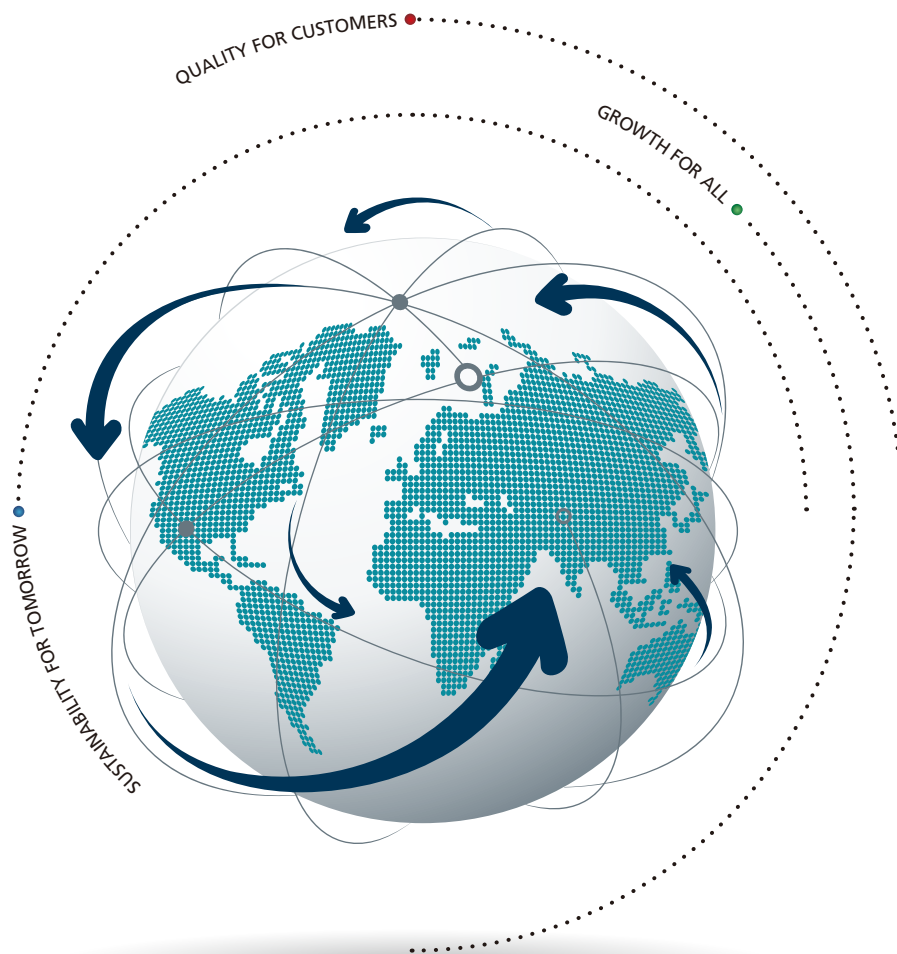


MOBIS Sustainability Report 2015



About This Report

MOBIS has published sustainability reports on its plans and progress in social, environmental and economic performance to its stakeholders since 2010. Relying on the materiality test process, in which stakeholders take a key part in, major sustainability issues were identified to collect stakeholder opinions on issues to cover our performance and endeavors regarding such issues.

Reporting Structure

This report comprises three parts: Corporate Profile, Materiality Analysis, and our performance in social, environmental and economic aspects in priority order according to the stakeholder interest level as uncovered from our materiality test. Detailed data and information on each sectorial performance and GRI index are provided in the Appendix on pp. 70-84.

Reporting Guidelines

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

Reporting Period

The reporting period falls on the calendar year for 2014, from January 1 to December 31. Quantitative data from a three-year trend from 2012 to 2014 are provided, highlighting certain data regarding material issues extending to the first half of 2015.

Reporting Scope

The report covers the business performance of MOBIS, including the 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. Financial data was reported on a consolidated basis.

Significant changes to performance measurement and reporting scope

This report prepared financial data as per the Korean International Financial Reporting Standards (K-IFRS) and energy use and GHG emissions data based on verified results.

Report Assurance

The report content has been assured independently by a third-party entity, Korea Productivity Center, whose assurance statement is provided in the Appendix on pp.80-81 of the report.

Additional Information

MOBIS website: <http://en.mobis.co.kr>

Business Report: Korea Financial Supervisory Service: <http://dart.fss.or.kr>

Cover Story

Symbolically, the line surrounding the globe represents MOBIS, the world's sixth largest auto parts manufacturer, and the arrow captures our commitment towards becoming one of the world's top five auto parts manufacturers. The title "Beautiful Companionship" encapsulates our strong commitment to building a better future for all stakeholders, with the highest priority on our customer value. The three-colored line metaphorically represents the passion and dynamics (red) of MOBIS, harmony with the environment and society (green), and commitment to sustainability (blue).

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MOBIS Sustainability Report 2015

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Corporate Achievements

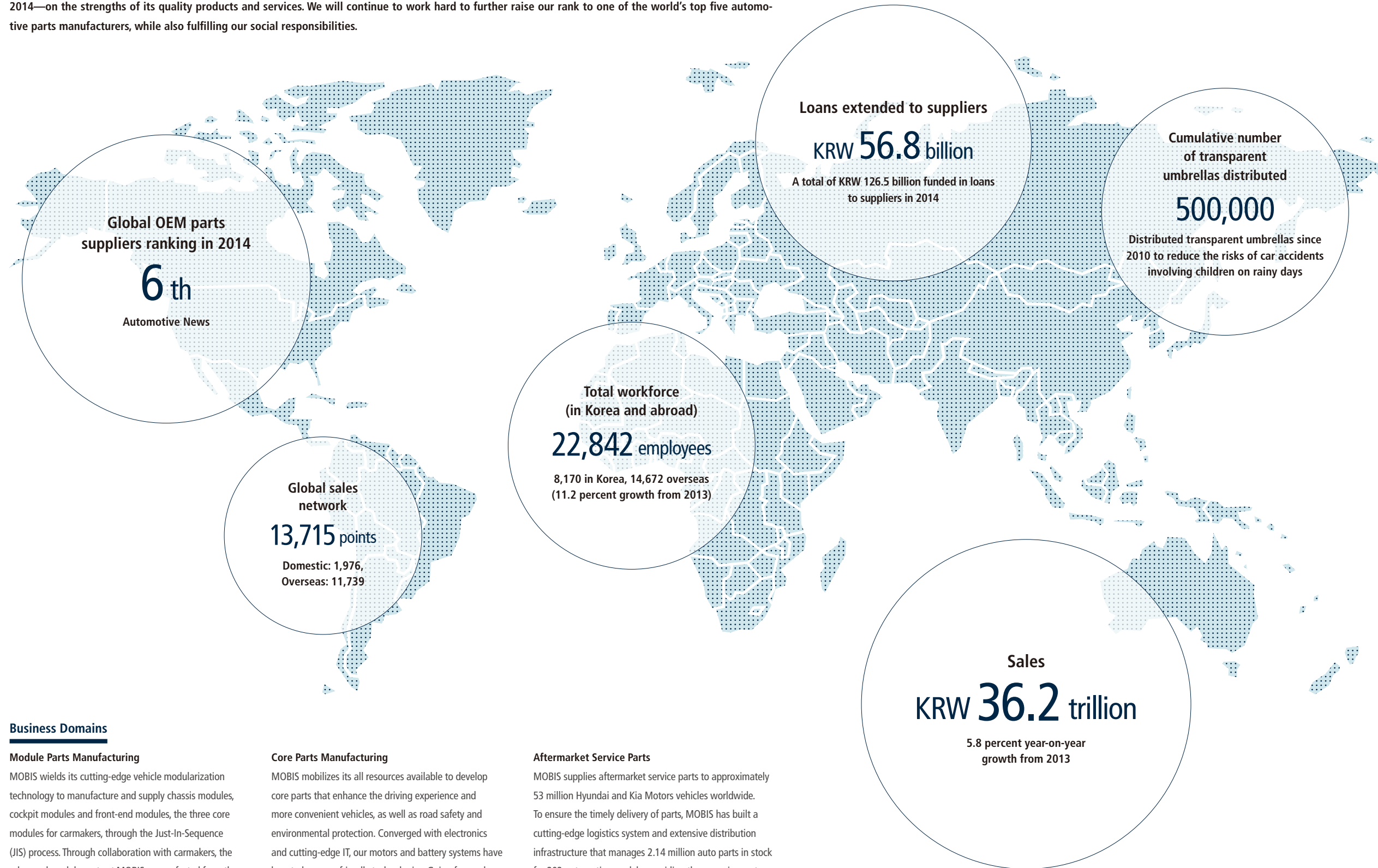
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CORPORATE PROFILE

Founded in 1977, MOBIS is an automotive parts manufacturer that supplies automotive modules and core parts as well as aftermarket service parts to major global carmakers. Notably, the company advanced two notches up—from the eighth largest global OEM parts suppliers to the sixth largest one in 2014—on the strengths of its quality products and services. We will continue to work hard to further raise our rank to one of the world’s top five automotive parts manufacturers, while also fulfilling our social responsibilities.



Business Domains

Module Parts Manufacturing

MOBIS wields its cutting-edge vehicle modularization technology to manufacture and supply chassis modules, cockpit modules and front-end modules, the three core modules for carmakers, through the Just-In-Sequence (JIS) process. Through collaboration with carmakers, the advanced module parts at MOBIS are perfected from the very initial stage of development.

Core Parts Manufacturing

MOBIS mobilizes its all resources available to develop core parts that enhance the driving experience and more convenient vehicles, as well as road safety and environmental protection. Converged with electronics and cutting-edge IT, our motors and battery systems have boosted our eco-friendly technologies. Going forward, we will continue to invest in technology to further solidify our market power in green & intelligent automotive parts.

Aftermarket Service Parts

MOBIS supplies aftermarket service parts to approximately 53 million Hyundai and Kia Motors vehicles worldwide. To ensure the timely delivery of parts, MOBIS has built a cutting-edge logistics system and extensive distribution infrastructure that manages 2.14 million auto parts in stock for 202 automotive models, providing these service parts at a moment’s notice and ensuring the highest level of customer satisfaction.

Name
MOBIS Co., Ltd.
President & CEO
Myung-chul Chung
Establishment
June 25, 1977 (Enlisted on the Korea Stock Exchange on September 5, 1989)
Headquarters
203 Teheran Road (Yeoksam-dong), Gangnam-gu, Seoul, Korea

Global Network

Headquarters and Production

Korea | Head Office: Seoul

12 Production Sites: Ulsan, Asan, Ehwa, Seosan, Anyang, Gwangju, Gimcheon, Changwon, Poseung, Cheonan, Jincheon, and Chungju

Overseas

16 Production Sites: MBJ (Beijing MOBIS Automotive Parts Co., Ltd.), MBJC (Beijing MOBIS Chonche Automotive Parts Co., Ltd.), MJS (Jiangsu MOBIS Automotive Parts Co., Ltd.), MSH (Shanghai Hyundai MOBIS Automotive Parts Co., Ltd.), MWX (Wuxi MOBIS Automotive Parts Co., Ltd.), MTJ (Tianjin MOBIS Automotive Parts Co., Ltd.), MAL (MOBIS Alabama, LLC), MAL-GA (MOBIS Alabama, LLC-GA), MNA (MOBIS North America LLC), MBR (MOBIS Brasil Fabricacao de Autopecas Ltda.), MSK (MOBIS Slovakia s.r.o.), MCZ (MOBIS Automotive Czech s.r.o.), MRU (MOBIS Module CIS, LL), MTR (MOBIS Automotive and Module Industry A.S), MIN (MOBIS India Ltd.), and MMX(MOBIS Mexico)

Automotive Parts Sales Network

Korea

4 logistics centers, 23 parts sales business centers, 43 parts wholesalers, and 1,976 agencies

Overseas

13 automotive parts subsidiaries, 54 branches and offices, 477 agencies, and 11,262 dealers

R&D Centers

Korea

Yongin and Euiwang

Overseas

U.S., China, Germany, and India

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CEO's Message



MOBIS tirelessly enhances its quality and technologies through business innovation to realize the highest level of customer satisfaction, while supporting its business partners to achieve mutual growth. At the same time, we remain committed to community outreach activities at home and abroad to be more engaged with local communities where we operate.

Distinguished stakeholders,

I'd like to express my heartfelt appreciation for your continued support of MOBIS. Everyone at MOBIS is making concerted efforts to create sustainable future value and share this created value with all its stakeholders.

Despite the challenging business environment amid the won appreciation and fierce market competition in 2014, MOBIS achieved significant business results, recording KRW 36 trillion in sales and KRW 3 trillion in operating profit. Also, our global OEM ranking moved up to sixth place, bringing home the honorable USD 10 billion Export Tower from the Korean government.

— Reinforcing technological and quality competencies in pursuit of future growth engines

Market competition intensified in the automobile industry with the growth rate of market demand for automobiles dropping for a second year in a row. Worse still, major economies turned to protectionism amid the pandemic fear over slowing growth in the global economy, thus building up on their entry barriers. Still, we see a silver lining behind all of this. Namely, the Korea-China free trade agreement (FTA) renders us an opportunity to take advantage of the world's most populous market. Also, we can expect growth in sales of automobiles due to an oil price falling. The expanding green car market and tougher regulations on road safety measures also suggests opportunities for MOBIS, which has been relentlessly working on related technology R&D efforts.

MOBIS' proven technology covers the core components to virtually every sort of eco-friendly vehicle, from hybrid vehicles and electric vehicles to fuel-cell electric vehicles. We have also strategically focused on perfecting our technological competitiveness in driver assistance systems, such as lane keeping assistance systems, safety distance controls, autonomous emergency braking, and parking assistance systems. As such, MOBIS is developing core technologies for eco-friendly and intelligent driving technologies to take the lead in the next-generation automotive parts technological advancement.

At the same time, we also work hard to harness our competitive edge in product quality. While preventing quality issues at source, we promote inter-departmental collaboration in addressing quality issues in order to ensure timely and accurate decision-making and responsiveness. We are also advancing our manufacturing systems to meet the highest global manufacturing standards for the greatest customer satisfaction.

— Practicing socially responsible management through fundamental restructuring

Employee competencies constitute corporate sustainability. MOBIS employees are bound together and have the power to translate their beliefs into action. These strengths will allow us to sustain continued growth. In support of this, the company practices system-based business activities, while promoting real-time communication across the board. Everyone at MOBIS faithfully abides by the basic rules and principles of the company.

As a result, MOBIS tirelessly enhances its quality and technologies through business innovation to realize the highest level of customer satisfaction, while supporting its business partners to achieve mutual growth. At the same time, we remain committed to community outreach activities at home and abroad to be more engaged with local communities where we operate. Our employees possess a high level of ethical awareness as responsible members of society. As an ardent proponent to the national drive for reducing greenhouse gas emissions, we participate in Korea's carbon reduction initiatives. We also have a dedicated team aimed at safety and environmental issues to ensure systematic safety and environmental management. We are also an active practitioner of corporate social responsibility (CSR) management in a number of activities while developing eco-friendly automotive parts technologies.

MOBIS will continue to strengthen its internal competencies to secure future growth drivers as it constantly develops source technologies and quality innovation to lay the foundation for sustainable growth. At the same time, everyone at MOBIS will do their utmost to contribute to higher customer value and CSR initiatives.

May 2015

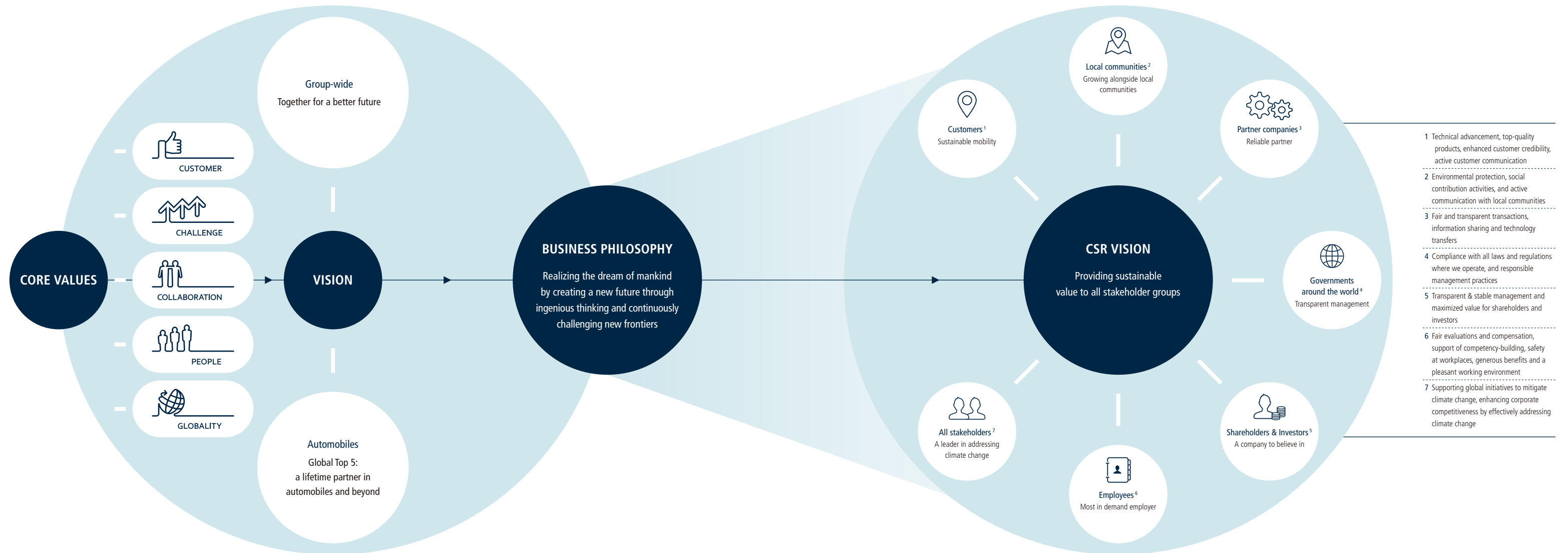
Myung-chul Chung
President & CEO MOBIS

MANAGEMENT SYSTEM

Guided by our business philosophy which aims to realize the dream of mankind by creating a new future through ingenious thinking and constantly challenging new frontiers, MOBIS shares its vision and five core values with its employees. In doing this, our 2020 CSR mid- to long-term strategies that were aligned to our philosophy and vision allow us to create shared value with stakeholders for mutual growth.

