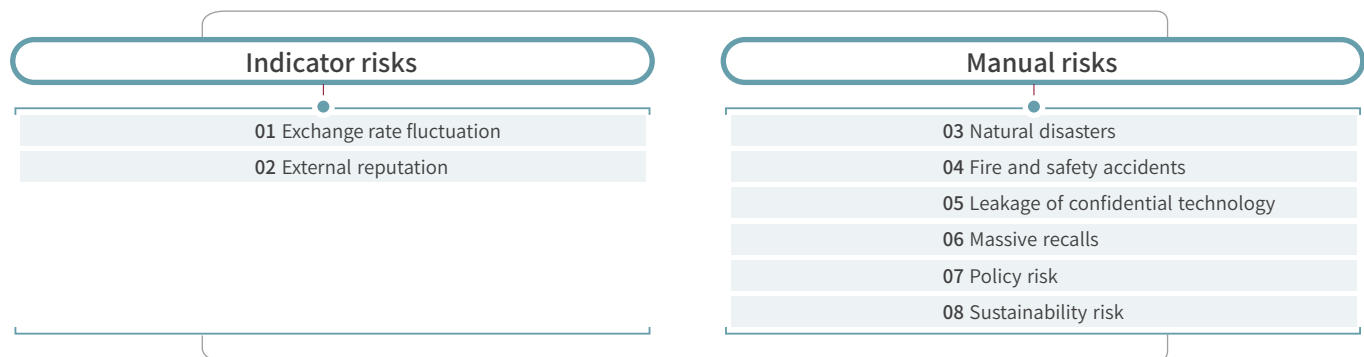
## Key Risk Management

Hyundai Mobis evaluates risks based on their seriousness, possible occurrence and influence to define those with high importance as key risks. Afterwards, they are classified using an index-based management approach and a manual-based management approach. The index-based management approach analyzes trends through a KRI (key risk indicator) monitoring system to verify causes, with risks classified into the four levels of concern, warning, caution and serious risk based on analysis results to differentiate countermeasures. The manual-based management approach suggests countermeasures for different situations to ensure prompt responses to emergencies. In 2016, we expanded the number of key risks from six to eight to widen the scope of risk management and strengthen preventive and comprehensive response measures.

## Risk Management and Response by Type

Hyundai Mobis analyzes and manages potential risk factors by type. The risks associated with economic and industrial environments that have an impact on business, such as changes in market conditions and geopolitical issues, are regularly reported to the management. Financial risks are managed by controlling exchange rate exposure risk arising from foreign currency-denominated bonds and debts, net cash flows and debt ratio analysis. Social/environmental/ regulatory risks also fall under our control to ensure compliance with fair transactions, while a system for management of global environmental regulations and climate change responses has been established to provide diverse countermeasures. In order to minimize the possibility of irregularities or errors in business activities caused by employees, we operate a web-based risk management system that allows us to take timely measures if risk factors are detected. As for risks that cannot be detected in advance such as natural disasters, we have set up different scenarios for each possible scenario to minimize the possible damage and take preventive measures. In the event of an emergency that cannot be dealt with alone, interdepartmental collaboration is in place to handle the situation across the enterprise.

### 2016 Key Risks



# Social Contributions

Hyundai Mobis’ social contribution activities are aimed at achieving its CSR and enhancing the company’s values. In addition, as an affiliate of Hyundai Motor Group, Hyundai Mobis strives to achieve sustainable growth for the future with its stakeholders by reflecting the Hyundai Motor Group’s social contribution vision and strategy. In this regard, Hyundai Mobis focused on Hyundai Motor Group’s 2016 new social contribution strategy that involved a transformation from the Four MOVE Campaigns that emphasized mobility to the Six MOVE Campaigns that encourage change and advancement in diverse areas. We plan to revise our existing strategy and launch DREAM MOVE in 2017 and NEXT MOVE in 2018 in consecutive order. Moreover, we plan to modify and supplement the Four MOVE Campaigns to suit our new strategy.

## Increasing Social Contribution Activities and Brand Value

Hyundai Mobis has incorporated brand strategies with its social contribution programs that highlighted the company’s essential traits on improving safety, eco-friendliness and convenience. The Transparent Umbrella Campaigns and the Mobility Assistance Program for Disabled Children are related to enhancing safe mobility, and the Junior Engineering Class uses teaching materials that improve the value of driver convenience through eco-friendly and advanced technologies. Also, we seek to be more eco-friendly by implementing the Meer Forest Program.

## SAFE MOVE\_Transparent Umbrella Campaign

In order to reduce the risks of car accidents involving children on rainy days, Hyundai Mobis has been implementing the Transparent Umbrella Campaigns to distribute about 700,000 transparent umbrellas to a total of 1,091 schools from 2010 to 2016, with a goal of distributing more than 100,000 transparent umbrellas every year. We used strong and light fabrics for the transparent umbrellas so that children can carry them easily, especially semi-glossy materials were used so that drivers can see them from far away. Meanwhile, Hyundai Mobis is expanding campaigns that include utilization of the Transparent Umbrella Program, traffic safety training programs for children and UCC contests for these two programs, as well as making efforts to spread a culture of traffic safety for children by planning a participatory program with contests.