Business Philosophy

Since its foundation, MOBIS has been faithful to the underlying spirit of a stalwart business philosophy. Not content to rest on its present accomplishments, the company works arduously to reach its full potential for the realization of future possibilities, while practicing 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, MOBIS aims to become a lifetime partner in automobiles and beyond, realizing sustainable mobility together for a better future. To that effect, 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.

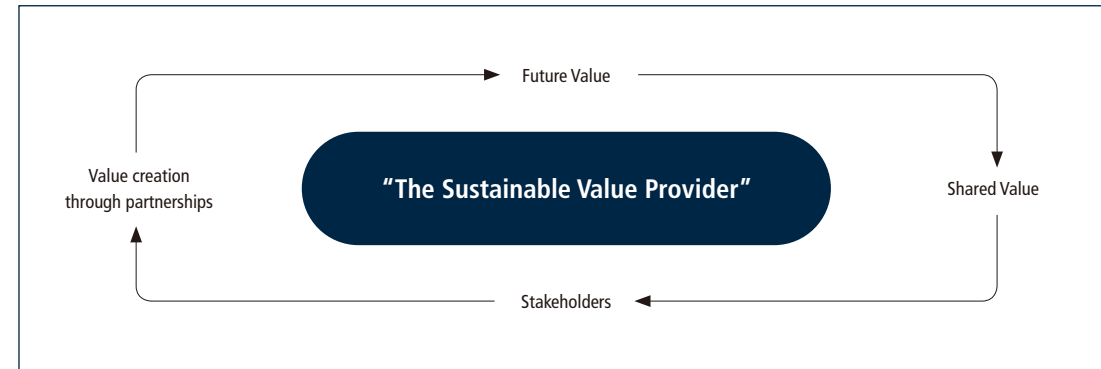
Core Values

The five core values—customers, an enterprising spirit, collaboration, people, and globality—provide a guideline for all MOBIS employees to steer their behavior and decision-making in order to realize the company's business philosophy and corporate vision. Conforming to the company's commitment to building an enterprising, collaborative and creative culture, where respect is dependent on talent and customer value, 5,931 domestic and international MOBIS employees took part in a Group-wide core value & engagement survey (CVES) in 2014.

Corporate Social Responsibility (CSR) Management

Under the 2020 CSR Implementation Strategy of becoming a sustainable value provider, MOBIS actively engages in a number of CSR management activities in line with its CSR strategies. MOBIS has classified stakeholder groups and selected goals and action plans differently within each group, while organizing a dedicated CSR Team for the seamless collaboration on a company-wide level.

CSR Implementation Strategies



Social Responsibility Charter

MOBIS understands that reliable management, environmental management and social contribution constitute the fundamentals of business activities and promises to continuously practice them. In addition, we recognize that fulfilling the principles of social responsibility will be a lasting source of growth in the long term and will make sure it benefits the staff, suppliers, shareholders, customers, communities and all of society.

Social Responsibility Charter

<p>We facilitate the self-realization of our staff and establish mutually beneficial relationships with our suppliers.</p> <p>We build sound labor-management relations on the basis of a corporate culture of respect and trust.</p> <p>All employees share and practice a spirit of service and eco-friendliness.</p> <p>We assist suppliers in strengthening their global competitiveness with mutual cooperation and green partnerships.</p>	<p>We raise shareholder value and deliver an environment of trust and satisfaction to our customers.</p> <p>Enhance shareholder rights and benefits by creating economic and social values.</p> <p>Protect customer privacy and boost customer satisfaction by providing the best products and services.</p> <p>Collect opinions of shareholders and customers in all business operations and share the value of sustainable growth.</p>	<p>As a responsible member of the global community, we contribute to the shared prosperity of humankind.</p> <p>Sharing and caring with our neighbors through various social contribution activities.</p> <p>Comply with global environmental regulations and agreements and become actively involved in environmental conservation.</p> <p>Enhance mutual understanding and contribute to the development of a global society through vigorous cultural exchanges.</p>

CORPORATE GOVERNANCE

MOBIS promotes a transparent and healthy corporate governance to coordinate the different interests of diverse stakeholder groups and to ensure that all management activities are carried out to the letter of the law. At MOBIS, outside directors account for the majority of the board to ensure that all stakeholder opinions are heeded independent from management, with subcommittees supporting BOD operations with their expertise in their respective areas.

Ownership

As of the end of 2014, 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 58.57 percent of total shares for the same period.

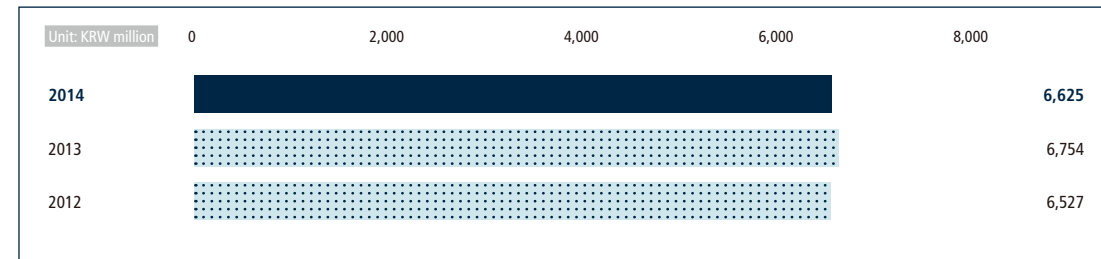
Ownership Structure (as of December 31, 2014)

	Common	Preferred
International investors	44,450,664 (45.7%)	187 (4.7%)
Domestic institutional investors	16,762,705 (17.2%)	547 (13.8%)
Domestic individual investors	4,956,359 (5.1%)	3,240 (81.5%)
Largest shareholders	29,367,519 (30.2%)	-
Treasury stocks	1,806,616 (1.8%)	-
Total	97,343,863 (100.0%)	3,974 (100.0%)

Composition and Operation of the BOD

The board of directors (BOD) of MOBIS is at the top of the company's decision-making hierarchy regarding all management issues, speaking for its stakeholders and keeping in check all management activities in a farsighted perspective. As of the reporting period (end of 2014), the BOD consisted of nine directors, including four inside and five outside directors. As the automotive parts business requires prompt decision making on large-scale investments, the CEO concurrently takes the chair of the BOD to ensure timely decisions, but the company runs an Outside Director Recommendation Committee to guarantee the independence of BOD operations from the company's management board. In conformity with the related regulations, outside directors take up the majority of the BOD and outside directors are appointed only after the Korea Exchange inspects the legal qualifications of each candidate based on a submitted Qualification Certificate as well as the vested interests in the company before approving their appointment. Of the three BOD subcommittees, the Ethics Committee and Audit Committee are comprised solely of outside directors for more neutrality in their activities to keep management in check. In 2014, the BOD convened 11 meetings to deliberate and resolve 33 agenda items and reports. The attendance rate for outside directors stood at 93 percent that year. Remuneration is made to board members within the limits approved by the general shareholders' meeting (GSM) based on performance review results. In 2014, a total of KRW 6.63 billion was paid out from a budget of a KRW 10 billion ceiling.

Remunerations to directors (as of Dec. 31, 2014)



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 authorities and functions to monitor management activities in a transparent and responsible manner.

The Ethics Committee is responsible for company-wide ethics practices. It oversees Compliance Program practices, transactions with persons/entities that have a vested interest, the company’s business ethics and CSR policies, and institution/amendments and enforcement of the code of ethics. In 2014, the committee gathered eight meetings to review the CSR and ethical management performance and plans. It also approved agenda items regarding financial transactions with the Group’s financial affiliates according to the provisions of contracts and the limits on the transactions with the largest shareholders.

The Audit Committee audits general management activities and accounting practices. The committee has the authority to demand directors to report on operations and to examine the company’s financial status and operational practices. It convened a total of four meetings in 2014 to deliberate the audit results on the company’s financial statements, and review internal accounting control system operations.

The Outside Director Recommendation Committee consists of both inside 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 by the GSM. In 2014, the committee held two meetings to serve its function and elected their chair.

BOD Composition (as of March 31, 2015)

	Name	Responsibility/Additional Job	Functions		
Inside	Mong-koo Chung	Chairman & CEO			
	Eui-sun Chung	Vice Chairman			Member of Outside Director Recommendation Committee
	Myung-chul Jung	President & CEO			Chair of Outside Director Recommendation Committee
	Byung-chul Choi	Chief Finance Officer			
Outside	Tae-woon Lee	Senior Partner, The One Law Firm	Member of Audit Committee	Chair of Ethics Committee	
	Chan-wook Park	CEO, P&B Tax Affairs Consulting	Chair of Audit Committee	Member of Ethics Committee	
	Byung-joo Lee	Advisor, Bae, Kim & Lee LLC	Member of Audit Committee	Member of Ethics Committee	Member of Outside Director Recommendation Committee
	Woo-il Lee	Dean, Department of Mechanical and Aerospace Engineering, Seoul National University	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

BUSINESS ETHICS

As a signatory to the UN Global Compact (UNGC), MOBIS fulfills its corporate social responsibilities and runs education programs to help employees internalize business ethics in their behaviors. Moving forward, MOBIS will continue with its ethical management practices as a highly trusted company.

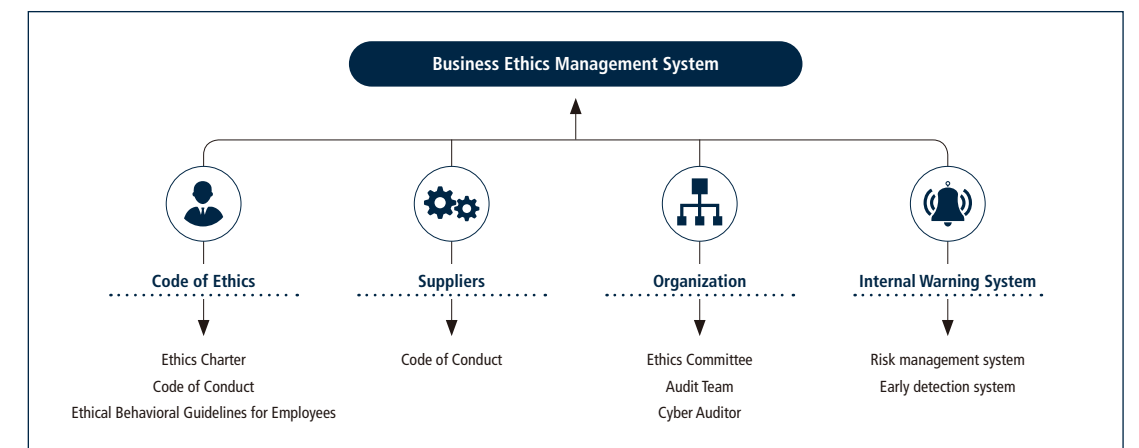
Ethical Management Organization

Our Ethics Charter, Code of Ethics and Ethical Behavioral Guidelines for Employees provide the behavioral guidelines to our employees. We have also distributed a code of ethics for suppliers in promotion of business ethics throughout our entire supply chain.

Comprised solely of outside directors, the Ethics Committee monitors companywide ethics practices to ensure a more transparent and ethical corporate culture. This is supported by the corporate audit team, which conducts auditing on a regular basis, and by the Cyber Auditor, which is an online inspection instrument open to all stakeholders. In addition to the regular risk management system, we are vigilant to internal ethics risks with an early detection system and other internal warning systems in place. Procedures for the internal control system have been standardized in order to establish fair transactions and subcontracting procedures have been computerized, from contracting and bidding to procurement and pricing systems, in order to preemptively steer clear of any irregularities, forming the cornerstone for win-win partnerships with suppliers.

The business ethics indicators were developed in 2013 to evaluate the level of ethics practices by stakeholders, with the results now being reflected in our ethics training programs.

Business Ethics Management System



Ethics Training & Campaigns

MOBIS operates a variety of ethics training and campaign programs to promote employees’ proactive ethical practices. The On-Site Ethics Training Classes provide ethical training sessions to employees at plants and other business sites. At each division level, ethics leaders are appointed to discover ethics dilemmas that employees run into in their job fulfillment, while finding solutions to various ethical dilemma cases in order to encourage employees with greater ethical practices. The solutions are then reflected in ethical training lesson plans. Also, all new employees are obliged to receive ethics training to raise their ethical awareness.

Furthermore, top management announces its commitment to companywide ethical management, and the company runs a campaign before and during traditional holidays to prevent employees from unethical transactions with stakeholders. A Code of Ethics Guidebook was also published to help employees familiarize themselves with the company’s code of ethics. The guidebook not only sets forth the provisions of the code of ethics, but provides case studies on ethical dilemmas that employees often encounter in the course of their day-to-day job duties.

Key Risk Management

At MOBIS, key risk factors are divided into two groups, each of which requires different approaches. First is the indicator-based management approach. By analyzing trends and examining causes using the key risk indicator (KRI) monitoring system, risks are classified into four stages of caution, danger, warning, and severe based on analysis results to different countermeasures. The other is a manual-based management approach, which suggests countermeasures for different situations in order to ensure a prompt response to emergencies. Based on reviews to determine the seriousness, possibilities, impact, and risk factors of high importance, each is defined as a key risk factor for intensive monitoring and responsive measures. Well aware of the growing needs for managing foreign currency risks amid the latest volatility in the global financial markets, we have recently intensified our monitoring of emerging markets' currencies.

10 key risks

Indicator risks	Manual risks
01. Commodity price hike	06. Natural disasters
02. Exchange rate fluctuation	07. Human failure
03. Undermined stability in the quality control of new products	08. Suspension of component supplies from partner companies
04. Falling backlog order of core components	09. Leakage of confidential technology
05. Failure in retaining core talents	10. Massive recalls

2014 major risk management performance

Category	Description
Major business environment	Foreign exchange Intensive monitoring and outlook on foreign exchange rate volatility - Strong won/weak yen undermining Korean exporters' competitiveness and emerging markets' submerging currencies
	Global economic growth rate Adjusting the global economic growth rate outlook and monitoring economic issues in emerging markets
	Auto industry Monitoring the 2H 2014 global auto industry outlook and major issues in the auto industry of each market
	Regulations Stricter regulations and the impact on our business and countermeasures - Responses to U.S. regulations on conflict minerals, the new consumer protection laws of Saudi Arabia, and China's anti-trust laws
Natural disasters	Geopolitical risks Responsive measures to the escalating Iraqi civil war and Gaza conflict
	Heavy rain in the southeastern part of Korea Getting a grasp of the damage of heavy rains to agencies in the region
Safety/Environmental	Safety/Environmental practice checks Checking and improving safety, health, environmental, fire prevention, and disaster control practices at domestic and international premises

Major Risk Management and Response by Type

MOBIS analyzes potential risk factors that have an impact on its business, including major developments in politics, economics, industrial and market environments, as well as geopolitical issues and reports, all of which it presents to top management. Financial risks are also in control, reporting every major issue to top management. While controlling the exchange rate exposure risks arising from foreign currency-denominated bonds and debts, we also regularly monitor and assess financial stability indicators, such as net cash flows and debt ratio. Social/environmental/regulatory risks are also under our control. We have in place a dedicated monitoring program to establish a compliance program within the organization and have completed a Material Compliance Management System (MCMS) and GHG inventory for effective responses to global environmental regulations and climate change. In order to hedge operational risks stemming from irregularities or errors in business activities due to human, process or system failure, we operate a web-based risk management system that allows us to timely detect risk factors and minimize their impact. Different scenarios for a range of risk factors were also examined to minimize the damage from unpredictable risks such as natural disasters. An interdepartmental collaboration network is also in place to deal with situations companywide in the event of any emergencies.

STAKEHOLDER ENGAGEMENT AND MATERIALITY TEST

MOBIS defines its CSR management as the process of communicating with stakeholders to achieve shared value. Therefore, our endeavors are purported at contributing to the sustainable growth of society and the nation as well as achieving high customer satisfaction while protecting the environment.

Stakeholder Groups

MOBIS classifies its stakeholders into eight groups and maintains different channels for communication with all of them.

Communication channels by stakeholder group



- CTO: Chief Technology Officer
- NDR: Non-Deal Roadshow
- CSR: Corporate Social Responsibility

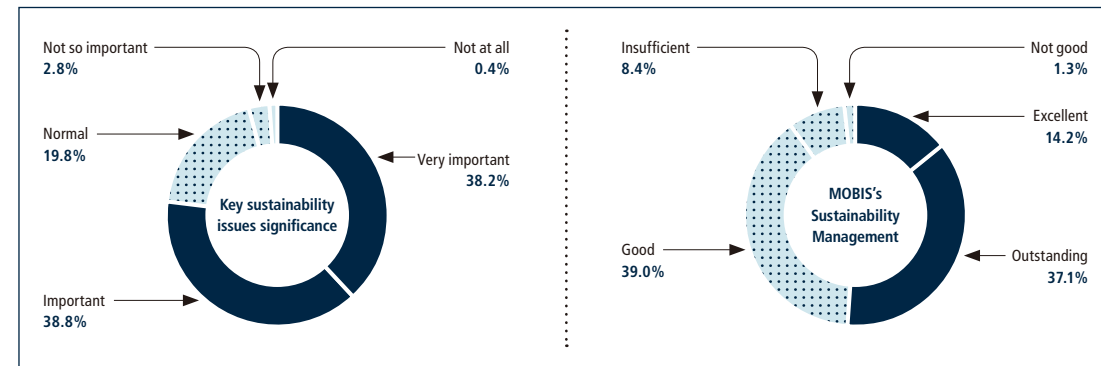
Materiality Analysis

MOBIS has run extensive stakeholder surveys and media analyses to assess key sustainability issues. In 2015, we analyzed 22 key issues to select eight priority issues that have a significant impact on the business and are of high concern to stakeholders. The 2015 MOBIS Sustainability Report covers our performance and plans on these eight material issues.