The winner of the UCC Contest for Sharing Transparent Umbrellas in 2016 was Haramyi’s Story about Transparent Umbrellas

## Method of Distributing Transparent Umbrellas

### Applying for Transparent Umbrellas

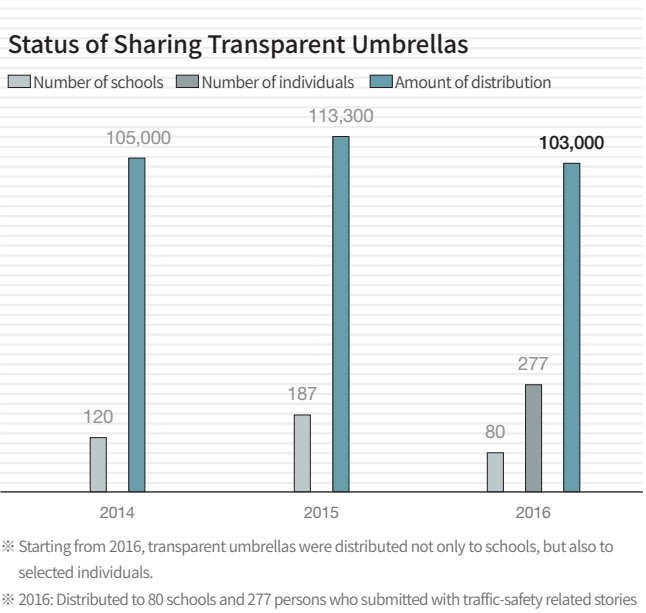
The Transparent Umbrella Program is open to all Korean citizens. Individuals can apply with anecdotes about traffic safety for children, with some applicants receiving transparent umbrellas to promote children’s safety on the roads.

### Traffic Safety Training for Children

Traffic safety training is held for students of elementary schools selected for participation in the transparent umbrella sharing contest. We also support traffic safety training by traffic safety specialists from the Korea Road Traffic Authority.

## UCC Contests for Children’s Traffic Safety Training and Transparent Umbrella Program

In line with the development of user created content, Hyundai Mobis supports the production and sharing of traffic safety videos that reflect innovative ideas from the public regarding children’s traffic safety. The winners of the contest are given a small cash prize and the opportunity to distribute transparent umbrellas under his/her name.

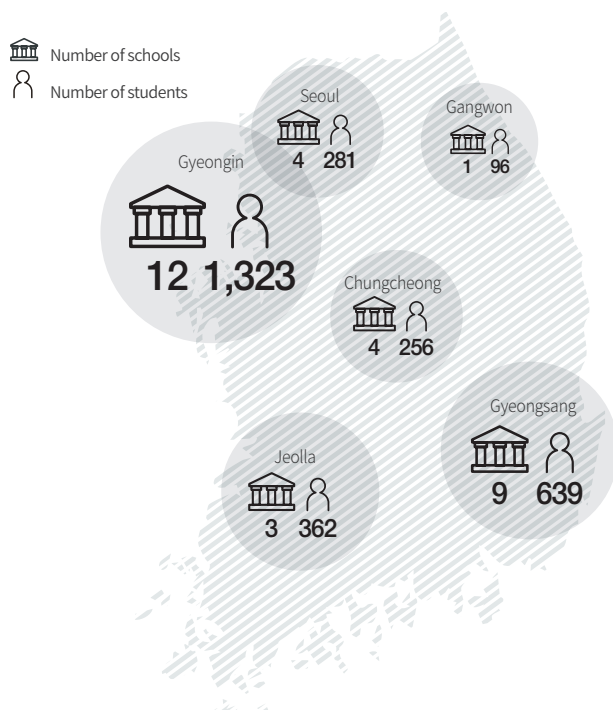


## HAPPY MOVE\_Junior Engineering Class

Since 2005, Hyundai Mobis has been running a Junior Engineering Class for Children to instill dreams and hope in children who will become future scientists and contribute to developing basic science knowledge within local communities. This program comprises the following: a regular junior engineering class held in elementary schools close to worksites; a junior engineering class for customers that offers learnings experiences at motor shows and other marketing events; and a visiting junior engineering class that brings science education to students across the nation by utilizing a dedicated science bus. In 2016, we held classes at 33 schools with 5,315 students in attendance, with 380 employees participating as lecturers. Going forward, Hyundai Mobis plans to widen the scope of its activities so that more children can get access to science education.

## Expanding Opportunities for Science Education

Hyundai Mobis promotes science education for children across the nation so that they can learn easily. The visiting junior engineering class is not only for students of elementary schools near Hyundai Mobis' worksites, but also for children across the nation. We utilized science buses to visit the select elementary schools and hold science lectures, as well as staging participatory science classes using textbooks. Hyundai Mobis worked to provide children from diverse backgrounds access to different forms of science education through the visiting junior engineering class. In 2017, we plan to provide the class to children on Jeju Island.



## Textbooks

Hyundai Mobis developed textbooks for the junior engineering class in co-operation with Hanyang University's Youth Science & Technology Center and the National Academy of Engineering of Korea. This textbook featured technology developed by auto parts companies in a manner suitable for children, including the lane keeping assist system and autonomous emergency braking, enabling children to take an interest in the principles of automobile safety and science. Going forward, we plan to develop textbooks about recent technologies in line with the development of automobile technologies such as hydrogen fuel cell vehicles for use in educational programs.

## Introduction of Representative Textbooks

Name of textbooks	Application technology
Safe Car	Autonomous Emergency Braking
Smart Car	Lane Keeping Assistance System
Solar power vehicles	Solar batteries

## Progress of Junior Engineering Class in 2016

(Unit: schools, persons)

Classification	No. of beneficiary schools	No. of participating students	No. of instructors
Regular junior engineering class	12	2,646	356
Junior engineering class with customers	-	802	24
Visiting junior engineering class	21	1,867	-



Visiting junior engineering class' field trip to worksites



Safe Car



Smart Car

## EASY MOVE\_Supporting the Mobility of Disabled Children

In order to enhance mobility and increase opportunities of social participation for physically-challenged children, Hyundai Mobis has provided mobility aids for disabled children since 2014. Additionally, we support rehabilitation treatment expenses and organize family trips for disabled children with employees as volunteers. Moreover, we published books featuring children’s stories to raise awareness of the disabled and distribute these books to regional children’s centers and disabled welfare centers across the nation.