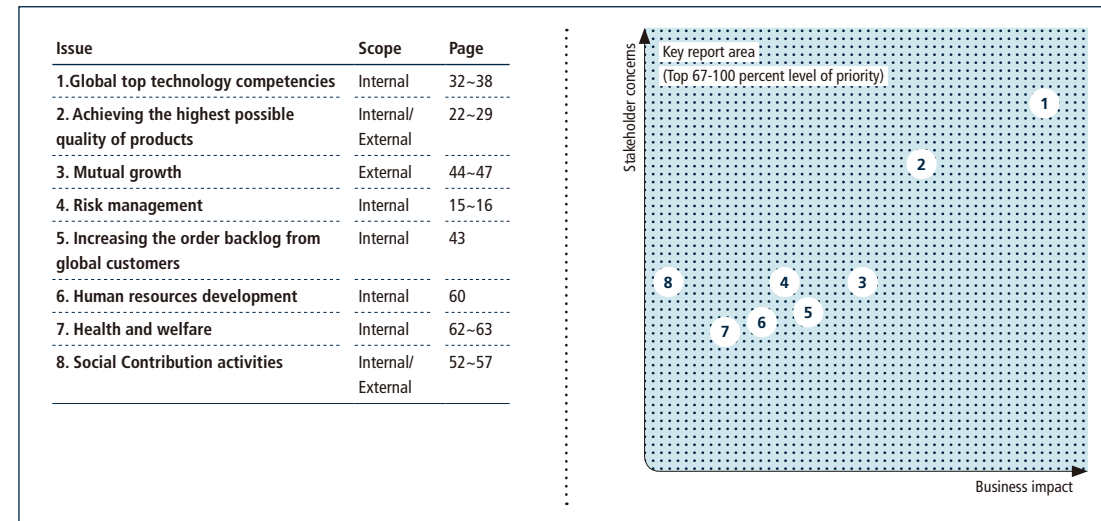
Media Analysis We reviewed 1,982 news articles covering MOBIS in 2014 to weigh their significance by the categories of articles, influence of the media, and exposure to media coverage. Positive issues were connected to customer satisfaction, the company's technical competencies in eco-friendly auto parts and components, R&D infrastructure, and overseas production networks. Negative coverage was mainly about the transaction practices, genuine parts, and alternative parts certification.

Stakeholder Surveys MOBIS surveyed 2,214 stakeholders in eight groups—1,536 employees and 678 external stakeholders—on their awareness of the company's CSR management in order to identify key sustainability issues. The number of respondents was increased by 1,000 people from the previous survey in order to enhance the survey credibility of the results. The findings showed that 77.0 percent of respondents thought sustainability issues were "important," while 51.3 percent of them answered that the company was either "outstanding" or "excellent" in its sustainability performance.

Stakeholder surveys



Top 8 priority issues identified from materiality analysis



MOBIS adds value to automobiles with its product technologies that respect humanity and the environment. The quality of products MOBIS makes is an uncompromising value that the company pursues for the sake of its customers. To that end, we make constant investments and innovation in our research and development for future technologies.

02

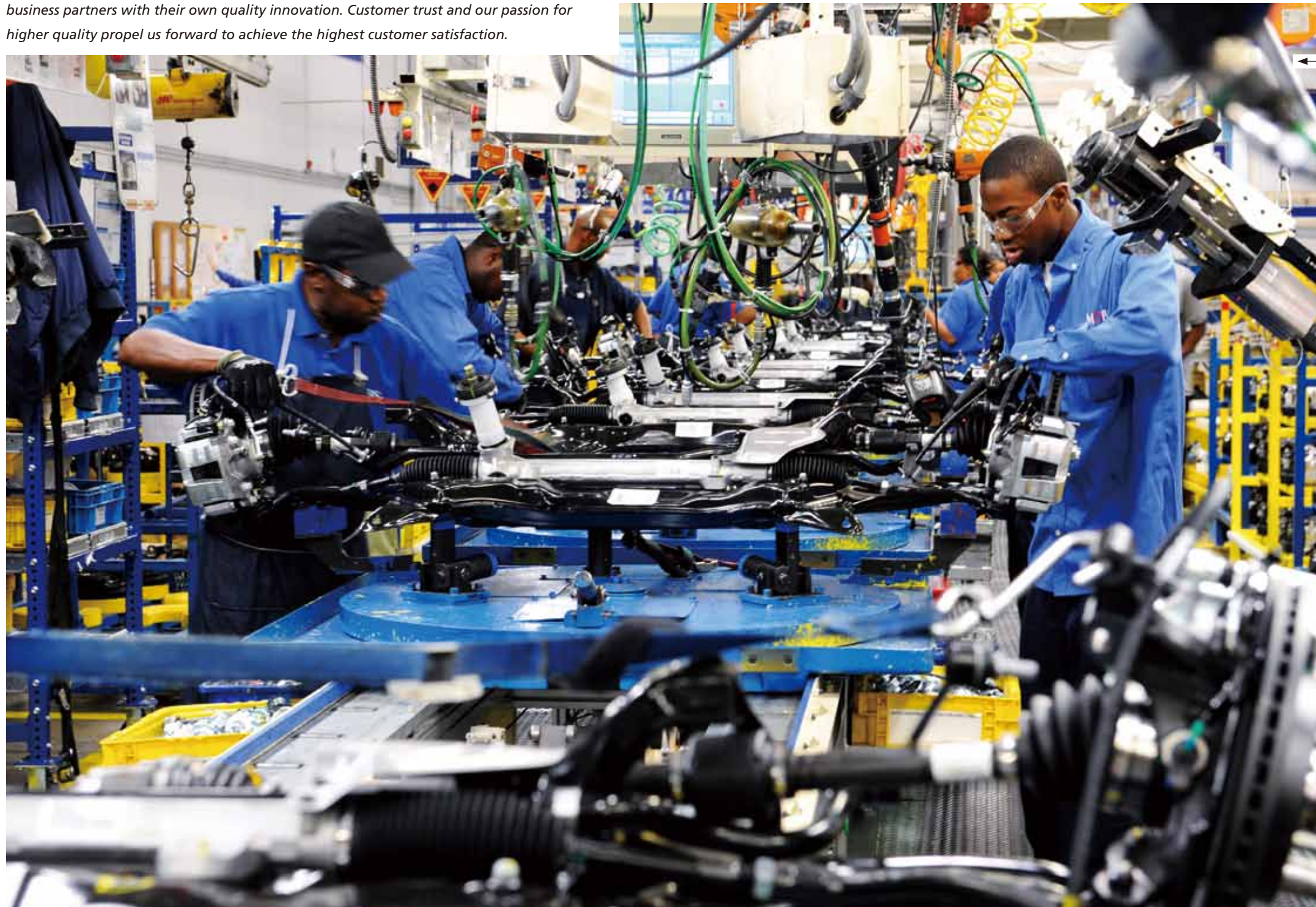
Special Theme

Special Theme

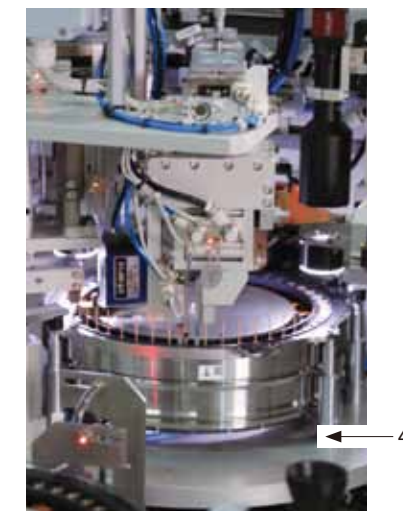
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- 37 Intelligent Component Technologies

Back to Basic Principles

We strongly believe that the best in-class quality of products is the greatest value we can offer to our customers as an auto parts maker. By furthering innovation throughout the entire life cycle of products, from design to manufacturing, we continually support our business partners with their own quality innovation. Customer trust and our passion for higher quality propel us forward to achieve the highest customer satisfaction.



- 1 Chassis module line at the Alabama plant
- 2 Front-end module line at the Asan plant
- 3 Audio Video Navigation (AVN) line at the Jincheon plant
- 4 Motor line at the Chungju plant



QUALITY OVERVIEW

Quality is the underlying and uncompromising value of any automobile throughout its life cycle. MOBIS never neglects even the smallest parts or components because every single item constitutes an important part of a car's body. MOBIS has established a process that meets the highest global standards, covering the entire process of products, from design to manufacturing. As our suppliers' products play a pivotal role in our quality control, we always support their quality improvement initiatives. Customer feedback is also taken into consideration in our constant quality innovation. The overriding value at MOBIS is our unwavering passion and commitment to improving the quality of our products to complete perfection.



At a Glance

→ **46 % , 54 %**

CS 1 million index improvement rate against 2013 results (domestic/overseas)

→ **20 %**

Initial quality study results improvement rate against 2013 results

→ **93.6 %**

2014 plant operations ratio (domestic)

→ **217 meetings**

Number of daily quality meetings presided by top management during the year

Interview



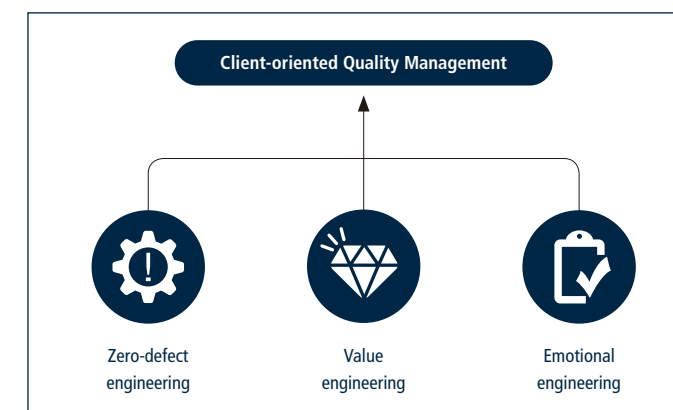
Lee Young-Geon,
Director,
Quality Research Institute

Technological advancement and quality level are in proportion with one another. The latest advent of high-tech vehicles were backed by the highest advanced quality level. The MOBIS Quality Research Institute focuses on perfecting the quality of products by leveraging its initial quality control know-how. We listen to the customer and market demands in commercializing newly developed technologies to verify the completion to perfection of our design quality and approve the actual process to stabilize the initial quality control of mass production. Under the belief that customers are the ultimate standard for our quality control, our overseas quality control centers in the U.S., China, India, Germany, and Korea help us meet the highest standards and demands for international clients in respective areas.

Client-oriented Quality Management

With our quality management practices, the primary goal is to exceed client expectations. To that effect, we make strenuous efforts to realize the highest quality products in line with our four values: realizing defect-free quality, ensuring the highest possible customer satisfaction system, establishing processes in line with global standards, and reinforcing our suppliers' quality competitiveness. By proactively addressing client demand, we swiftly handle all requests and complaints, strengthening our clients' trust in our impeccable quality control.

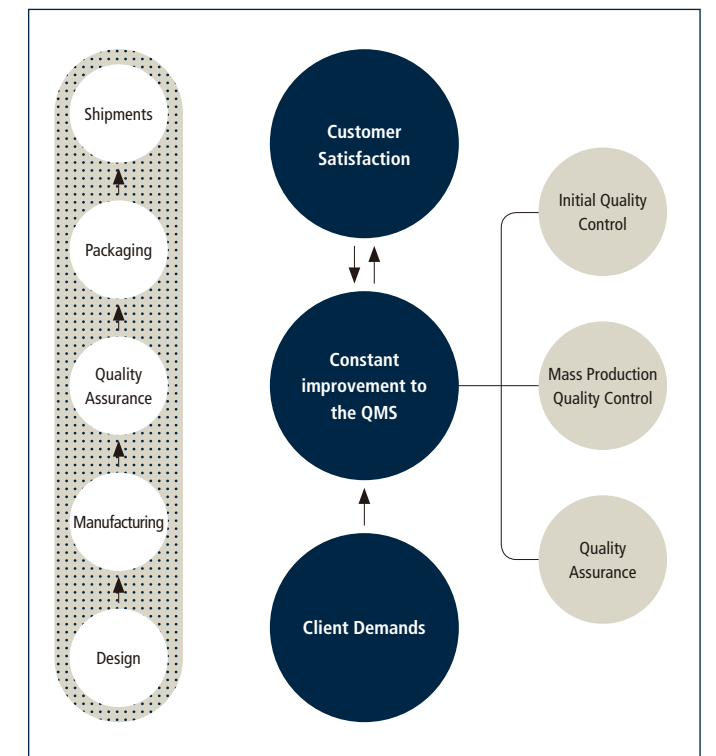
Client-oriented Quality Management



Quality Management System (QMS)

MOBIS tirelessly pursues the highest possible quality levels, engaging in all-out quality innovation initiatives. In 2002, it was the first company in Korea to earn the ISO/TS 16949 certificate—the quality management system (QMS) for international carmakers—on all its global operations, as well as poised to achieve zero-defects. In 2014, the company completed the ISO/TS 16949 QMS certification at 37 of its manufacturing plants around the world. We have also innovated the prevention control system to prevent quality issues at source. As such, our production lines have met all global standards.

Quality Management System (QMS)



Quality Improvement Performance

MOBIS improved its CS 1 million Index, which stood at 5,533 in Korea and 6,372 overseas in 2013, by 46 percent and 54 percent, each to 2,964 in Korea and 2,948 overseas in 2014. Its IQS rating in the American market also improved 20 percent to score 25.9 points for the same year. These improvements, in turn, stabilized our product quality level, with our plant operation ratio improving from 89.5 percent in Korea and 89.1 percent overseas in 2013 to reach 93.6 percent in Korea and 95.2 percent overseas.

Mid- to Long-term Quality Improvement Plans

MOBIS strives to reflect client voices in its product quality innovation, as well as quantitative improvements. Its test track in Seosan is a case in point. This is a very rare case for an OEM part supplier to have its own test track. MOBIS constructed this track in order to ensure distinctive quality control for its clients. When completed in 2015, it will be equipped with a testing system run by an excellent team of test experts. Its vehicle test conditions will further enhance the quality of our products.

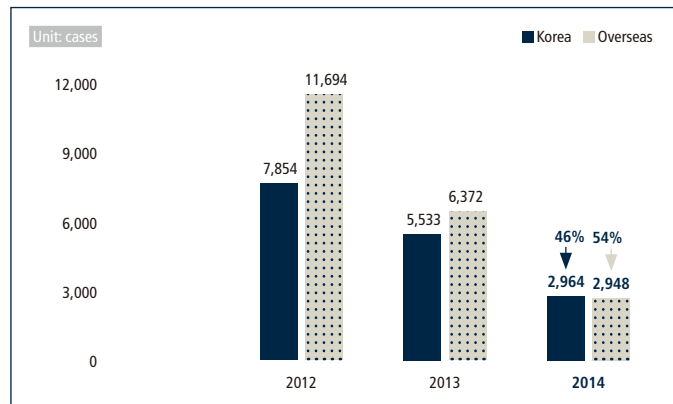
Top-quality products are the ultimate goal of all manufacturers to ensure the greatest customer value. Based on its quality management system (QMS), MOBIS further enhances the quality of its products through strategic operation of its Production R&D Center and implementation plans. The field-oriented, system-based management practices ensure advanced products tailored to different needs of clients from different markets.

At a Glance

- **46 times**
No. of times top management walked around plants in Korea and overseas in 2014
- **2,695 modules**
No. of modules manufactured in 2014 for 30 different car models

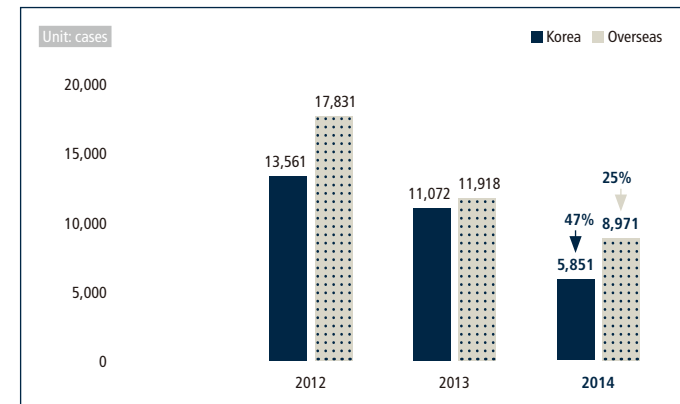
PRODUCT QUALITY

CS 1 million Index



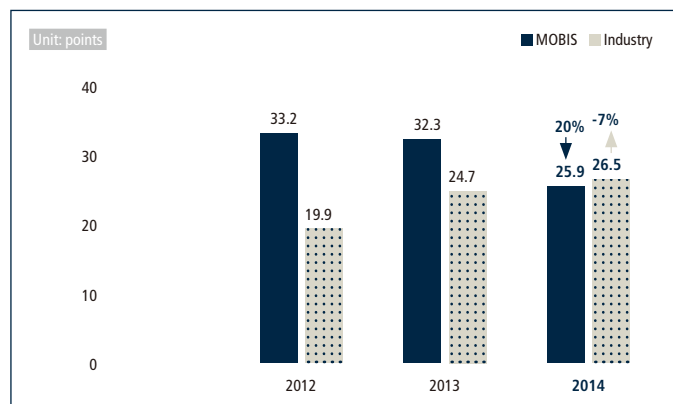
- The CS 1 million index is a market quality indicator that stands for the number of claims made for every 1 million vehicles in the first 90 days of ownership.
- Figures from 2012 and 2013 were corrected from the previous report, as there were some data errors.

RS 1 million Index



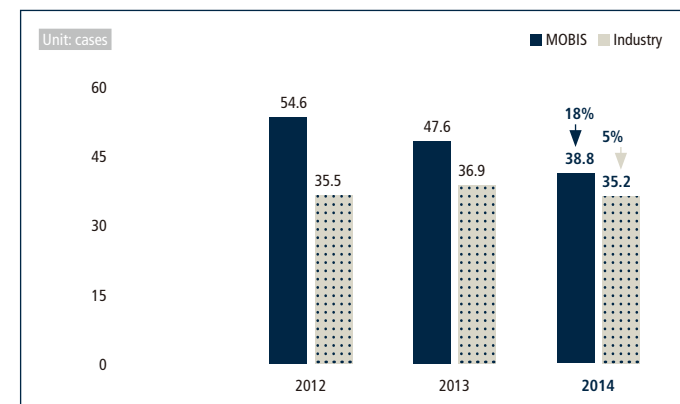
- The RS 1 million index is a market quality indicator that represents the number of claims made for every 1 million vehicles in the first 10-12 months of ownership.
- Figures from 2012 and 2013 were corrected, as there were some data errors in the previous report.

Initial Quality Study (IQS)



- The IQS shows the number of problems per 100 vehicles experienced in the first 90 days of ownership.

Vehicle Dependability Study (VDS)



- VDS indicates the rate of problems per 100 vehicles experienced in the first three years aftermarket.

Field-oriented Prevention Frameworks

MOBIS has in place field-oriented frameworks for preventing defect risks such as an Early Warning System, defective parts tracking systems, and human error prevention systems. Any system failure triggers prompt counteractions, especially with the QR Code, which is instrumental in preventing the mix of different parts and components on the assembly line. The main processes of core components are automated to minimize human errors in the process of assembling and processing all parts.

Additionally, intensive production line checking has also improved field practices. In 2014, our top management made a total of 46 sessions (28 in Korea and 18 overseas) of checking to enhance the quality and operation ratios. In particular, suppliers who showed repetitive quality issues were subject to on-site inspection and troubleshooting sessions to further enhance our quality level on the supply chain.

System-based Management for Quality Improvement

MOBIS's Quality Council, presided over by top management, ensures the systematic management of quality innovation. Each Quality Council meeting is led by the CEO and relies on real-time monitoring results using the company's Executive Information System (EIS), which helps enhance operational efficiency of meetings and induces effective improvement measures. These monthly meetings check on the progress of quality innovation drives and share quality innovation tips, while also consulting future directions for innovation. The agenda items discussed and deliberated on in the meetings are reflected in company-wide quality innovation drives. In 2014, a total of 217 such meetings were held. Going forward, MOBIS will continue to swiftly address improvement measures and solve problems with highly tuned plans.

- The EIS was initiated in 2014 to realize a more system-based management platform. It assists in raising company-wide productivity and management efficiency by utilizing automobile parts, purchase, quality control, and R&D data.



On-site inspection



Daily Quality Council meeting

Quality-First Production System

In coping with the rapidly changing global market environment and technology advancement, MOBIS is reinforcing its manufacturing competitiveness, and the Production R&D Center is at the center of these endeavors for quality-first production systems. To that end, we have set forth three key initiatives as follows.

First, we will stabilize the operation of new plants early on to strengthen our production capacity. Verification has also been tightened at the IQS and preparation stages to steer clear of quality issues at the commercialization stage. Also under way is a movement to raise operation ratios through the stable operation of production facilities.

Second, we aim to achieve zero-defect production quality to achieve productivity innovation. MOBIS runs periodic process reviews to strengthen the technological competitiveness of its overseas plants and suppliers, while training employees to improve their quality level.

Finally, we will secure the core manufacturing technologies as our future competitiveness. To that effect, a mold factory is currently under construction within our Gimcheon plant to enhance the precision of our mold products. By benchmarking global best practices, we will ensure the optimal mold design and manufacturing technologies.

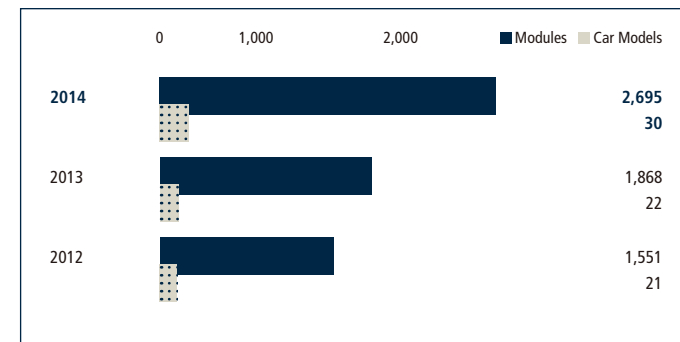
Boosting Overseas Quality Centers' Functionality

MOBIS controls all quality issues on its overseas operations through its overseas quality control centers in major strategic auto markets. The overseas quality control centers carry out quality innovation activities tailored to local client needs and market demands, and are reinforcing their capabilities for on-site troubleshooting and new vehicle tests. We plan to expand more centers overseas in strategic markets in South America and the Middle East in order to offer localized quality services and the prompt dealing of quality issues.

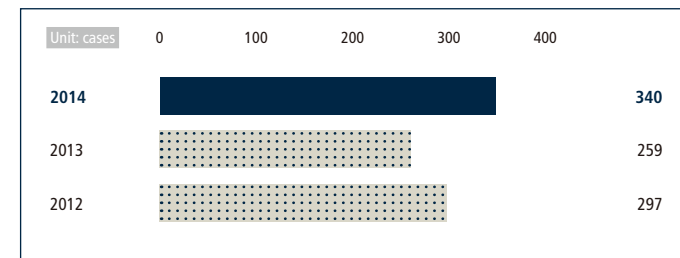
Pilot Module Center

The Pilot Module Center is a facility for testing the quality of new modules for new car models before mass production to ensure the initial quality of pilot modules. MOBIS constructed this center in 2009 on a 4,297m² site at the Hyundai-Kia Motors R&D Center. The prototype modules manufactured using commercialized components at the center help verify the quality of used components, while enhancing the accuracy of design plans. The efficiency and appropriateness of facilities and techniques are verified for stability in the initial mass production stage and higher quality performance. Before a product is commercialized, the center trains operators of the production lines to help them sharpen job skills to ensure the quality of assembly. In 2014, the center manufactured 2,695 modules for 30 car models.

Pilot Module Production by Year



Production Support to Client Companies (Preparing for New Models)



Overseas Quality Control Centers

Design Quality

Another important part of our quality control involves the design quality to achieve higher customer satisfaction. While analyzing the quality issues of new car models to improve their weaknesses, we also have in place a dedicated test team to enhance software design competencies. The DFSS and DFMEA have been supplemented by TRIZ to prevent quality issues in the designing stage and to prevent recurrence. Also under way are various activities to heighten product quality. Common design competencies have been fortified to further the robustness of our products. Durability tests of our products on vehicles and under extreme conditions were increased to detect and make up any potential risks at source.

- DFSS (Design for Six Sigma) is a quality innovation technique that reflects changes in the business environment and customer demand in R&D activities. MOBIS performed a total of 38 tasks in 2014.
- DFMEA (Design Failure Mode Effect Analysis) is a business process for raising the initial quality level by preventing potential troubles at the design stage. The DFMEA is the prerequisite to ISO/TS 16949 certificate. MOBIS carried out 566 cases of required functions, 962 failure modes, 751 failure mechanisms, and 543 reflections in design in 12 categories.
- TRIZ is a problem-solving, analysis and forecasting tool. MOBIS performed 10 tasks and earned an A-grade patent and 10 B-grade patents in 2014.

Preliminary Checks for Technological Perfection

The accelerated advancement of technologies has extended the scope of quality consideration of vehicles to safety and convenience. To that effect, telematics equipment has become a critical factor for every automobile, accounting for 35 percent of all auto components.

MOBIS faithfully abides by all international standards in the design and maintenance of its telematics equipment and software. In 2010, we set up a task force team to prepare for the increased use of telematics components and prepared for obtaining the ISO 26262 certificate, the international standard for the safety of automotive functionality. As a result, we were able to satisfy all 543 requirements—the first company to do so in the world—to acquire the certificate on our airbag control units (ACU). In 2015, we are preparing for the same certificate on 19 of our products. We will continue to enhance customer safety and convenience by developing an integrated development process that meets the highest international standards, including the ISO 26262.



Test jig manufactured using the 3-dimensional printer

3D Printers for Higher Design Quality

MOBIS adopted a three-dimensional (3D) printer as early as 2002 to review the feasibility of design, or the design and functionality of new models at the product planning stage. Using 3D printers for prototypes saves product costs and development periods compared to traditional mold-based prototypes. It also allows fast tests and improvements. For instance, the driver's seat module costs only one-fourth of a mock-up in a period of only half the molds or mock-ups. The saved time and cost facilitates prototype test procedures, allowing repetitive modifications to design plans to correct any design errors prior to mass production. Therefore, we plan on further expanding the scope of use and verification of the 3D printer.

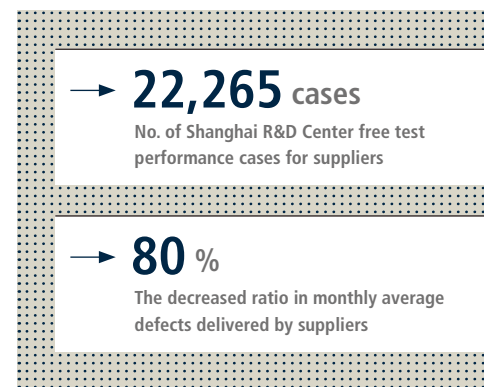
International Standards Progress & Plans

	ISO26262	A-SPICE	CMMI
2015	Review of all products for application of global process		
2014	MDPS(ASIL D), ESC(ASIL D)	Preparing for Level 3	Regaining the Level 3 certification (3-year term)
2013	ACU(ASIL D), SPAS(ASIL B)	ICS product and development processes (Level 2)	-
2012	SCC(ASIL B), LKAS(ASIL B)	-	-
2011	-	-	Obtaining Level 3 certification on R&D Center software development teams

Approximately 95 percent of all automobile parts come from partner companies, which is why MOBIS proactively supports innovation drives on its supply chain. As their quality constitutes our competitive edge, we will continue to share quality policies with our suppliers through quality training and information exchange.

SUPPLIERS' QUALITY CONTROL

At a Glance



Suppliers' Quality Policies

MOBIS implements diverse quality policies to support its partner companies in strengthening their competencies.

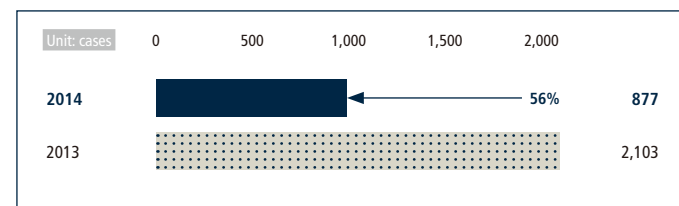
First, the production process of core components have been standardized to ensure competitive quality levels, while preventing losses from omissions or mix-ups on the assembly line. Second, MOBIS and our partner companies have jointly improved worksite processes to stabilize the quality control of mass production. Fundamental revamps and suppliers' autonomous quality control systems have resulted in higher quality attainment overall. Third, we have completed a partner quality management system (PQMS) to ensure equal quality of all parts and components. We are also improving the analysis and search functions of PQMS. As a result, the monthly average defects in the delivery by suppliers declined in 2014 by 80 percent from 2013, while the CS/RS 1 million indexes also improved 58 percent and 70 percent, respectively.

Promoting Mutual Exchanges for Stronger Partnerships

MOBIS gives in-depth training on the features and functions of its parts and components to suppliers to enhance their productivity while also sharing its defect case studies with them to prevent quality defects. In 2014, we completed a quality training site for 205 primary suppliers, enhancing their accessibility to all training programs. As for the 127 primary to tertiary partners that had quality issues, we undertook inspections on their compliance with the nine basic principles and prevented any recurrences of such issues. In 2015, we plan on carrying out intensive training with 852 selective suppliers.

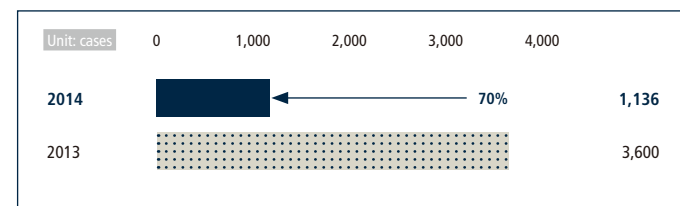
We are also engaged in activities to increase exchanges with suppliers and to build stronger partnerships. We encourage primary suppliers that have completed prerequisite training to give process innovation and quality training to secondary and tertiary suppliers, while also facilitating close collaboration and execution measures with them. In addition, we have established communication channels for synergies between suppliers, such as subcommittee meetings and quality seminars at the plant level.

Suppliers' CS 1 Million Index Performance



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

Suppliers' RS 1 million Index Performance



• 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.

Interview



Kim Jae-byung,
Managing Director,
Automotive Business Division of MCNEX

Automobile camera technology has continued to progress over the past few years and has now become an integral part of safety in automobiles. Committed to providing the highest quality products that are all equipped with cutting-edge technologies and which match the longevity of the automobiles they are installed in, MCNEX's product history tracking system and automated process effectively solve any problems that may arise after production is complete, and reflects this in future designs to minimize the defect ratio. We also run extensive tests on electromagnetic wave and water resistance performance to insulate electrical interference between electronic components in proportion to the growing use of such components. In particular, we were able to significantly reduce our quality defect ratio thanks to a collaboration between MCNEX and MOBIS on quality innovation in 2014. As a loyal partner to MOBIS, MCNEX will continue developing a wide array of hi-tech camera module systems to become a globally competitive auto parts supplier.

R&D Cooperation for Suppliers' Quality Innovation

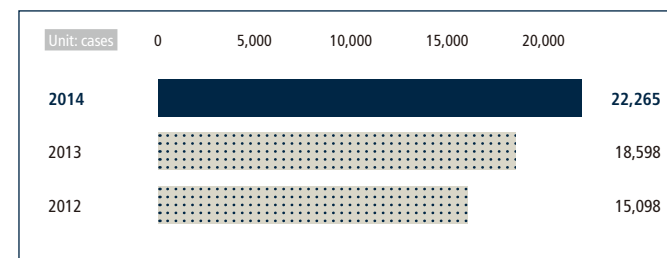
MOBIS transfers its test/assessment techniques to suppliers and sponsors their technological competitiveness through the joint development of original technologies and royalty-free licenses of its domestic patent rights. In 2014, we shared 127 general patented technologies and 33 utility model licenses. MOBIS also covers all related expenses needed for filing for patents where MOBIS and its suppliers hold joint rights and registrations and protects all patent rights. In alliance with the Foundation of the Korea Automotive Parts Industry (KAP), we run several training courses to help employees of our suppliers enhance their competencies. We always keep our doors open at our Shanghai R&D Center for partner companies who have followed us into overseas markets, supporting them with quality tests in which they lack in-house infrastructure or techniques. In 2014, we ran a total of 22,265 tests for our suppliers, up 20 percent from the previous year. This saved our suppliers KRW 290 million in test expenses. This is a classic case of a win-win partnership, as MOBIS can ensure the quality of our products while our suppliers reinvest their saved costs in improving their competitiveness.

Case Study: Suppliers' Quality Innovation

Improving automotive camera wire bonding

MCNEX is a camera module specialist which has recently succeeded in significantly reducing the defect rate by improving its automotive camera wire bonding. The main cause of the defect lied in the different thickness between the wires of automobiles and cameras, as the gap let in moist, which led to a failure in electronic devices. MOBIS and MCNEX collaborated to insert a resin-based mold between the bonding gaps to maximize the insulation. This pre-molding technique significantly enhanced the insulation of the bondage, while improving the bend and water resistance performance, cutting the defect ratio by 47 percent. Buoyed by this quality innovation success, MCNEX was able to enhance the perfection of its technology to successfully develop an integrated camera model and automotive wires.

Shanghai R&D Center Free Test Performance



Strengthening our Base

The intrinsic value of a company lies in contributing to stakeholder value through sustainable growth, while at the same time propelling innovation for a better future for everybody. MOBIS pays attention to safety as much as to convenience and continues to make investments in technology as it works hard to creating future-oriented green vehicles. We strongly believe tireless R&D activities firmly support all innovation efforts. As such, MOBIS is dedicated to its R&D efforts to bring about a better society for all.

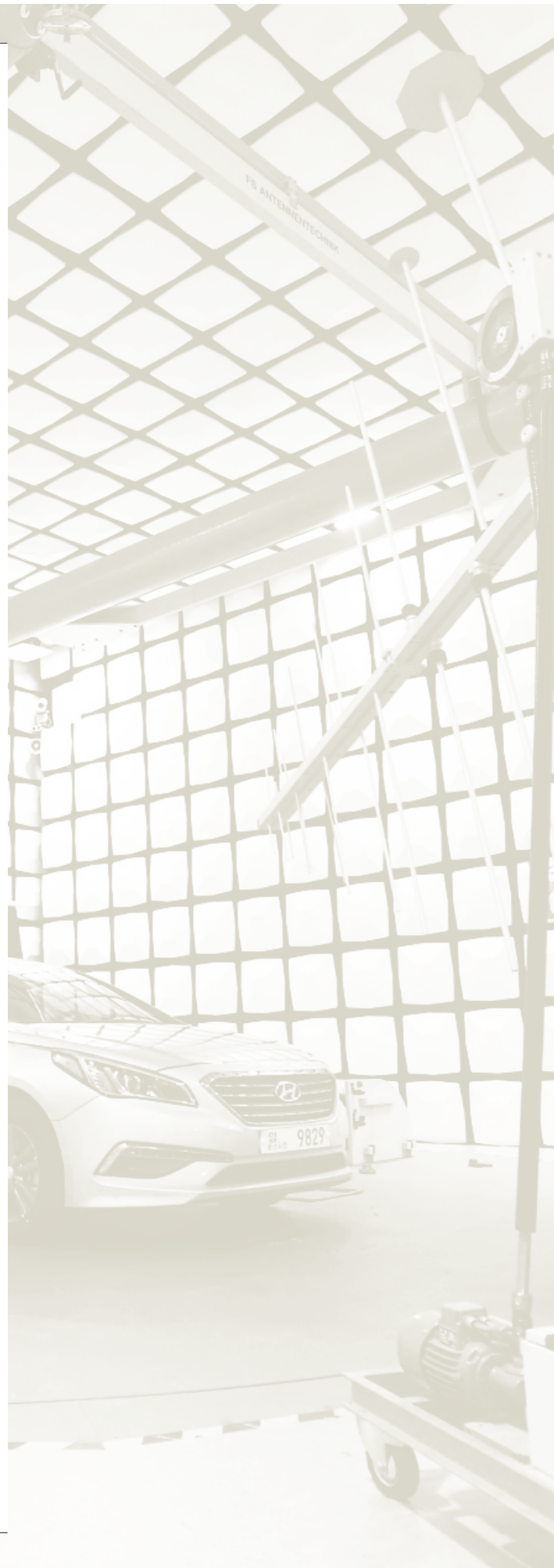


- 1 Electromagnetic darkroom at Mabuk R&D Center
- 2 Aigbag sled Test
- 3 Intelligent headlamp
- 4 Showroom of the Electronic Device R&D Complex at the Mabuk R&D Center



RESEARCH & DEVELOPMENT

Automobiles used to simply be an innovative and fast form of transportation. Technological advancements, however, have made cars safer, more convenient and more environmentally friendly than ever before. Behind these changes have been vigorous efforts towards better products that all automakers have been making for the past century. For its part, MOBIS continues to invest in human resources and infrastructure, while encouraging its employees to share the same vision and goals in developing globally competitive technologies.