### Supporting Assistive Devices and Rehabilitation Treatment

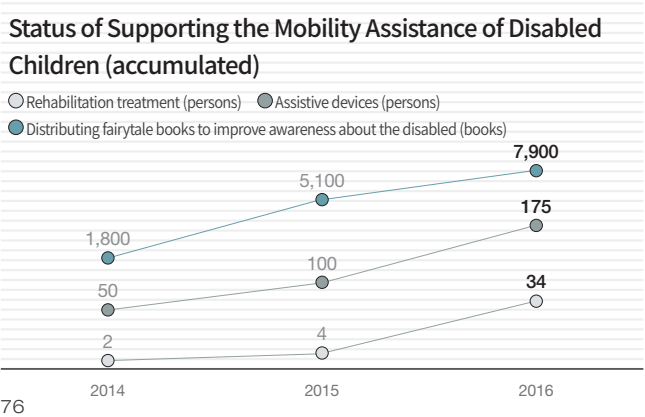
Hyundai Mobis has been supporting more than fifty assistive devices for mobility convenience every year, including Easy Move’s lightweight baby carriage for disabled children and multi-purpose posture chair. Also, we supported rehabilitation treatment expenses of payment and non-payment items conducted by medical institutions, so that 30 children received benefits in 2016. Hyundai Mobis will improve the mobility rights of disabled children by expanding this program.

### Hyundai Mobis’ Family Trip for Disabled Children

Hyundai Mobis provides support for disabled children to go on family trips, who normally find it difficult to travel due to mobility issues and negative stereotypes. An employee who volunteers will go along as a helper during each trip to help the family create meaningful memories and promote rehabilitation. As a result, 17 employees volunteered to accompany 15 families composded of 59 people on healing trips to Yangpyeong and Gwangju in Gyeonggi-do in 2016. In addition, Hyundai Mobis gave aways gifts in the form of hope packages at the end of year to provide disabled children with daily necessities.

### Fairytales Published to Raise Awareness of the Disabled

In order to reduce negative stereotypes of the disabled in society, Hyundai Mobis has published fairytales written by Jeongwook Ko, who has suffered from a severe physical disability since 2014. In 2016, we published a fairytale called ‘Don’t Call Me Sister’ and distributed 2,800 copies of the book, and held a book report contest for the children of employees to improve their awareness of the disabled.



## GREEN MOVE\_Hyundai Mobis Forest

In order to preserve and restore resources for the development of local communities and future generations, Hyundai Mobis has created the Hyundai Mobis Forest, an eco-friendly forest of 1 million m<sup>2</sup> in Chopyeong-myeon, Jincheon-gun. We provide diverse forest experience programs, including forest concerts, wetland experiences and ecological classes for families, allowing participation by diverse stakeholders, including local residents, agencies and employees. Also, we plan to implement a forest carbon offset program as part of our social contribution activities on an area of 8.23ha for forest rejuvenation.

### Forest Carbon Offset Program

Hyundai Mobis began to create the Hyundai Mobis Forest as part of its eco-friendly social contribution programs that take into consideration the strengthening of regulations on climate change issues, GHG emissions and the development of eco-friendly products. Additionally, we are implementing a forest carbon offset program by reforesting 8.23ha of land where the forest is located, which is expected to be symbolic domestically and internationally in connection with offsetting GHG emissions. Currently, 4,819 pine trees have been planted and managed at the site, with the annual forest carbon uptake estimated to be 31.1tCO<sub>2</sub>.

### Hyundai Mobis’ Forest Program

#### Hyundai Mobis’ Bloombloom Concert

Hyundai Mobis holds concerts for local residents under different themes annually at the outdoor concert hall of the Hyundai Mobis Forest. As a representative corporate sponsorship program, Hyundai Mobis’ bloombloom concert features acoustic music that can be enjoyed by families with beautiful mountains and lakes as a natural background.

#### Forest Experience Programs

In order to promote the philosophy of creating forests for stakeholders, Hyundai Mobis operates diverse environmental experience programs, including wetland experiences for elementary school students, ecological experiences for families, and an annual bird fest, allowing participants to understand how nature and people can co-exist together. We also offer a free program for regular visitors to walk through the forest with a forest specialist and enjoy the beautiful scenery of the Hyundai Mobis Forest.



Hyundai Mobis’ Forest Experience Program

## Direction of Global Social Contribution Activities

Hyundai Mobis' engages in social contribution programs that reflect Hyundai Motor Group's CSR vision and philosophy at both its domestic and overseas subsidiaries. Most of these programs contribute to local communities by implementing both small and large contribution activities from an early stage, such as sponsorship through sisterhood ties and scholarships. In 2013, the transparent umbrella program first started off at Jiangsu Hyundai Mobis Automotive Parts Co., Ltd. to implement the Four MOVE Campaign. In 2016, we reduced the risks of car accidents involving children on rainy days by distributing about 20,000 transparent umbrellas to children in Beijing, Tianjin, Jiangsu, Shanghai and Wuxi. Since 2014, we started junior engineering classes in Jiangsu to strengthen our ties with local communities and promote science education for children. In 2016, we held junior engineering classes for the first time in Europe together with the European Technical Center in Germany, as well as offering temporary classes on the occasion of the 50th anniversary of Hyundai Pony exports to Ecuador as part of an event held together with Hyundai Motor. Based on these achievements, we will work hard to expand junior engineering classes to China, Europe and the Americas.



Temporary junior engineering class at Schule am Ried in Germany

## Promoting Social Contribution Activities in China

Hyundai Mobis launched a social contribution council at its Chinese subsidiary to effectively engage in social contribution activities in the region. In order to strengthen its ability to carry out social contribution activities in China and encourage business exchanges between employees at the head office and its Chinese subsidiary, a social contribution council is held twice a year, once during the first half and once during the second half. In 2016, we invited local employees who made social contributions in China to share strategies, discuss the status of domestic social contribution activities and have them participate in junior engineering classes as lecturers. We also encouraged them to participate in Hyundai Mobis' forest experience program. Going forward, we will continue to develop diverse programs that reflect the characteristics of corporations in China through continuous exchanges and ensure more employees take part in the programs.