At a Glance

→ **+32%**
Growth rate of projects compared to 2013

→ **1,740 cases**
No. of filings for intellectual property rights domestically and internationally

→ **2,086 researchers**
No. of research experts (as of 2014)

→ **6 places**
No. of proving grounds at home and abroad

Interview



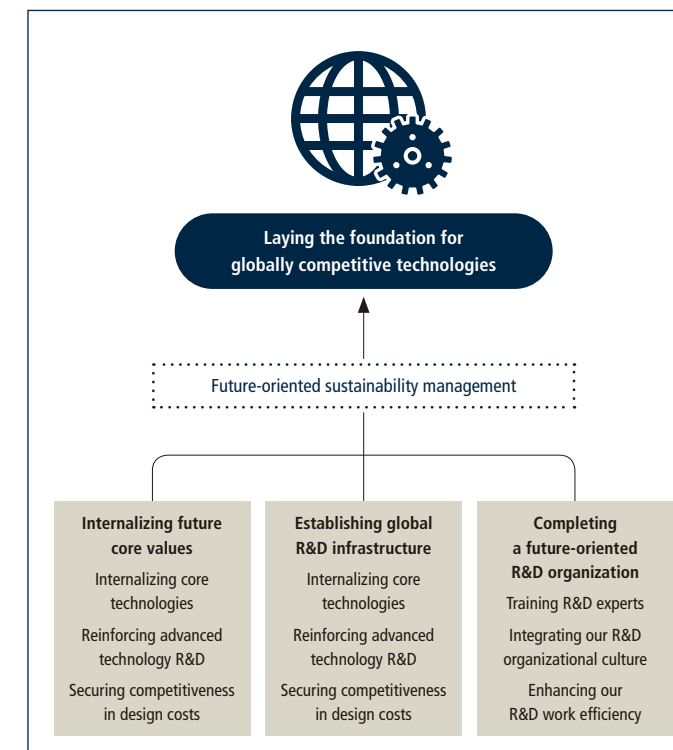
Lee Hyeoun-dong,
Director,
Head of Eco-friendly Design Office

Major countries around the world are tightening their emissions regulations to cut down on CO₂ emissions from transportation. To achieve this, vehicles have to rely on electric motors. Against this backdrop, MOBIS commenced core component operations in 2008 to produce motors, power converters, and battery packs for eco-friendly vehicles. To date, we have successfully developed eco-friendly components for 12 different electric vehicle (EV), hybrid vehicle (HV), and fuel cell electric vehicle (FCEV) models. Our focus has been on developing in-house green technologies with economically viable durability. MOBIS is playing a leading role in future technology R&D activities for electric energy storage and production. We are also laying the technological foundation to take the lead in the future automotive parts market by exploring the technologies for compact/light-weight electric motor components, higher efficiency and controllability of power converters, and electric power technology-based applications.

R&D Vision & Mid-to Long-term Roadmap

In 2013, the MOBIS R&D Center came up with a slogan, "The Pride of MOBIS," to support the company's vision of becoming one of the world's top five OEM suppliers. Under the belief that globally competitive technologies are imperative to attaining that goal, the center has set three key initiatives to reinforce its R&D competencies: securing future growth engines by internalizing future core values; establishing a global R&D infrastructure; and completing a future-oriented R&D organization.

Global Technological Competitiveness-Building

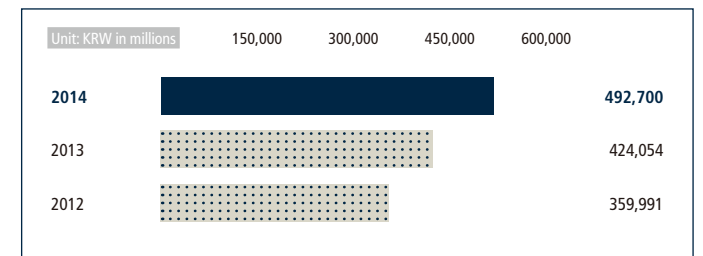


R&D Performance

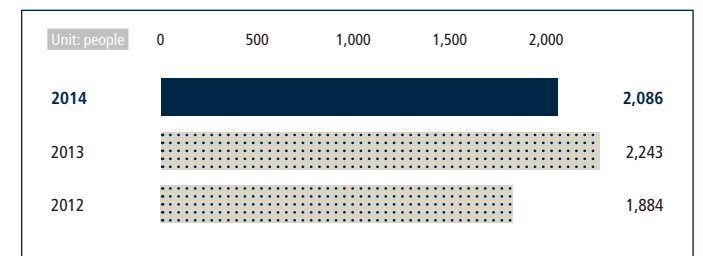
In 2014, MOBIS carried out 711 projects for 58 car models for mass production. This was a 32 percent and 16 percent increase, respectively, from 538 projects for 50 models in 2013. When it comes to filing for intellectual property rights, we made 1,159 filings domestically and 581 filings overseas, or a total of 1,740 cases for the year, up 20 percent from 2013.

Additionally, MOBIS is spending KRW 492.7 billion in R&D investments to strengthen its competencies. At the same time, our technological accuracy has been constantly improving, and is firmly backed by our continual test runs on proving grounds in Sweden, New Zealand, China, and Korea. We also have test tracks under construction in Seosan, which are slated for completion by 2016.

R&D Expenditures

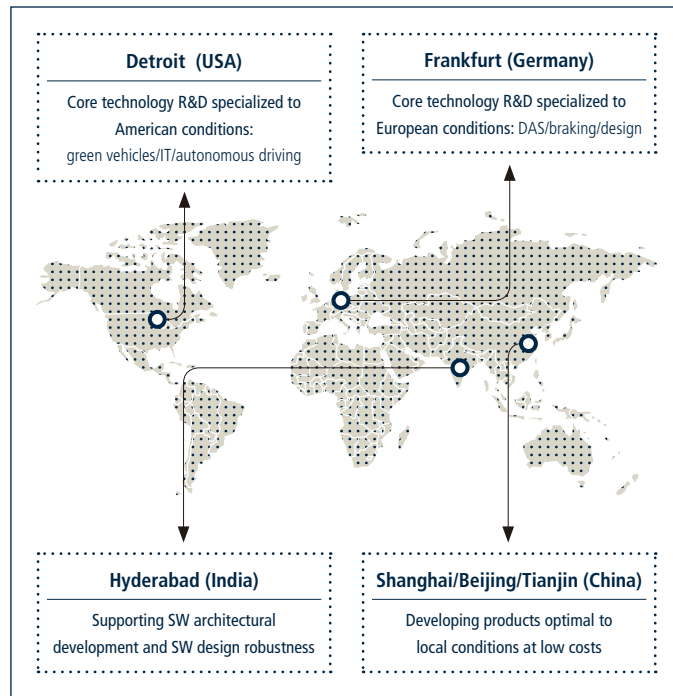


R&D Staff



• R&D staff includes all research staff, from junior researchers to senior researcher engineers (excluding research support personnel). Employees who work exclusively at the R&D Center have counted as "researchers" since the R&D Center was reorganized in 2014.

Overseas R&D Centers



Proving Grounds in Korea and Abroad

Proving Grounds	Major Test Criteria
Arjeplog (Sweden, 1,652,892 m2)	Advanced new technologies including MEB/CBS/MDPS/EPB/ driver assistance systems (DAS)
Wanaka (New Zealand, 99,173 m2)	Credibility assessments and winter sign-offs for client companies Benchmarking new technologies and products
Heilongjiang province (China, 2,975,206 m2)	Evaluation of MEB/SPAS/braking/steering component performance
KATRI (Korea Transportation Safety Authority, Korea, 2,148,760 m2)	Advanced new technologies including MEB/CBS/MDPS/EPB/DAS Changing the logic to improve driving and braking functions Benchmarking new technologies and products
KATECH (Korea Automotive Technology Institute, 46,280 m2)	Assessment of braking functionality and credibility of MEB on special roads Driving school to foster specialized test drivers
Seosan (Korea, slated for completion in 2016)	Equipped with 14 types of road conditions, including high-speed running and future car driving test roads Testing the running stability of braking/steering equipment and DAS

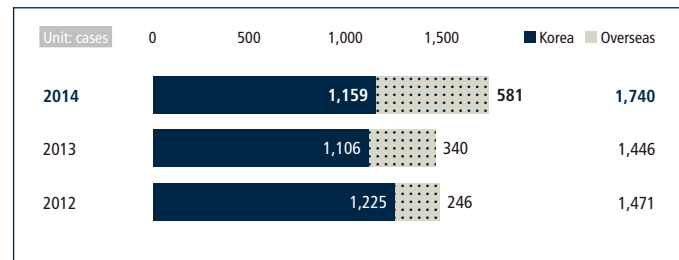


Test driving at the winter test tracks in Heilongjiang

Supporting Employee Creativity

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 patents are fairly treated with monetary incentives based on internal laws governing compensation to employee invention. Additional monetary rewards are offered when the registered patents are used in our products or generate profits. The company awards teams with the most outstanding performance with monetary rewards based on an annual basis as well. We also motivate employee engagement with inventions through our invention support programs. Since 2012, we have been holding a company-wide contest for ideas related to future technologies in promotion of employee creativity. A total of 516 applications inundated the organizing office over the past three years and 79 outstanding entries have won awards. The 2014 grand prize winner was a head tracking device for automobiles that monitors conditions for safe and convenient driving. The company awarded the winner KRW 1 million and sponsored all the expenses for attending the Switzerland Invention Fair. MOBIS will continue with this awards program to motivate more creative ideas and technology development from employees in preparation for future technologies.

No. of Filings for Intellectual Property Rights in Korea and Overseas



Future Technology Contest Award Winners

	Prizes	Entries
2012	Grand Prize	Speaker recognition smart key
	Gold Prize	Headrest-embedded independent directivity speaker system
2013	Gold Prize	Utilizing the electronic parking brake (EPB) system for cooperative regenerative braking and energy recovery
2014	Grand Prize	Head tracking device for automobiles

• There was no grand prize winner in 2015.

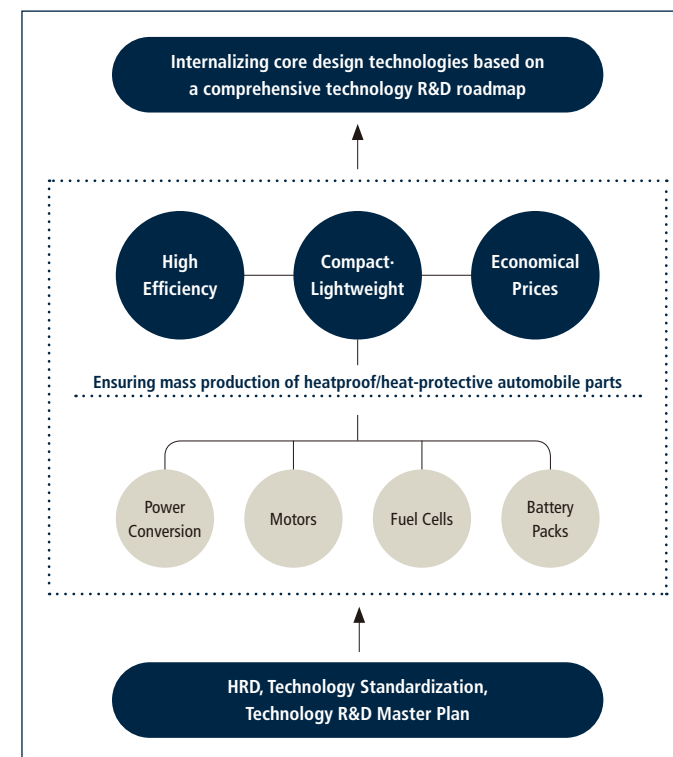
Extreme climates and the resultant natural disasters have sent alarm bells ringing around the world. Belatedly aware of the need for vigilance to the environment and society's sustainability, the global community is scrambling to prepare and heighten relevant regulations. MOBIS, for its part, is mobilizing its R&D resources to develop eco-friendly components and parts for high energy efficiency, light-weight and compact automobiles.

GREEN TECHNOLOGIES

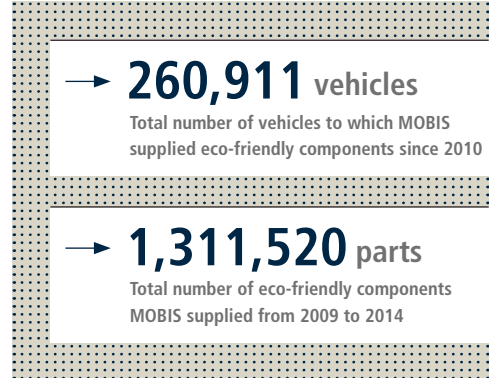
Promoting Green Car Technologies

Escalating concerns over global warming and energy resource depletion have brought many countries around the world together in an effort to take more proactive measures to curtail their CO₂ emissions and energy consumption. The world leader in moving to cap CO₂ emissions from vehicles is the EU, which is lowering its requirements to 93 g/km by 2020. The world's two largest automotive markets, China and the U.S., are also adjusting their limits to 110 g/km and 113 g/km, respectively. The Korean government has now set its target at 97 g/km. Stricter

Internalizing Green Component Technology Competencies



At a Glance



regulations are calling for changes in the auto industry, and complete carmakers are opting to change in one or both of two ways: one is to raise their fuel economy by enhancing the efficiency of internal combustion engines; the other is to increase the use of telematics technologies with their vehicles. In response, MOBIS is developing electric motor systems for higher efficiency in its internal-combustion engines, while replacing its conventional products with electronic components.

R&D on Key Components for Green Vehicles

MOBIS mobilizes all its R&D resources and production/quality control capabilities to supply core components of green vehicles for Hyundai and Kia Motors. By reinforcing our design competencies and standardizing our process, we have been developing original technologies.

With plug-in hybrid electric vehicles (PHEV) currently under development, transmission mounted electric devices (TMED) that kick in to electric mode on flywheel mounted electric devices (FMED), as well as other products tailored to the needs of different classes of automobiles, are moving ahead smoothly in the production stage. We are also channeling our resources into developing components for fuel cell electric vehicles (FCEV), including all-wheel drive types for all class of vehicles and electric motor products for in-wheel systems. MOBIS will continue to standardize and universalize diverse eco-friendly electronic components and prepare for mass production of mixed car models to take the lead in the future OEM suppliers market.

Motors and Starting Generators Electric motors empower cars through an engine, transforming kinetic energy into electric energy at the time of deceleration to enhance energy efficiency. MOBIS supplies 38 kW-class electric motors and 8 kW-class starting generators for hybrid vehicles and 80 kW-class permanent magnet motors for subcompact electric vehicles (EV), as well as 100 kW-class induction motors for fuel cell electric vehicles.

Battery Systems Battery systems consist of battery packs that supply high-voltage electric energy to the vehicle, while the battery controller protects and controls the battery pack and battery. This makes battery packs a core part with a significant

influence on the mileage and fuel economy of vehicles. MOBIS has successfully localized this technology, improving its price competitiveness in the process. Today, the company taps into diverse high technologies to lighten the weight of battery packs and applies a universal design to dispersed battery control systems. Additionally, our battery indicating algorithm's accuracy has been improved, enhancing energy use efficiency.

Battery Chargers Battery chargers use supply voltage (AC 110/220V) to charge high-voltage batteries installed in EVs and PHEVs. MOBIS succeeded in the mass production of compact-sized, lightweight battery chargers with higher efficiency by enhancing the productivity of electronic semiconductors and downsizing/modularizing the electronic components.

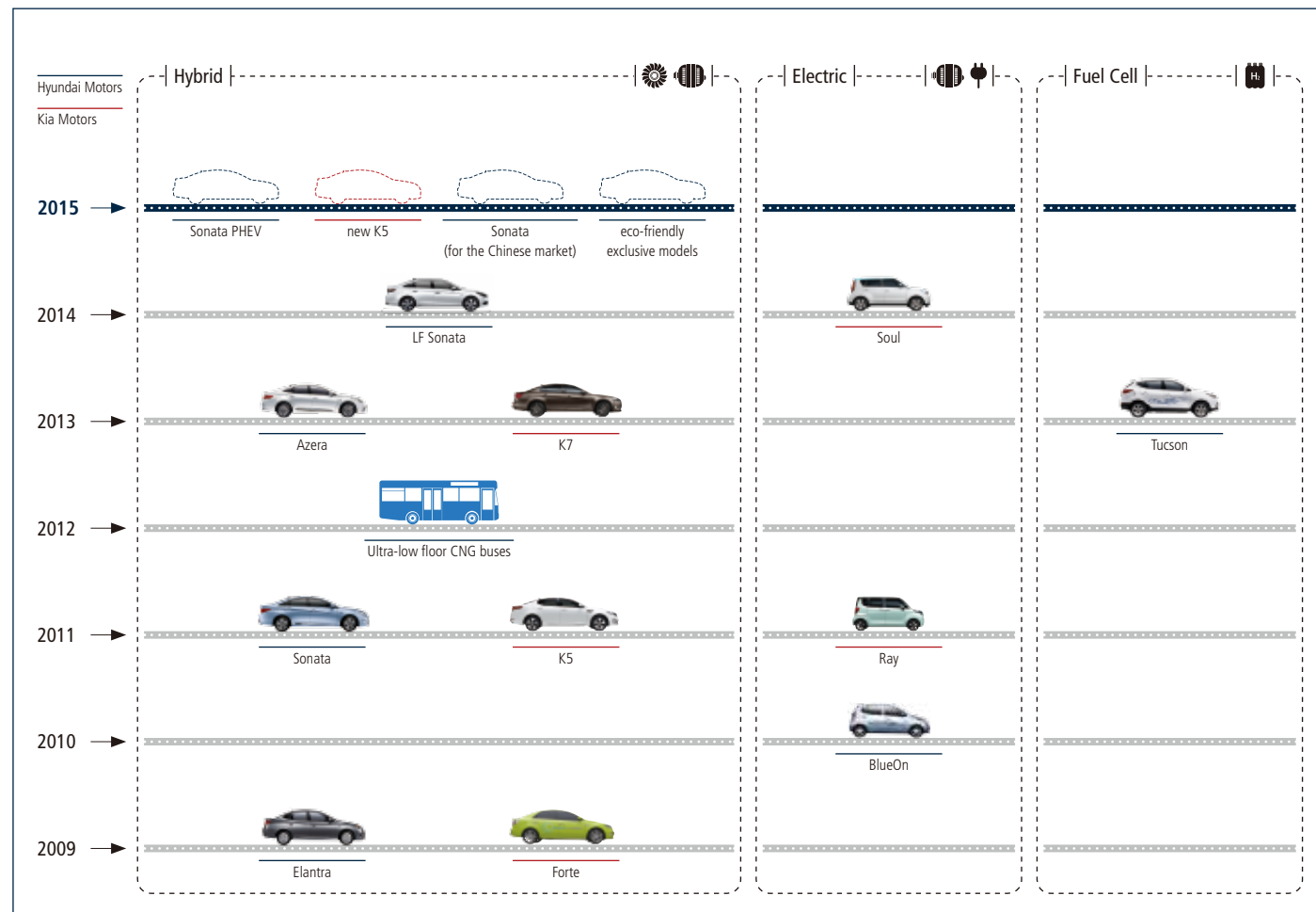
EPCU/HPCU (Electric/Hybrid Power Control Units) HPCUs consist of an inverter that controls the torque and speed of electric motors and a converter that empowers the electronics systems of a vehicle with 14 volt electricity. MOBIS supplies passenger hybrid electric vehicles (HEV) with inverters for electric motors/

starting generators as well as integrated 1.8 kW-class convertor modules. We also provide low-speed, high-torque motor inverters and 100 kW-class motor inverters that are uniquely featured in commercial HEVs and FCEVs. In 2014, our integrated package designing enhanced the power density of MOBIS products, while the newly integrated design of the control board of inverters, LDCs (low-voltage DC-DC converters), and HCU (hydraulic control units) were made smaller for the Soul EV and LF Sonata HEV.