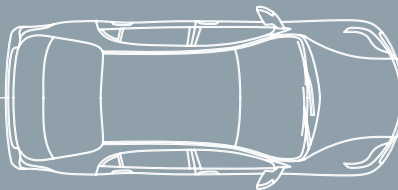


Transparent umbrella program held at Jiangsu Hyundai Mobis Automotive Parts Co., Ltd.

## Global Social Contribution Activities



# Appendix





# Sustainable Management Practices

## UN Global Compact

Since July 2, 2008, Hyundai Mobis has been a member of the UN Global Compact (UNGC). Initiated in 2000 by then-UN Secretary-General Kofi Annan, the UNGC was designed to encourage businesses around the world to adopt sustainable and socially responsible business activities consisting of 10 principles in four business management areas-human rights, labor, environment and anti-corruption. Hyundai Mobis upholds all 10 UNGC principles in all of its business activities and has provided information about the company's performance in these areas through this report.

### The 10 principles of the UN Global Compact

Classification	Description	Reporting Pages
Human Rights	Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.	57-58
	Principle 2. Businesses should make sure they are not complicit in human rights abuses.	
Labor	Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	61-63
	Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labor.	
	Principle 5. Businesses should uphold the effective abolition of child labor.	
Environment	Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	35-36
	Principle 7. Businesses should support a precautionary approach to environmental challenges.	
	Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.	68-71
Anti-corruption	Principle 9. Businesses should encourage the development and diffusion of environment friendly technologies.	
	Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	

### Sustainable Development Goals (SDGs)

Classification	Contents	Applicable page
Goal 1	End poverty in all its forms everywhere	76
Goal 2	End hunger, achieve food security and improved nutrition, and promote sustainable agriculture	-
Goal 3	Ensure healthy lives and promote wellbeing for everyone, regardless of age	76
Goal 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	75
Goal 5	Achieve gender equality and empower all women and girls	57
Goal 6	Ensure availability and sustainable management of water and sanitation for all	-
Goal 7	Ensure access to affordable, reliable, sustainable and modern energy for all	35-36
Goal 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent jobs for all	53
Goal 9	Establish infrastructure with restorative force and facilitate inclusive and sustainable industrialization to encourage innovation	42-43
Goal 10	Reduce inequality within and among countries	-
Goal 11	Make cities and human settlements inclusive, safe, resilient and sustainable	76
Goal 12	Ensure sustainable consumption and production patterns	-
Goal 13	Take urgent action to combat climate change and its impacts	76, 61-63
Goal 14	Conserve and use the oceans, seas, and marine resources for sustainable development	76, 61-63
Goal 15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainable forest management, combat desertification, and halt and reverse land degradation and halt biodiversity loss	76, 61-63
Goal 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	61-63, 49-51
Goal 17	Expand global partnerships to strengthen transportation means and achieve sustainable development	80-81

### Evaluation results and awards received for sustainable management

Hyundai Mobis participated in a number of socially responsible investment (SRI) review programs in support of its social, environmental, ethical and other CSR performance and financial performance results, including the Dow Jones Sustainability Index (DJSI), the Carbon Disclosure Project (CDP) and KOBEX SM, to name but a few. Hyundai Mobis then considered the feedback it was given and compared its CSR practices with those of domestic and overseas best practices to further enhance stakeholder value.

#### Awards Details

Description	Date
Listed to the 2016 Dow Jones Sustainability Indexes (DJSI) World	Oct. 2016
Received the 2016 Korean Standards Association's President Award as Korea's most loved company government prize	Nov. 2016
Ranked no.1 in auto parts for 2016 evaluation of the Korean Sustainability Index (KSI)	Jul. 2016
Received the 2016 Korea Innovative Entrepreneur Grand Prize for sustainability management	Sep. 2016

## Major Association and Organization Status

Organization	Purpose of joining
Federation of Korean Industries	Exchange of information on business management, collaboration on CSR activities
Korea Chamber of Commerce and Industry	Mandatory requirement by law to join this chamber, issuance of import and export documents, etc.
Korea Employer's Federation	Collaboration to establish labor-management system and discuss on policies, etc.
Korea Auto Industries Coop. Association	Collaboration among relevant companies for the advancement of the automotive industry
Fair Competition Federation	Exchange of information and opinions among government agencies and member companies for compliance on fair trade guidelines
UN Global Compact Korea Network	Commitment to abide by the 10 principles of the UN Global Compact
Korea International Trade Association	Acquire trade information and propose policies regarding export, tariff, etc.
Korea Economic Research Institute	Research on short-term and long-term issues relevant to the development of the Korean economy and the country's 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 between experts

## Management Performance

### Business Result

(Unit: KRW million)

	2014	2015	2016
Sales	35,126,612	36,019,749	38,261,745
Gross profit	5,123,204	5,147,830	5,295,726
Operating income	3,141,242	2,934,571	2,904,692
Earnings before taxes	4,659,004	4,212,662	4,111,171
Net income	3,392,512	3,040,049	3,047,282

### Financial Conditions

(Unit: KRW million)

	2014	2015	2016
Total assets	39,111,916	37,774,833	41,711,608
Cash & Equivalents	2,911,441	2,497,886	2,049,303
Liabilities	15,825,813	12,098,593	13,153,619
Borrowings	2,856,450	3,219,201	3,290,730
Equity capital	23,286,103	25,676,240	28,557,989
Shareholders' equity	491,096	491,096	491,096
Debt-to-Equity ratio	68.0%	47.1%	46.1%

## Employees

All data in the tables below (except for the number of overseas employees) covers only domestic operations as of December 31, 2016.