Hydrogen Supply Devices Hydrogen supply devices provide hydrogen, the fuel source of FCEVs, and control the output of the fuel cell stacks by adjusting the hydrogen flow rate. It applies a technology that reuses the unreacted hydrogen in the fuel cell stacks, thereby raising the hydrogen consumption rate. MOBIS has now successfully developed 110 kW-class hydrogen supplier devices that realize high power density with a modularized design, while enhancing the efficiency of the fuel cell system through integrated control of the hydrogen supply. By applying a hydrogen recirculation compressor, it achieved a 95 percent hydrogen consumption rate.

- Fuel cell stack induces chemistry between hydrogen and oxygen to generate electricity.

Green Vehicles Using MOBIS Technologies



Every year an average of 50 million people die or are injured from traffic accidents around the world. Traffic accidents are predicted to climb up to the fifth major cause of death by 2030. Domestically, approximately 200,000 traffic accidents occur every year, with a death toll 1.7 times higher than the OECD average. MOBIS is converging IT and electric/electronic technologies to realize intelligent functions of detecting and averting dangerous risks with automobiles. Based on an extensive analysis of the different types of traffic accidents that commonly take place, we are working on advanced technologies for greater safety on all roads.

INTELLIGENT COMPONENT TECHNOLOGIES

At a Glance

- **9.8 times**
DAS components supply growth rate compared to the number of supplied vehicles in 2013
- **6.6 times**
DAS components supply growth rate compared to applied components in 2013

Development of Intelligent Safety Parts

Automobiles that allowed for fast and convenient mobility over the past century are now faced with rising calls for greater safety mechanisms. Mobile safety guidelines have also evolved from passive safety, which used to focus on the ex post facto, to active restraint functions that prevent accidents. Consequently, advanced automobile markets in North America and Europe have made intelligent safety systems a legal requirement with restricted safety regulations.

Committed to realizing safer cars, MOBIS analyzes different cases of accidents to develop new technologies for effectively averting risks and for minimizing damages in the event of an emergency. The driver/park assistance functions and airbag control system are now directly connected to road safety and therefore even tiny errors have been eliminated. MOBIS has obtained the ISO 26262 functional safety certifications for these products, which only served to further their international credibility.

Intelligent Safety Technologies



Intelligent Technology R&D Infrastructure

Intelligent technology is gradually expanding its scope into automobiles. In fact, the Euro NCAP, which provides an independent assessment of the safety level of the most popular cars sold in Europe, is applying stricter protocols on active safety control technologies and the U.S. National Highway Traffic Safety Administration (NHTSA) is also phasing in active safety system evaluation criteria in the immediate future. In preemptive response to these market changes, MOBIS has been involved in preliminary studies for active safety control systems. We are also concurrently preparing quality control systems for mass production, with the related organization already established within MOBIS. As soon as the Preliminary Study Team generates tangible results in its R&D activities, the Mass Production Design Team will swiftly coordinate mass production.

- LKAS: Lane Keeping Assistance System
- BSD: Blind Spot Detection
- SCC: Smart Cruise Control
- HDA: Highway Driving Assist
- ADB: Adaptive Driving Beam
- ACU: Airbag Control Unit
- ASB: Active Seat Belt
- AEB: Autonomous Emergency Braking
- SPAS: Smart Parking Assist System

Commercialization In 2014, MOBIS successfully commercialized its smart cruise control (SCC) system. Applied to sedans, the system facilitates an active safety control system. Furthermore, our mass production plans for our original technologies with LKAS, SPAS, and AEB in 2015 have brought us to the completion stage of perfecting an autonomous self-driving system. As part of our continued preliminary study of new technologies, we focused on integrating different sensors and harnessing IT information synergy effects in 2014. As a result, we successfully integrated the SPAS' ultrasonic sensor and AVM* camera sensor to develop a technology that can detect open parking areas. Moreover, we are currently developing a remote parking system that relies on mobile devices.

- AVM: around view monitoring

The Future Direction of Intelligent Technology R&D

At MOBIS, our driver assistance system (DAS) is in mass production in two forms. One is a car forward/backward controlling of acceleration and deceleration, such as SCC and AEB, and the other is a sideways controlling of steering, such as LKAS and SPAS. The integrated control of both directions will enable an autonomous self-driving system in only a matter of years, bringing us one step closer to fully unmanned autonomous driving technology. The world's leading IT companies and carmakers are also continuing R&D investments to commercialize unmanned autonomous self-driving technology. In preparation of the fast advent of intelligent driving (driver assist and self-driving), MOBIS is vigorously internalizing the necessary technologies for control logs and continuing with its technology R&D for commercial support systems.

R&D for Autonomous Emergency Braking

In preparation for the up-and-coming realization of DAS technology, MOBIS has developed an AEB system to realize intelligent driving technology. The AEB utilizes multiple sensors for front-view monitoring and automatically applies emergency braking when the system detects an imminent collision. As of 2014, the European NCAP obliged AEB systems on all cars sold in European countries, and a pedestrian AEB law is also slated for 2016. In January 2015, the U.S. NHTSA also decided to include the AEB in its new car model assessment program, while Korea's Transportation Safety Authority is adding the AEB to its car safety test criteria starting in 2016. In response, MOBIS plans on using an AEB system that can recognize both vehicles and pedestrians on its new models starting in 2015, and will apply it to all models by 2016.

DAS Image Sensors Integrated to the ECU

The growing demand for higher road safety and stricter regulations is fuelling rapid growth in the automobile camera sensor market. Image sensor technology also plays a pivotal role in safety and convenience systems for automobiles. At the end of 2013, MOBIS completed the technological development of an integrated image-sensing front-view camera that uses one million-pixel image sensors for car lanes, lamps and vehicles. The LKAS and forward collision warning (FCW) system, as well as the lane departure warning system (LDWS) and high beam assist (HBA) system, are fully integrated into one engine control unit (ECU), allowing for multiple functions as well as the addition/deletion/modification of functions as needed. Also under development are functions such as protecting pedestrians and reading road signs as options for new car models. Additionally, our new design technology for a compact-sized camera model is highly expected to improve vision and design benefits. Another new technology in development is a stereo camera.

AEB (Autonomous Emergency Braking)



MOBIS takes into account the sustainability of its entire value chain and willingly shares its performance results with all its stakeholders. We also open all our management information to stakeholders and invite their opinions to be reflected in our future business plans. This is our way of helping shape a better tomorrow for everybody.

03

Corporate Achievements

Corporate Achievements

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- 58 Employees
- 64 Environmental Management

Management Performance

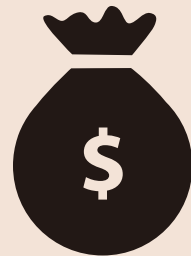
2014

PROGRESS IN 2014

- **2014 Achievements**
Sales: KRW 36,184,974 million (5.5 percent year-on-year growth)
Operating profit: KRW 3,070,594 million (5.0 percent year-on-year growth)
- **Global OEM Suppliers Rank: 6th place** (as announced by Automotive News)
- **Exporting Achievement: Recipient of the USD 10 billion Export Tower Award**

Economic value generated by MOBIS in 2014

KRW 37.25 trillion



Domestic and global modules and core parts manufacturing bases

27 bases



2014 year-on-year sales growth rate

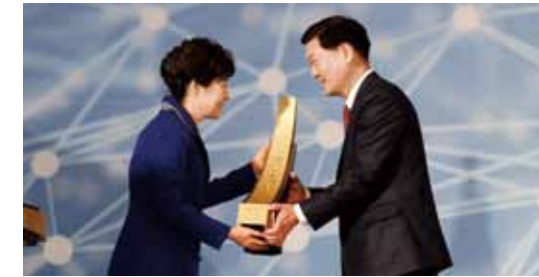
+5.8 %



FORECAST AND OBJECTIVES

2015+

- **Established an infrastructure for supplying components for the production of 8.2 million complete cars**
Expansion of production bases
- **Completed a global maintenance system network**
Establishment and operation of related organizations and standardization of the maintenance process
- **Strengthening global operations to secure growth drivers**
Reinforcing strategic customer relationship management and product competitiveness



Recipient of the USD 10 Billion Export Tower Award



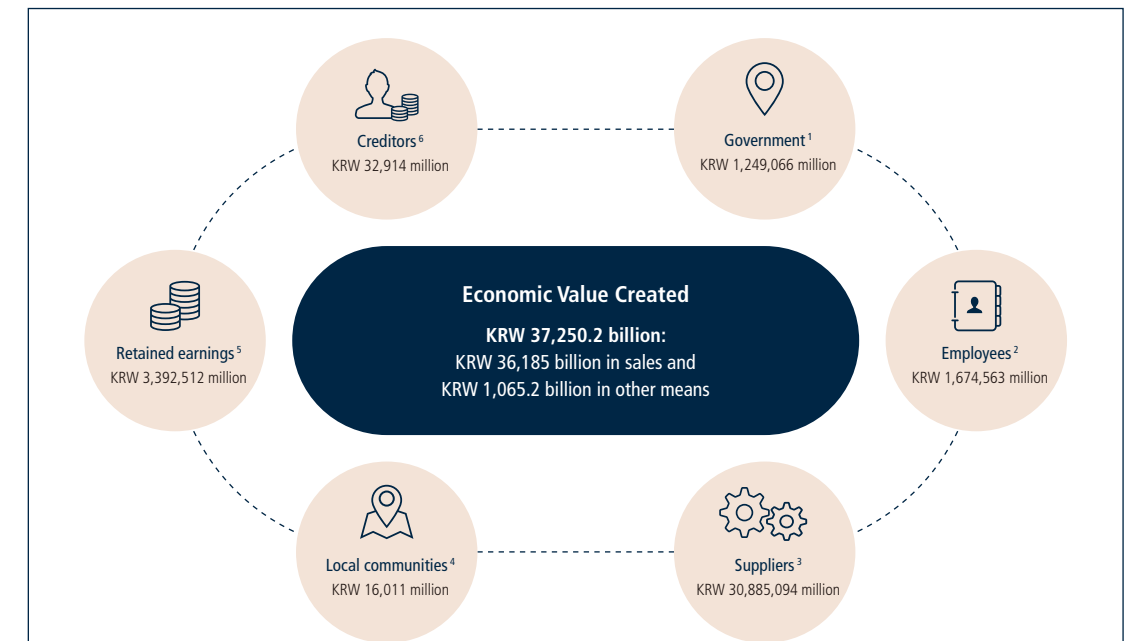
Painting line at the Alabama plant

KRW 36.2 trillion
2014 Sales

Economic Value Creation & Distribution

Businesses thrive on the contribution and cooperation of all its stakeholders. As a result, they owe a good portion of the economic value they generate to their stakeholders. This is why MOBIS strives to ensure the fair distribution of the value it generates every year. Thus, investors should earn healthy profits; employees should be able to care for their families with complete job security; local communities should benefit from various social outreach programs and SOC investments; and government corporate taxes should be used for public welfare. In 2014, MOBIS generated a total of KRW 37,250 billion in sales and other economic value, and distributed much of this to its stakeholders through a variety of different ways.

Creation and Distribution of Economic Value



1 Taxation (corporate taxes, value added taxes)

MOBIS honors all its obligations by paying all dues and taxes and actively participating in governmental policy drafting.

2 Wages and fringe benefits

MOBIS offers generous wages and fringe benefits to enhance employee engagement and satisfaction.

3 Purchase expenses and subcontracts

MOBIS purchases goods and services at fair value from suppliers and maintains mutually beneficial partnerships.

4 Social contribution expenditures

MOBIS contributes to the sustainable development and stability of local communities through donations, volunteer work, and SOC investments

5 Net profit

Net profit from manufacturing operations declined 0.1 percent from the previous year to KRW 3,392.5 billion in 2014. MOBIS paid KRW 286.6 billion to investors in dividends.

6 Interest expenses

Interest expenses declined from the previous year, as some of our operations completed repayment of their borrowings.

• Other value refers to other profits after deducting other expenses and depreciation. More details of MOBIS's 2014 business results and yearly trends are available on page 71.

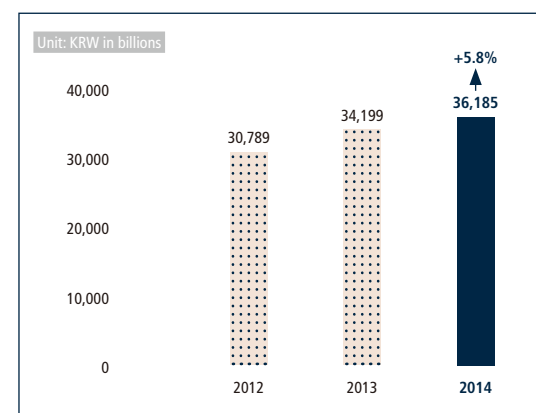
KRW 3.1 trillion
2014 Operating profit

— 2014 Business Results and 2015 Outlook

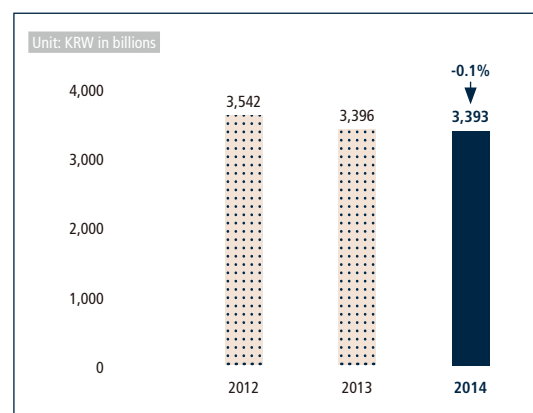
In 2014, MOBIS posted KRW 36.2 trillion in sales and KRW 3 trillion in operating profit, up 5.8 percent and 5.0 percent from 2013, respectively, through prudent responses to changes in the domestic and overseas business environment. Sales by sector rose, too. Module/Component manufacturing expanded 6.4 percent and generated KRW 28.9 trillion in proportion to the increased sales of new models and high-class SUVs in China and Europe, as well as increased output at our global plants. Aftermarket Service Parts sales also edged up by 0.7 percent over 2013 to reach KRW 6.3 trillion on the back of robust overseas sales and the increased sale of complete cars by our client companies.

Going forward, we will strategically integrate operational platforms, standardize our modules and components, and keenly reflect trends in the auto parts industry in our strategies, while pursuing strategic alliances in pursuit of economies of scale and sustainable growth.

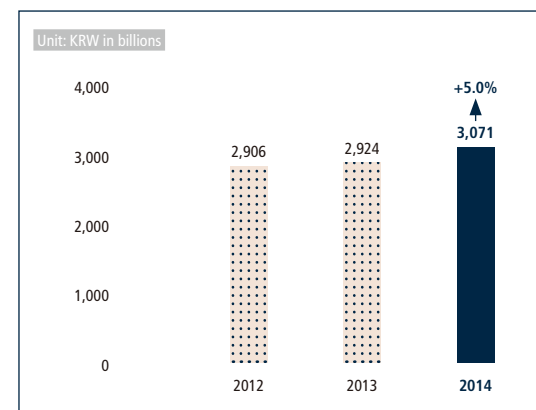
| Sales



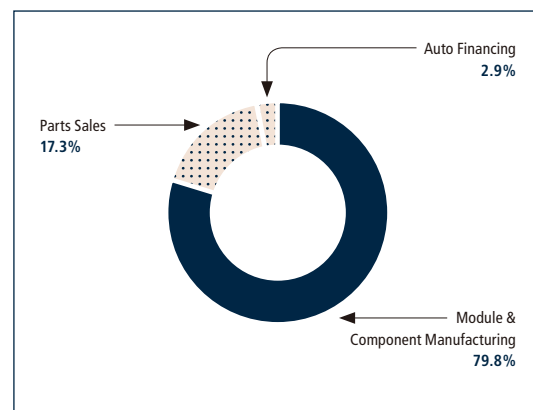
| Net Profit



| Operating Profit



| Sales by Business Sector



— Expanding Our Production Bases

By drawing on our experienced manufacturing competencies and supply systems, MOBIS runs a total of 27 module/core parts manufacturing bases at home and abroad to ensure the stable supply of products to our client companies. Our primary goal is the seamless support of all production goals to our major clients, namely Hyundai and Kia Motors. To that effect, all our plants strive to enhance product competitiveness, while establishing global process standards in effective response to the globalization of our production lines. This allows us not only to realize the highest quality products in reflection of customer demand, but also to optimize our operations to the different conditions of our international subsidiaries.

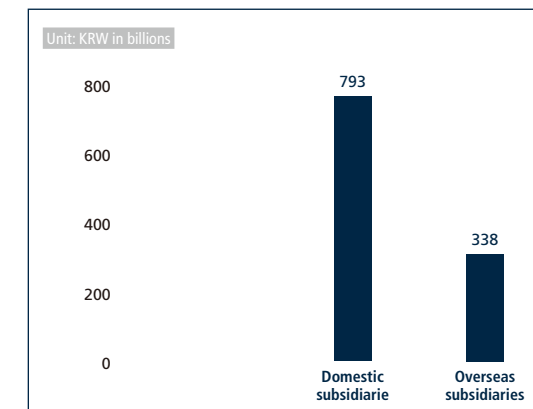
In 2014, our Module Plant #3 in Beijing expanded its capacity to supply components for 150,000 vehicles. At the same time, it established production lines for core components in order to meet the growing local demand for green vehicles. In India, our subsidiary there commenced production of airbags and audio systems, thereby supporting MOBIS to raise its market share in the local market, a highly

27 bases

Domestic and global module and core part manufacturing bases

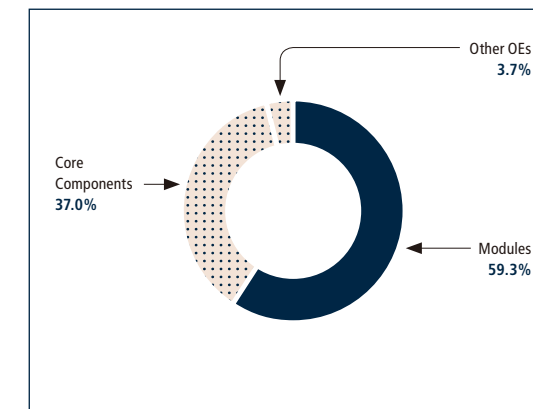
competitive market in the global auto industry. Another important mission is to supply components for IBs, a localized model of the Hyundai Motor Company that is enjoying exploding sales growth.

| Major Facility Investments



• Figures only include facility investments and exclude R&D investments.

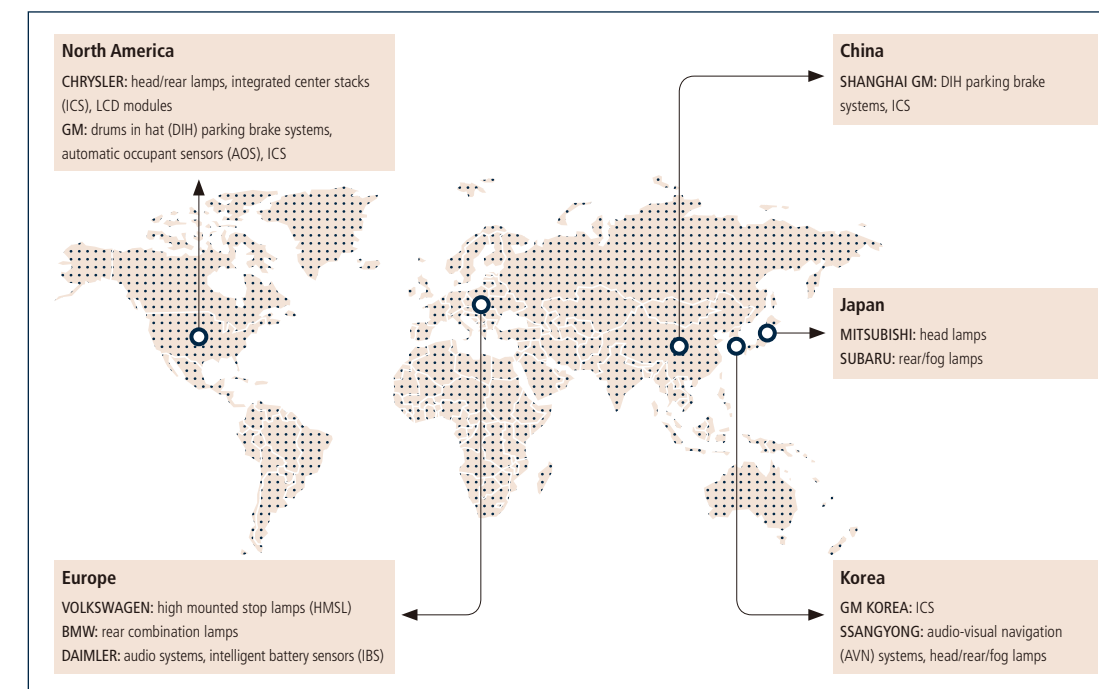
| Global Manufacturing Bases (number of bases)



— Global Expansion for Future Growth Engines

It is safe to say that our future growth depends on firm partnerships with diverse client companies. Therefore, MOBIS has differentiated its strategies to specific local needs to reinforce its competitiveness with a wide array of clients. While localizing our technical and price competitiveness with customized design strategies, we also rely on a diagnosis/innovation program to maintain sustainable relationships with client companies. As a result, we landed orders worth USD 537 million from our global clients in 2014. We also developed our own MSIS (MOBIS Sales Information System) to manage our project history and customer information that same year. In addition, we hold regular technical exhibition and exchange sessions with clients to help them better understand our technologies and product competitiveness. Today, our prominent global client base includes Chrysler, GM, BMW, Daimler, Volkswagen, Mitsubishi, and Subaru.

| Major Products Supplied to Global Clients



Win-Win Partnerships

2014

PROGRESS IN 2014

- **Supporting suppliers' competency-building efforts**
We offer practical support measures to suppliers in the development of their competitiveness under detailed strategies for mutual growth, such as "strengthening suppliers' competitiveness" and "increasing practical win-win partnerships."
- **Increasing the number of fair transaction agreements**
In 2014, we entered into our sixth round of agreements with 443 suppliers for transactions worth KRW 5.4 trillion.
- **Fair Trade Compliance Program**
We internalized fair trade compliance awareness through regular checks and a number of training sessions.

No. of primary suppliers as of 2014

869 companies



Loan program exclusively for MOBIS suppliers

KRW 126.5 billion



MOBIS's grade in the CP practice evaluation

A level



2015+

FORECAST AND OBJECTIVES

- **Intensive management of secondary/tertiary suppliers to help them enhance quality control competencies**
- **Expanding financial aid to secondary suppliers**
- **Bolstering partnerships with suppliers through a transparent umbrella project**
Supplying SMEs with 20,000 transparent umbrellas



Management by walk around at suppliers' worksites



Rewarding suppliers who have outstanding performance results with seasonal fruits

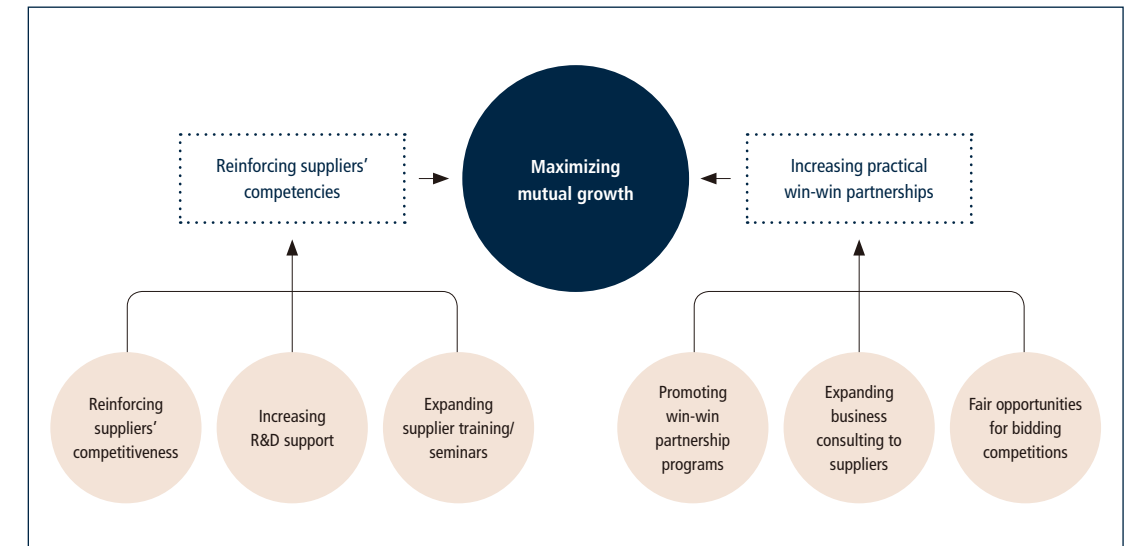
KRW 5.5 trillion

Size of transactions under all 2014 fair transaction agreements

Supplier Relationship Management Policies

MOBIS refined its win-win partnership strategies into enhancing suppliers' competitiveness and expanding practical win-win partnerships to offer practical support to all of our partner companies. For instance, we carry out biannual in-house evaluations on suppliers' product quality control, environmental management system certifications (ISO 14001), human rights practices, safety control at worksites, business ethics, and mutual growth initiatives between primary and secondary/tertiary suppliers. Based on the evaluation results, we support them in addressing the issues which need to be addressed or other shortcomings. Additionally, we offer special benefits to primary suppliers who support their secondary/tertiary suppliers in a bid to strengthen their partnerships and competitiveness. Behind all these efforts is our firm belief that the product and technical quality of our suppliers ultimately strengthen our competitiveness. Over the years, MOBIS has gradually raised its percentage of cash payments, while also expanding its training and technical/quality guidance in alliance with the Korea Automotive Parts Industry (KAP). In addition, we are increasing the available funds for financial aid and technical/quality control consulting to benefit secondary suppliers.

Supplier Support Directions & Action Plans



Fair Transaction Agreements and Mutual Growth Programs

MOBIS has signed countless agreements with its partner companies for fair transactions and mutual growth. To carry out this commitment, we have four guidelines in place: transparent contracting practices, supplier registration, an internal review committee, and documentation-based operations. The number of signatories to these agreements has expanded over the years so that in 2014 we achieved our sixth round of agreements with 443 suppliers for transactions worth KRW 5.4 trillion. As part of our commitment towards mutual growth alongside our suppliers, we have integrated separate division-level initiatives into a companywide shared campaign called Seven Beautiful Pledges, allowing MOBIS a more systematic approach to its mutual growth initiatives. In 2010, this program expanded the coverage of beneficiaries to include the entire supply chain under more refined action plans.

KRW 126.5 billion
Size of supplier loan program

Seven Beautiful Pledges Performance Results

		Unit	2012	2013	2014
Fair transaction agreements and mutual growth programs	No. of companies/		559/3,079	555/5,143	443/5,449
	KRW billion				
Subcontracting agreements between primary and secondary suppliers	No. of companies		202	403	412
Training program support	Training programs	No. of companies	901	1,710	1,648
	No. of trainees	Persons	1,924	2,251	2,265

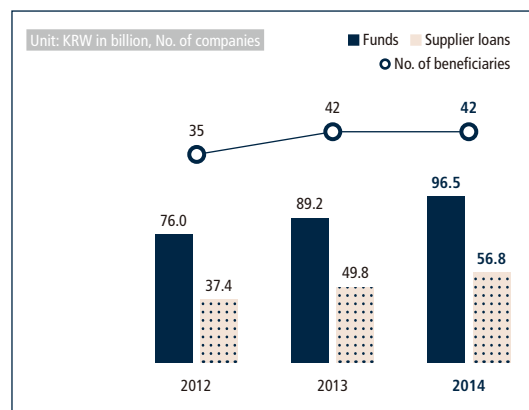
Financial Aid to Suppliers

MOBIS contributed KRW 96.5 billion in funds exclusively for the financial stability of its primary suppliers, offering payment guarantees for underbanked suppliers to receive low-interest loans. As of 2014, 42 suppliers received a total of KRW 56.8 billion in loans under the program. Additionally, we plan on introducing a KRW 30 billion program exclusively for secondary suppliers.

In a bid to help its suppliers with liquidity problems, MOBIS pays all its bills in cash, with the scope of beneficiaries expanded to include larger-sized SMEs with sales of KRW 200 billion as of September 2014. We also advise our suppliers to make cash settlements among fellow suppliers to promote this practice throughout our entire supply chain.

In consideration of the impact that volatile commodity prices have on our suppliers, we sit down with them to adjust supply prices whenever there is a more than five percent change in prices. In 2014, we raised the prices of our supplies worth KRW 59.3 billion. Furthermore, all changes to supply prices are transparently disclosed to every supplier on a separate portal site, which serves as the underlying data for fair transactions.

Performance of Financial Aid & Loans for Suppliers



• The number of beneficiaries refers to primary suppliers that benefited from the program.

Supplier Communication Programs

	No. of sessions (yearly)
Regular general meetings of suppliers	1
Executive meetings of the Win-Win Partnership Council	2
Seminars for CEOs of primary suppliers	3
Seminars for CEOs of secondary suppliers	2
Meetings with major suppliers	1
Fruit basket rewards to suppliers with outstanding performance results	1
Seminars for suppliers to our local subsidiaries in India and China	1
H-Festival	1

Win-Win Program within Our Sales Networks

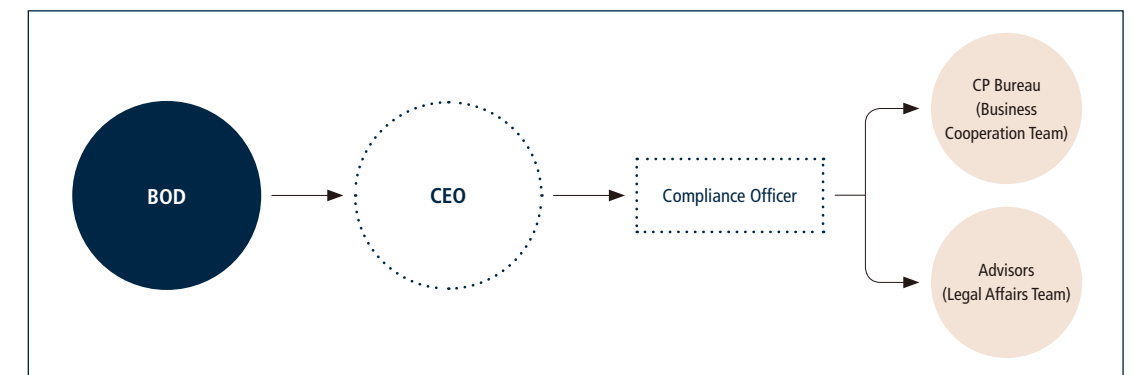
The MOBIS automotive parts sales network consists of agencies and dealers, and is another critical factor to our competitiveness, making it a major part of our supply chain. We support their competency-building with varied training programs as well as other practical programs to assist with their business activities. For instance, we dispatch our business consultants to agencies where our representatives can help with business restructuring. Additionally, our Best Practice Awards motivates 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 enhancement. This, in turn, adds to our competitive edge.

1,366 hours
CP training hours in 2014

Compliance Program

MOBIS adopted a Compliance Program (CP) as part of its bylaws for legal compliance in December 2002, and has been promoting voluntary compliance within its organization since then. Every year, the company's CEO reiterates his commitment to compliance practices, with the compliance officer serving as the chief facilitator of this commitment by overseeing company-wide CP operations, such as general compliance activities and the prevention of violations. Appointed by the BOD, the compliance officer is entrusted by the CEO with the authority and obligation to smoothly run all independent CP operations. Established to support the compliance officer, the CP Bureau takes charge of practical CP operations throughout the company. Also under the control of the compliance officer is the legal affairs team, which contributes its legal expertise on a regular basis.

CP Council



Self-checks on Compliance Practices

MOBIS has a compliance practice self-checking framework in place to ensure that day-to-day job fulfillments are free of any legal violation risks. All employees can consult the CP website and legal affairs website regarding any CP issues arising in the due course of their daily duty fulfillment. In particular, the CP website provides a compliance self-check list for employees to review any risk of legal violations. If and when they find a risk(s), or are not sure about the compliance issue itself, employees are advised to receive a preliminary review by the Legal Affairs Team in order to prevent any legal risks.

The CP Bureau evaluates the risk exposure of legal violations by each business division to identify key risk factors, for which it runs regular monitoring as part of company-wide prevention activities. In the event of any changes to government policies or amendments to relevant regulations, we take separate measures to steer clear of potential risk factors.

Compliance Program Training

MOBIS offers regular CP training to raise employee awareness of the CP, with training performance results reported to the BOD biannually. Staff members at divisions most vulnerable to fair transaction issues, such as the Parts Sales Division and Procurement Division, are obliged to attend offline CP training courses every year, while CP employees are kept abreast of trends with related policies and regulations through external specialized training courses. Furthermore, the new employee orientation program includes information on the basics of the CP to help them quickly adapt to it.

2014 CP Training Performance Results

Staff at the most vulnerable departments (persons)	New employees (persons)	CP staff (persons)	Executives (persons)	Training hours
485	368	24	6	1,366

Customer Relations Management

2014

PROGRESS IN 2014

- **Product development for increased customer safety**
Development of intelligent headlamps and HUD systems
- **Reinforced design and manufacturing competitiveness through standardization and universalization of components**
- **Enhanced fuel economy through lightweighting**

No. of aftermarket service part items supplied for repair of 202 car models in 2014

2.14 million



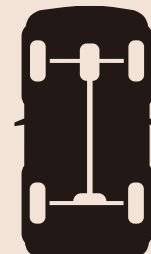
No. of employees who participated in CS training in 2014

2,657 persons



Percentage of improved component design specifications compared to 2013

25 %



FORECAST AND OBJECTIVES

2015+

- **Optimal supply of products through enhanced design and manufacturing competitiveness**
Reinforcing competitiveness through product life-cycle system innovation and standardization/universalization
- **Product R&D for enhanced customer safety and convenience**
Developing safe and convenient products by converging IT and electric/electronic technologies with the aim of realizing fully unmanned and autonomous self-driving
- **Establishing a customer value service framework**
Engaging in market-oriented sales strategies and establishing a service process for higher customer satisfaction



Asan Logistics Center



Inside India's Chennai Component Center

202 car models

No. of car models for which MOBIS supplied its aftermarket service parts in 2014

Aftermarket Service Parts Supply & CS

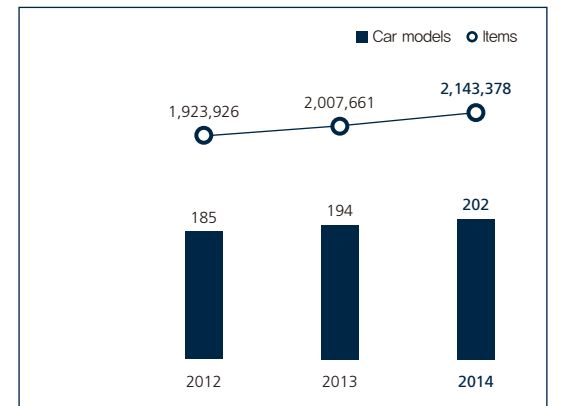
Businesses in the automobile industry are obliged to timely supply end-users with aftermarket service (AS) parts for vehicles sold by carmaker clients. Under the relevant Korean laws governing the industry, all AS parts are required to be available on the market for at least eight years after a vehicle model has been phased out. In compliance with this, 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 carried out to ensure the optimal functionality of various vehicle models until the end of each model's lifecycle. As of 2014, approximately 53 million Hyundai and Kia vehicles were on roads around the world, with MOBIS supplying 2.14 million AS parts for 202 different models. Although customer demand for AS parts is always unpredictable, it is characteristically immediate, making efficient logistics operations critical to their timely supply. As a result, MOBIS has optimized its logistics operations with a standardized system which uses an intelligent warehousing system to allow for real-time monitoring of all procedures, from storage to shipment of AS parts, and which completely depends on an efficient barcode system.