### Employment

(Unit: persons)

Classification	2014	2015	2016
Domestic	8,170	8,672	9,225
Overseas	14,672	16,544	20,274
Total	22,842	25,216	29,499

### Wages and Fringe Benefit Expenses

(Unit: KRW million)

Classification	2014	2015	2016
Total Annual Wages	693,863	736,729	747,810
Per-employee Average Wages	86	90	86
Retirement Benefits	50,501	63,827	63,117
Fringe Benefit Expenses	132,165	134,819	144,893

※ Wages and fringe benefit expenses were taken from the Sales and Administrative Expenses and Other Accounts from the company's non-consolidated financial statements.

※ New employee wages are higher than the legal minimum rate, with Hyundai Mobis employee wages determined solely on job grades and work conditions, not by gender.

※ Hyundai Mobis has adopted a defined benefits type of corporate pension fund for employees. They can choose either a lump-sum payment or retirement pension. The company plans on gradually increasing each employee's share of the pension so that their benefits can grow in the future.

### Status of Retired Employees

Classification	2014	2015	2016
Retired employees (including regular retirement/persons)	126	168	193
No. of retirement by age	3	40	38

※ Status of retired employees changed by including regular retirement and other retirees.

### Disabled Employment

Classification	2014	2015	2016
No. of hired persons	138	137	132
Employment percentage	1.70	1.60	1.48

### Union Shops

Classification	2014	2015	2016
No. of Employees Qualified for Union Membership	4,948	5,157	5,336
Percentage of Membership to Total Workforce	60.6	58.3	56.9

※ New employees become members of the labor union as soon as they join the company, with the Collective Bargaining Agreement disqualifying employees who are above the managerial level, labor relations staff, accounting staff, executives and their secretaries and chauffeurs, standby staff for the Korean Workplace Reserve Forces and Civil Defense, employees in the Production Control Tower, interns, temporary workers, part-time workers, special-position staff, senior researchers and those more senior, guards, communications staff, general affairs staff, legal affairs staff, and other employees whom labor and management have agreed to disqualify.

※ Issues subject to advanced notification as stipulated in Articles 39 and 40 of the Collective Bargaining Agreement are: mergers, conveyances, and any company-related spin-off, which requires union notification 90 days prior to the event/outsourcing or contracting of all or part of production, while research and/or auto parts businesses require notice be given to the union notice 60 days prior to preparing such plans, with the union needing to be told immediately of any reassignments or retraining of personnel due to business and/or technical reasons.

### No. of Consultations Held between the Labor and Management Annually

Classification	2014	2015	2016
No. of times collective bargaining held annually	65	37	48
No. of times labor-management meeting is held annually	12	8	8

## Loss Time from Occupational Accidents

Classification	2014	2015	2016	Note
No. of injuries	4	1	5	
Absence loss per 10,000 employees (%)	8.3	4.9	7.0	The number of days of lost work per 10,000 annually

## Health Check-ups

Classification	2014	2015	2016
Basic health check-ups	5,769	6,753	7,073
Comprehensive health check-ups	No. of employees	1,654	1,566
	No. of spouses and family members	1,130	1,057
	Total amount of subsidies (KRW million)	844	677
			776

※ In addition to basic health check-ups, Hyundai Mobis also supports comprehensive health check-ups to enhance the welfare of its employees. In the case of employees who are over 35 years old, we pay for 50 percent of the cost of comprehensive health check-ups for the employee, their spouse and family members. In addition, we pay for comprehensive health check-ups for employees on a five-year basis.

# Win-Win Partnership

## Domestic and Overseas Primary Suppliers

Classification	2014		2015		2016	
	No. of companies	Purchase amount (KRW 100 million)	No. of companies	Purchase amount (KRW 100 million)	No. of companies	Purchase amount (KRW 100 million)
North America	27	6,510	27	9,068	28	7,222
Europe	29	5,865	29	4,084	26	4,538
China	212	23,768	237	14,425	278	16,799
India	24	2,291	24	2,315	24	2,020
Russia	3	116	3	126	9	95
Brazil	13	315	13	544	13	391
Turkey	6	470	6	960	11	447
Mexico	-	-	-	-	28	615
Korea	869	140,046	881	131,882	859	136,159
Total	1,183	179,381	1,220	163,404	1,276	168,286

## Fair Trade Agreement & Mutual Growth Programs

Classification	6th	7th	8th
Period	2014.1.1 ~ 2014.12.31	2015.1.1 ~ 2015.12.31	2016.1.1 ~ 2016.12.31
No. of Signatories	443	454	377
Purchase Amount (KRW 100 million)	54,491	60,876	50,410

## Social Contribution

### Donations by Year

(Unit: KRW million)

Classification	2014	2015	2016
Amount of donation	15,124	19,014	17,245

### Characteristics of Donation

(Unit: %)

Social Welfare	Education/Research	Culture, Arts	Environment	Global Programs	Others
42	22	12	15	4	5

### Details of Employees' Volunteer Activities

Classification	2014	2015	2016
Number of participating targets	7,373	8,672	9,225
Number of participants	3,790	2,997	3,175
No. of volunteer groups	114	107	119
Volunteer hours	13,041	11,791	10,633
Per-employee volunteer hours	1.77	1.36	1.23

### List of Major Donation Organizations

Program	Donations to
Junior Engineering Class	Hanyang Teenager Into Science and Technology, The National Academy of Engineering of Korea
Transparent Umbrella Campaigns	Korea Children Safety Foundation
Creation of Meer Forest	National Nature Trust
Mobility for Disabled Children	The Purme Foundation

# Environmental Management

## ISO14001 Certification of Domestic Operations

Classification		Eligible operations	Certified operations	Certification rate
Plants	Domestic	18	18	100
	Overseas	20	11	55
Parts sales offices		29	29	100
Total		67	58	87

## Materials Used by Weight or Volume

### INPUT

Classification	Region	Amount of raw materials used	Unit	2014	2015	2016	Change compared to 2015(%)
Raw Materials	Domestic	Metals	tons	321,610	305,007	224,723	-26.3%
		Consumption intensity	Tons/KRW 100 million	1.743	1.599	1.132	-29.2%
	Domestic	Plastics	tons	11,613	27,387	41,501	51.5%
		Consumption intensity	Tons/KRW 100 million	0.063	0.144	0.209	45.6%
	Domestic	Solvents	tons	5,781	4,328	3,974	-8.2%
Energy	Total	Consumption intensity	Tons/KRW 100 million	0.031	0.023	0.020	-11.8%
		Domestic/overseas energy consumption	TJ	5,622	5,906	6,876	16.4%
		Consumption intensity	TJ/KRW 100 million	0.016	0.016	0.018	9.6%
		Domestic energy consumption	TJ	2,124	2,268	2,419	6.7%
		Overseas energy consumption	TJ	3,498	3,638	4,457	22.5%
	Domestic	Electricity	TJ	1,955	2,073	2,210	6.6%
	Overseas	Electricity	TJ	3,034	3,222	3,966	23.1%
	Domestic	Fuels (city gas, propane, other oil)	TJ	169	195	209	7.2%
	Overseas	Fuel	TJ	431	379	451	19.0%
	Overseas	Other(steam)	TJ	33	36	40	11.1%
Water resources	Domestic	Total volume of water resources used	1,000 tons	1,099	824	598	-27.5%
		Consumption intensity	Tons/KRW 100 million	6.0	4.3	3.0	-30.3%

### OUTPUT

Classification	Region	Emissions	Unit	2014	2015	2016	Change compared to 2015(%)
GHG	Total	GHG emissions	tCO <sub>2</sub> eq	278,361	292,234	339,701	16.2%
		Consumption intensity	tCO <sub>2</sub> eq/KRW 100 million	0.8	0.8	0.9	9.4%
	Domestic	GHG emissions	tCO <sub>2</sub> eq	105,238	112,350	119,628	6.5%
	Overseas	GHG emissions	tCO <sub>2</sub> eq	173,123	179,884	220,073	22.3%
Waste & recycling	Domestic	Waste emissions volume (designated/general)	tons	19,533	18,176	15,127	-16.8%
		Consumption intensity	Tons/KRW 100 million	0.11	0.10	0.08	-20.0%
		Recycled amount	tons	11,787	9,692	7,894	-18.6%
		Recycling rate	%	60.3%	53.3%	52.2%	-2.1%
		Landfill rate	%	5.5%	4.8%	3.1%	-36.0%
		Incineration rate	%	34.2%	41.8%	44.7%	6.8%
Air pollutants	Domestic	Air pollutant generation by year	tons	46.0	51.9	7.5	-85.5%
		Consumption intensity	kg/KRW 100 million	0.2	0.3	0.0	-86.0%
		NO <sub>x</sub>	ppm	1.2	3.3	0.0	-100.0%
		SO <sub>x</sub>	ppm	1.1	2.9	0.0	-100.0%
		Dusts	mg/m <sup>3</sup>	3.3	3.6	3.0	-16.7%
Water pollutants	Domestic	Total volume of water pollutants	tons	23.3	11.5	6.4	-44.4%
		Consumption intensity	kg/KRW 100 million	0.13	0.06	0.03	-46.6%
Water quality at wastewater treatment facilities	Domestic	BOD	ppm	17.7	13.7	9.2	-32.8%
		COD	ppm	29.6	29.1	20.5	-29.6%
		TN	ppm	8.4	10.2	10.6	3.9%
		SS	ppm	11.5	5.6	8.2	46.4%

# GHG Assurance Statement

## 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 2016 (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.

- 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 2016.

## 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

Bnsed 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.

17 March 2017  
Sang-Keun YOO



On behalf of Lloyd's Register Quality Assurance Ltd.  
17th Floor, Singsong Building, 67 Yeouinaru-ro, Yeongdeungpo-gu, Seoul, 07327, Korea  
LRQA Reference: SEO 6014771

## GHG emissions reported in the Report

Scope (as defined within GHG Target Management Scheme in Korea)	2016
Direct GHG Emissions	12,295
Energy Indirect GHG Emissions	107,333
Total GHG Emissions	119,628

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

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# Third Party Assurance Statement

## To All Hyundai Mobis Stakeholders

Hyundai Mobis commissioned the Korea Productivity Center (the “Assurer”) to provide independent assurance of its 2017 Sustainability Report (the “Report”).

## Responsibility and Independence

Hyundai Mobis is entirely responsible for the reliability and accuracy of all information and opinions presented in this Report. The Assurer is responsible solely for providing third party verification of the content in the Report. As an independent assurance agency, the Assurer was neither involved in the process of preparing this Report with Hyundai Mobis, nor in any conflicts of interest that may undermine our independence.

## Assurance Standard

The independent verification process was planned and performed in accordance with the AA1000AS (2008) Assurance Standards to provide a Type 1 moderate level of assurance. This was achieved through the evaluation of the organization’s adherence to the AA1000 APS (2008) of Inclusivity, Materiality, and Responsiveness. Furthermore, assurance was performed to ascertain the organization’s adherence to the Global Reporting Initiative (GRI) G4 Guidelines in preparing and presenting sustainability performance information.

## Assurance Limitations

Based on the aforementioned assurance standards, the Assurer verified the organization’s sustainability performance in 2016. The reliability of financial data in the Report was verified by crosschecking financial statements and disclosure information (as it was audited by an independent auditor), with some data, such as GHG data and information linked with the company’s website, verified for its reliability by referring to a third party assurance statement. Site inspection was also performed, in a limited scope, on Hyundai Mobis’ headquarters in Seoul. As a result, the Assurer clearly states that any future verification may produce varied results.

## Assurance Methodology

The assurance was undertaken with the methodology specified below:

1. We verified if the Report satisfies the requirements of the GRI G4 Guidelines’ Core Option.
2. We verified consistency with the principles dictating the content and quality of the Report based on the GRI G4 Guidelines.
3. We verified the objectivity and appropriateness of all selected key issues and content in the Report by reviewing media reports and performing a benchmark analysis.
4. We verified any consistencies and errors with the information presented in the Report by comparing and analyzing the same information from different sources.
5. We verified the basis of data and information collection by performing an onsite inspection at Hyundai Mobis’ headquarters in Seoul, and also verified all internal processes and systems.
6. The scope and boundaries of the assurance process has been conducted according to the boundaries of the time period, region, and value chain of the Report. Therefore, the scope of the assurance process meets 100% coverage of the non-consolidated revenue of the company, and data regarding the supply chain has not been included unless specified.

## Findings and Conclusions

It is the Assurer’s opinion that the Report presents Hyundai Mobis’ sustainability efforts and performance results in a fair and accurate way. In addition, the Assurer verified that the Report met the Core Option requirements for the GRI G4 Guidelines. In terms of the general standard disclosures, the Assurer verified that the Report was written in compliance with the requirements of the GRI G4 Guidelines’ Core Option. The Assurer reviewed all specific standard disclosures of material issues against the aspects and indicators as identified from the process of determining the report content as follows.

Material Issues	Aspects	DMA & Indicators
Secure Technological Competitiveness	Products & Services	DMA-Future Core Technology EN27
Increase global orders	Economic Performances	DMA-Future Core Technology EC1 ~ EC2
Impress Customers with Quality Improve Customer Satisfaction	Product and Service Labeling	DMA-Customers Satisfaction PR3, PR5
Recruit Talent	Employment	DMA-Employee Diversity LA1 ~ LA3
Respect Diversity & Improve the Organizational Culture	Labor-management Relations, Diversity and Equal opportunity, Equal remuneration for women and men, Freedom of Association and Collective Bargaining	DMA- Employee Diversity LA4, LA12 ~ LA13, HR4
Talent Development	Training and Education	DMA-Employee Diversity LA9 ~ LA11
Eco-friendly Product Policy	Materials, Products & Services	DMA-Future Core Technology EN1, EN7, EN27

### 1. Principle of Inclusivity: Stakeholder Engagement

The principle of inclusivity articulates that organizations should include stakeholders in the development and achievement of accountable and strategic responses to sustainability. The Assurer verified that Hyundai Mobis made efforts to communicate through a variety of channels for stakeholders in order to comply with the inclusivity principle. Hyundai Mobis separates its major stakeholders into eight groups: International and domestic complete car makers/competitors; employees; suppliers; and customers (agencies/consumers); investors; government/associations; media/academia/CSR expert organizations; and local communities. The Assurer also verified that Hyundai Mobis is collecting their opinions by distinguishing between their areas of interest, participation style, and participation frequency and by actively communicating with them. In particular, the Assurer gave a high evaluation of the communication process, which collects stakeholders' opinions through the communication channels dedicated to each group and also establishes internal response strategies by regularly sharing those opinions with the management. Henceforth, there is a need for Hyundai Mobis to consider building an integrated stakeholder communication management system.

### 2. Principle of Materiality: Selection of and Reporting on Material Issues

The principle of materiality dictates that organizations should focus on issues relevant and material to both the organization and its major stakeholders. The Assurer found that Hyundai Mobis successfully identified issues relevant and material to the company and its major stakeholders based on a logical materiality analysis process. The Assurer also confirmed that Hyundai Mobis identified and selected its material issues according to a sustainability background, materiality, and the principle of completeness, and that the company determined the level of reporting such as the scope of the Report, boundaries, and time period according to a test of validity. In this year's assessment as well, it was found that a total of 22 issues were divided into key reporting areas and general reporting areas and that the activities and performance regarding the material issues derived were reflected in a balanced manner in the Report.

### 3. Principle of Responsiveness: Organizational Response to Issues

The principle of responsiveness says that organizations should be responsive to issues that may impact stakeholder performance. The Assurer found that Hyundai Mobis successfully identified all issues that may impact stakeholder performance, implemented measures to address them, and adequately presented relevant information in the Report. The Assurer found that Hyundai Mobis has clearly disclosed key material issues and its progress and major performance results, and presented measures taken to address them in the Report. In particular, Hyundai Mobis has created a separate section to present the driving strategy and main performance of its overseas research facilities including those in North America, Europe, India, and China. Furthermore, the company has provided priority information about the status of its research & development and reported in detail regarding each key issue by selecting examples, for which the Assurer considers an excellent case.

### Recommendations

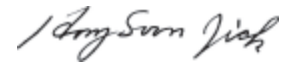
While the Assurer commends Hyundai Mobis for making a variety of efforts to enhance sustainability and for the subsequence performance results, it also presents the following recommendations for improving future sustainability reports and sustainability management.

1. Linked performance management for global initiatives: Hyundai Mobis has linked and reported its activities to help resolve global issues, such as social contribution programs and eco-friendly technology development, as well as its global initiatives, such as the SDGs, and the Assurer evaluates this as a good case. The Assurer recommends that the company set long-term goals regarding these future activities and promote sustainable activity through systematic performance management.
2. Building a System to Manage Sustainability Performance: The Assurer suggests that Hyundai Mobis build a performance management system that is accessible company-wide including for domestic and overseas business sites. The system should enable the systematic compiling and management of the activities and results of sustainability management, future goals, etc.
3. Expanding the Reporting Scope: Hyundai Mobis has set its reporting boundaries to domestic business sites including its headquarters and factory, research facility, and places of business, and the company includes some environmental data from overseas business sites. As the scope of the company's activities continues to grow to global business sites, the Assurer suggests that Hyundai Mobis build a performance monitoring system that encompasses global business sites such as overseas offices and operating branches, thereby increasing the completeness of reporting.

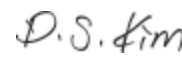
May 2017

KKorea Productivity Center CEO

Soon-jik Hong




AA1000  
Licensed Assurance Provider  
000-81



Dongsoo Kim  
Director



Yangho Lee  
Team Leader

The Korea Productivity Center's Sustainability Management Center is an assurance agency officially certified by AccountAbility (the organization that established AA1000), the international standard for stakeholder participation and verification, and is qualified to conduct independent assurance statements. Our Assurance Committee is comprised of competent experts who have in-depth experience in sustainability management consulting and assurance, and have completed all relevant training.

· AA1000AS (2008): The AA1000 Assurance Standard (2008) is an international assurance standard developed by AccountAbility, and provides detailed information on the method of reporting sustainability management issues by evaluating an organization's management on performance, compliance with principles, and reliability of performance information.

· The AA1000APS (2008): The AA1000 AccountAbility Principles Standards (2008) is an international assurance standard set by AccountAbility, and features all principles related to AA1000 standards.

# GRI INDEX

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	EN9	Water sources significantly affected by withdrawal of water	62	
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Biodiversity	EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas	Unrelated	
	EN12	Description of significant impacts of activities, products, and services on biodiversity	9, 76	
	EN13	Habitats protected or restored	9, 76	
	EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected operations, by level of extinction risk	Unrelated	
Emissions	EN15	Direct greenhouse gas(GHG) emissions (scope 1)	62-63, 85	
	EN16	Energy indirect greenhouse gas(GHG) emissions (scope 2)	62-63, 85	
	EN17	Other indirect greenhouse gas(GHG) emissions (scope 3)	62-63, 85	
	EN18	Greenhouse gas (GHG) emissions intensity	63	
	EN19	Reduction of greenhouse gas(GHG) emissions	62	
	EN20	Emissions of ozone-depleting substances (ODS)	63, 85	
	EN21	Nox, Sox, and other significant air emissions	63, 85	
Effluents and Waste	EN22	Total water discharge by quality and destination	85	
	EN23	Total weight of waste by type and disposal method	85	
	EN24	Total number and volume of significant spills	Unrelated	
	EN25	Weight of transported, imported, exported, or treated waste deemed hazardous	Unrelated	
	EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	76	
Products and Services	EN27	Extent of impact mitigation of environmental impacts of products and services	35-36	
	EN28	Percentage of products sold and their packaging materials that are reclaimed by category	63	
Compliance	EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Unrelated	
Transport	EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	62-63	
Overall	EN31	Total environmental protection expenditures and investments by type	76	Contributed a total of KRW 10 billion to Meer Forest between 2012 and 2017
Supplier Environmental Assessment	EN32	Percentage of new suppliers that were screened using environmental criteria	48-49	
	EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	70-71	
Environmental Grievance Mechanisms	EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	71	
Labor Practice and Decent Work Performance Indicators				
Employment	LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	82	
	LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	82	
	LA3	Return to work and retention rates after parental leave, by gender	57	
Labor/Management Relations	LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	82	
Occupational Health and Safety	LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	-	
	LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	82	
	LA7	Workers with high incidence or high risk of diseases related to their occupation	58-59	
	LA8	Health and safety topics covered in formal agreements with trade unions	58-59	
Training and Education	LA9	Average hours of training per year per employee, by gender, and by employee category	54	
	LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	53-54	
	LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	56	
Diversity and Equal Opportunity	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	66-67	
Equal remuneration for women and men	LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	57	
Supplier Assessment for Labor Practices	LA14	Percentage of new suppliers that were screened using labor practice criteria	48-49	
	LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	48-49	
Labor Practices Mechanisms	LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	-	

Indicator	G4	Managerial Issues Report Contents	Page	Note
<b>Human Rights Performance Indicators</b>				
Investment	HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	68-71	
	HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	58	
Non-discrimination	HR3	Total number of incidents of discrimination and corrective actions taken	Unrelated	
Freedom of Association and Collective Bargaining	HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	57	
Child Labor	HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	80	
Forced or Compulsory Labor	HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	80	
Security Practices	HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	71	
Indigenous Rights	HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	-	
Assessment	HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	68-71, 58	
Supplier Human Rights Assessment	HR10	Percentage of new suppliers that were screened using human rights criteria	68-71	
	HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Unrelated	
Human Rights Grievance Mechanisms	HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	68-71	
<b>Society Performance Indicators</b>				
Local Communities	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	74	
	SO2	Operations with significant actual and potential negative impacts on local communities	Unrelated	
Anti-corruption	SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	68-71	
	SO4	Communication and training on anti-corruption policies and procedures	71	
	SO5	Confirmed incidents of corruption and actions taken	71	
Public Policy	SO6	Total value of political contributions by country and recipient/beneficiary	Prohibited by law	
Anti-competitive Behavior	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	70	
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Unrelated	
Supplier Assessment for Impacts on Society	SO9	Percentage of new suppliers that were screened using criteria for impacts on society	49	
	SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	48, 83	
Grievance Mechanisms for Impacts on Society	SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Unrelated	
<b>Responsibility Performance Indicators</b>				
Customer Health and Safety	PR1	Percentage of significant products and services categories for which health and safety impacts are assessed for improvement	35-36, 45-47	
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Unrelated	
Product and Service Labeling	PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and services subject to such information requirements	42-43, 63	
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Unrelated	
	PR5	Results of surveys measuring customer satisfaction	41-42	
Marketing Communications	PR6	Sale of banned or disputed products	Unrelated	
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Unrelated	
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Unrelated	
Compliance	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Unrelated	

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