Automotive Parts Sales Network in Korea and Overseas

Unit: centers		
Korea	Parts sales centers	23
	Logistics centers	4
	Service parts sales teams	43
	Agencies	1,976
Overseas	Automotive parts subsidiaries	13
	Branches and offices	54
	Agencies	477
	Dealers	11,262

• The "Branches and offices" figure includes overseas parts sales business centers and logistics centers.

Aftermarket Service Parts Supply Performance



Customer Satisfaction System

MOBIS operates its own customer service center, where the voice of the customer (VOC) is promptly addressed in connection with our SMART (Smart MOBIS Agent for Reaching Global Top 10) system. Any request for AS parts is forwarded to the nearest logistics network base so that the item in demand can be delivered within two days. We also conduct annual surveys on our retail and wholesale customers to understand our customer satisfaction level better, and reflect these results in enhancing our overall customer service experience. In 2014, a total of 2,875 customers provided answers to our survey. We also gave specialized training to all our CS staff at customer contact points. That same year, 2,657 employees received a total of 13,890 hours of CS related training.

Product R&D for Enhanced Customer Safety & Convenience

Today, the auto industry is going through a paradigm change in mobility that goes well beyond transportation and into more of a safe, convenient lifestyle space. Car-infotainment and driver assist systems (DAS) have largely made this possible. Thus, MOBIS is channeling many of its R&D resources into developing these products to increase customer satisfaction.

Evolving Headlamp Technology Headlamp technology is constantly evolving. A case in point is the adaptive driving beam (ADB), which enables the driver to see the road ahead in the evening at nearly the same level as if using high beam lights, yet without the accompanying glare. Following its successful development of its smart-light headlamp, MOBIS has strengthened its lamp technology with the recent development of an advanced matrix headlamp technology. The matrix headlamp effectively addresses the glare issue without compromising brightness by employing a number of individually controllable light-emitting diodes (LED) that are all arranged in a matrix.

Also under development at MOBIS is the technology needed for high-resolution intelligent headlights, which will effectively resolve the discontinuity between turning lights on and off through a highly refined and controllable electronic shield. This will result in an accurate dispersion of light on a broader range. In short, MOBIS is developing lamp technologies to achieve the highest customer safety and convenience.

HUD (Head Up Display) According to 2013 traffic accident statistics from around the world, human error, such as inattentiveness, driver negligence or other unsafe driving practices, account for 72 percent of the critical cause related to lethal accidents. With a growing mobile population that uses personal IT devices like smartphones, navigation devices and DMBs, there has been a corresponding rise in inattentive driving, resulting in a greater number of traffic accidents. In a bid to prevent accidents that stem from inattentiveness, but which also allows for increased driver convenience, MOBIS is now actively involved in R&D for heads-up display (HUD) technology. This technology is a transparent display that presents data without requiring users to look away from their usual viewpoints, providing such information as speed, lane departure, and navigation in a virtual image within a two-meter distance. Our goal is to match the virtual image to the actual roads ahead by applying an augmented reality technology, with the aim of completing this R&D by 2015.

HUD (Head Up Display)



25%

Improved rate of component design specifications through standardization and universalization (compared to 2013)

30%

Reduced weight by applying aluminum to suspension materials

Optimizing Our Products

Under the belief that customer demand constitutes the standard for our quality control, MOBIS practices customer-oriented management throughout its value chain, from planning and design to manufacturing and warranty service. We are ceaselessly working towards higher manufacturing competencies in support of our client companies' complete car sales, while deftly aligning our products to customer needs.

Standardizing and Universalizing Design and Manufacturing Processes To encourage creative ideas and discuss standardizing and universalizing hardware and electronic components, MOBIS hosts regular universalization exhibitions for its client and partner companies. In 2014, an across-the-board initiative involving procurement, manufacturing and design aspects of the company was carried out to standardize and universalize related processes. As a result, the procurement sector benefited from reduced material expenses, while the design sector benefited from shorter waits with designs. In addition, technology could be shared more easily between different models under development, and the manufacturing sector saved on facility investments and enhanced productivity through a more standardized process. Quality control also benefited from the initiative, as proven components in performance and quality were able to be reused, which only heightened the ultimate quality level.

Additionally, the company standardized and universalized its hardware, chassis, design and electronic components, streamlining the specifications of all core components. As with multipurpose products, we successfully reduced the number of models while enhancing the user interface experience. Consequently, the number of components subject to universalization declined 25 percent, from 4,812 in 2013 to 3,618 in 2014.

Progress on Component Universalization

Unit: units			
	2013	2014	Improvement Rate
Hardware	460	272	
Chassis/Design components	423	350	
Electronic components	3,929	2,996	
Total	4,812	3,618	25%

• Based on design specifications

Lightweight Components for Better Fuel Economy By reducing the weight of its components to increase the fuel economy of the complete cars it is associated with, MOBIS has helped in contributing to client competitiveness.

MOBIS takes a strategic approach to lighten its components by module type. While using composite materials for front bumper beams, we also developed a structure that can supplement the robustness of the part, which decreased the number of components used and reduced their weight. The weight of the driver's seat module was also lightened in accordance with the different functions of the components. At the same time, we replaced steel suspension components with aluminum materials, reducing the overall weight by 30 percent. MOBIS will continue its design innovation measures to cut down on the number of components under a roadmap calling for the implementation of plastics in all components by 2020. This will enhance both fuel efficiency and optimize product development process.

Progress on Component Weight Reduction

Product			Comparative Lightness from 2013
Bumpers	Front bumper beam	Materials changed and injector structure improved	12%
Driver's seat modules	IP cores	Using ultra-strength materials	20%
Suspension	Control arms, knuckles, and carriers	Replaced steel with aluminum materials	30%

Social Contribution

2014

PROGRESS IN 2014

- **SAFE MOVE - Transparent Umbrella Campaign for Children's Safety on the Roads**
100,000 transparent umbrellas distributed to students at 120 schools
- **HAPPY MOVE - Junior Engineering Class**
508 employees gave lectures to 6,109 children
- **EASY MOVE - Campaign for Mobility-challenged Children**
Assistive devices, living expenses and public awareness improvement programs for mobility-challenged children
- **GREEN MOVE - MOBIS Forest (Meer Forest) in Jincheon**
Yearly construction plans developed and approved by the governing authorities

Domestic social contribution expenses in 2014

KRW 15.1 billion



No. of employee volunteers in 2014

3,790 employees



No. of Korean groups/families in sisterhood ties with MOBIS as of 2014

114 families/groups



FORECAST AND OBJECTIVES

2015+

- **Progress on the Four 'MOVE' Campaigns**
 - SAFE MOVE** Promotion of sharing practices throughout our supply chain by developing a transparent umbrella program for suppliers
 - HAPPY MOVE** Promotion of Junior Engineering Class with Chinese subsidiaries and partnerships with related organizations locally
 - EASY MOVE** Support of emotional and physical development for disabled children based on support/benefit analysis results
 - GREEN MOVE** Completion of first phase of construction with forest and riverside venues for cultural and eco-friendly programs

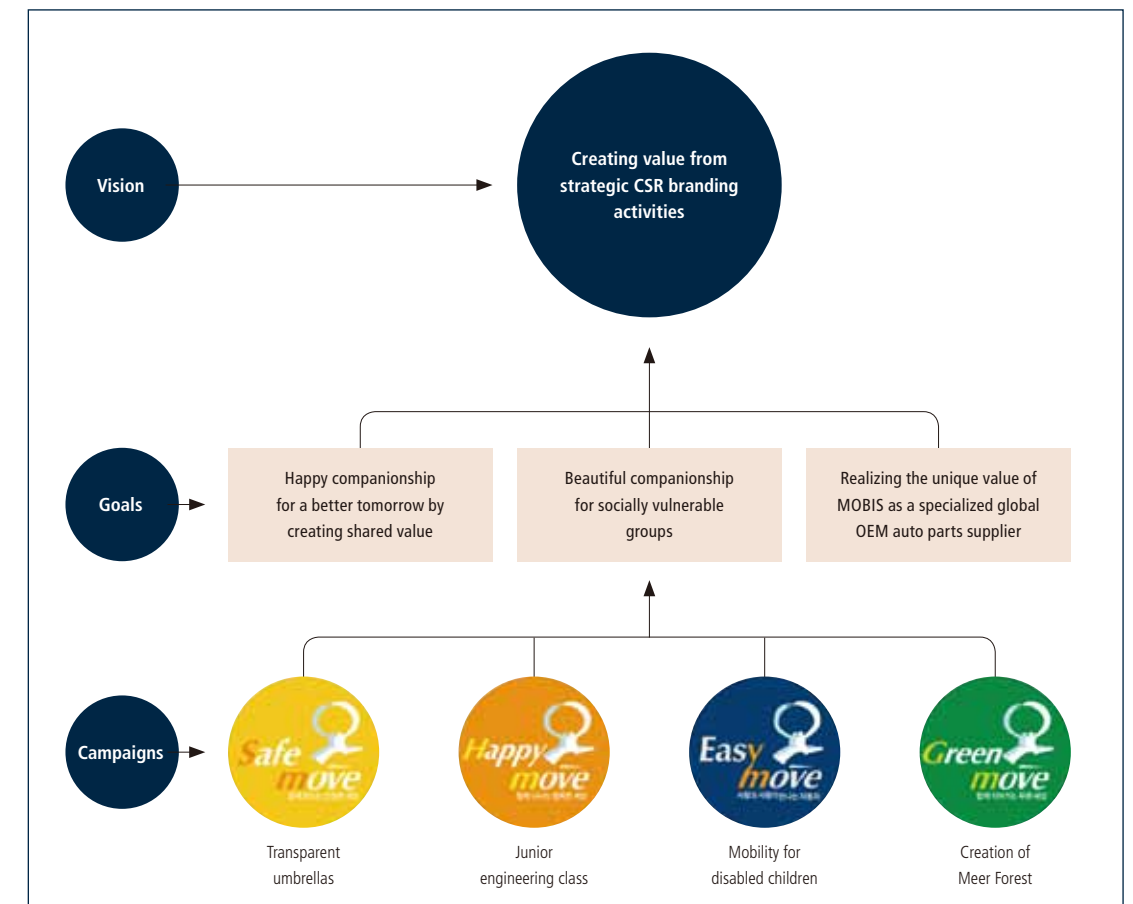
KRW 15.1 billion

Amount spent on domestic CSR activities in 2014

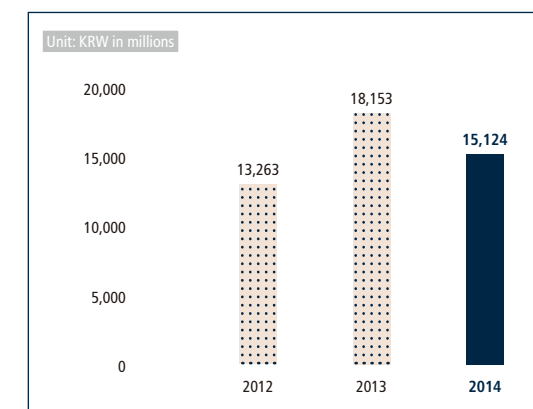
CSR Strategies & Signature Programs

MOBIS lends its business acumen to supporting the underprivileged, while also developing mutually beneficial social outreach programs. In this context, we developed the four MOVE campaigns in line with our business philosophy and CSR principles. Since the launch of its signature Transparent Umbrella Program back in 2010, MOBIS has initiated other mobility campaigns for disabled children, completing the last of the four MOVE campaigns in 2014.

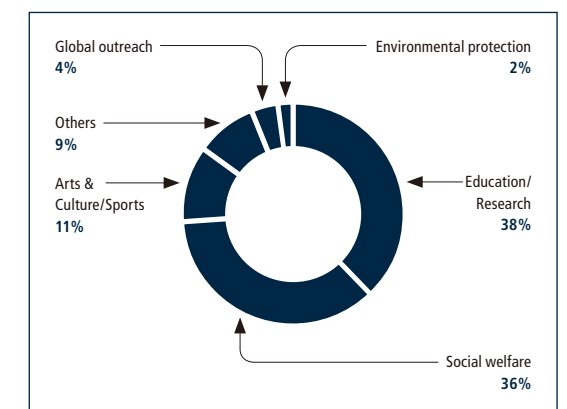
CSR Strategies



Social Contribution Expenses by Year (non-consolidated)



2014 Social Contribution Expenses (non-consolidated)



500,000 umbrellas

Total number of transparent umbrellas distributed in Korea between 2010-2014

25,000 umbrellas

No. of transparent umbrellas distributed in China in 2014

SAFE MOVE: One Small Step Forward for a Safer World

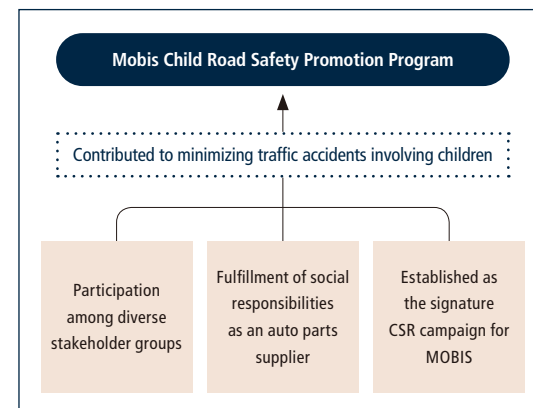
MOBIS distributes transparent umbrellas to children to help with their visibility when it is raining and watch for oncoming vehicles. Since its launch in 2010, a total of 500,000 transparent umbrellas have been distributed to children at 826 elementary schools.

Essay contest to raise awareness about child safety on the roads In case of an emergency, each MOBIS transparent umbrella has a whistle attached to it and light-reflective materials for safety purposes. Another important element to this particular campaign is raising public awareness, specifically among adults, about road safety for children.

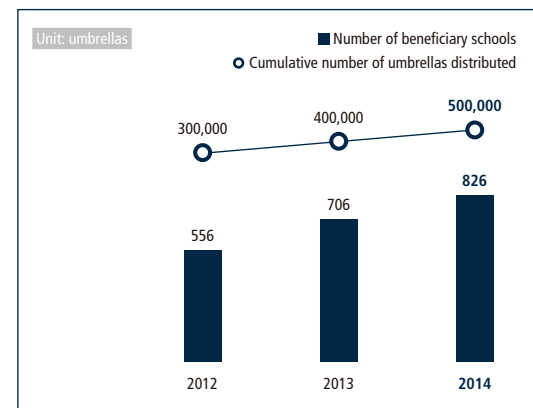
To that effect, we held our 5th Transparent Umbrella Essay Contest in 2014 in promotion of this same campaign. Children, teachers and parents are all invited to write essays, draw pictures, take photos or create road safety reports. In 2014, contestants inundated MOBIS with a total of 789 entries.

Inviting feedback for improvements MOBIS maintains a quantified index of the benefits of its Transparent Umbrella Campaign and the resultant benefits to its corporate image. In 2014, we ran surveys with 639 teachers and parents from 67 elementary schools that we distributed transparent umbrellas to. The results showed that the campaign was effective in raising awareness among adults about the importance of road safety with children. Corporate awareness about MOBIS and its overall image also improved.

Future Plans for the Transparent Umbrella Campaign



No. of Transparent Umbrellas Distributed by Year (domestic, cumulative)



SAFE MOVE CHINA

MOBIS has also initiated a Transparent Umbrella Campaign in China. In 2014, we distributed 25,000 transparent umbrellas to local children in Jiangsu, as well as one district in Beijing. Furthermore, MBI (Beijing Hyundai MOBIS Automotive Parts Co., Ltd.) was sponsored by the local governments of Shunyi district, Beijing, and Qi Che Cheng for its first transparent umbrella distribution event, helping foster solid connections with local authorities. Children who took part in the event were also invited to a tour around our local plant. Since then, we have made this campaign a regular part of our CSR activities in China.



Transparent Umbrella Essay Contest Awards Ceremony



1st Transparent Umbrella Distribution event in Beijing's Shunyi district

508 volunteers

No. of MOBIS employees who gave lectures as part of the Junior Engineering Class program in 2014

1,390 hours

Total hours of talent donation by employee instructors in 2014

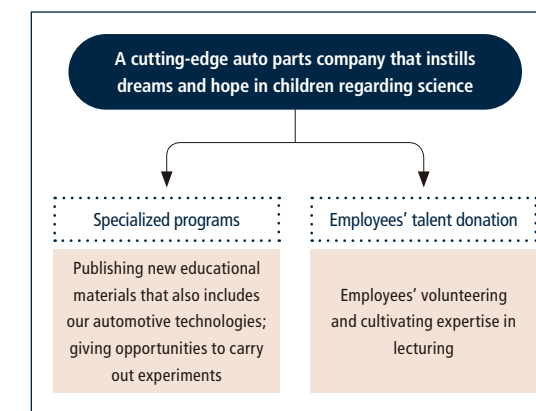
HAPPY MOVE: Fostering Future Leaders

In dealing with the dearth of qualified personnel who make the natural sciences and engineering their professions, MOBIS has been running a Junior Engineering Class for children since 2005. In 2014, we segmented the program into regular, role-playing and one-day event classes, instilling dreams and hope in some of our future scientists.

Regular, Role-playing, and One-day Event Junior Engineering Classes The regular Junior Engineering Class is for elementary school students in the neighborhood of our business operations. In 2014, we gave seven classes to 455 students at 14 schools, with a total of 3,185 students participating in the class. The role-playing Junior Engineering Class began in 2014, offering classes that utilized a dedicated science bus, while also giving classes where experiments are carried out. A total of 1,653 students from 16 schools across Korea attended the classes in its inaugural year of operation. The one-day event classes are mostly given at events put together or participated in by MOBIS at the event site. In 2014, we gave classes at special camps for 1,271 children of MOBIS employees, ran a youth basketball camp, and organized motor sports events and other customer promotion events, as well as marketing campaigns aimed at adults.

Collecting feedback for future improvements MOBIS maintains a quantitative index of participants' satisfaction level of its Junior Engineering Classes. In 2014, we had 10 teachers and 262 students from 14 schools evaluate our program. The findings showed that the program effectively contributed to raising awareness regarding science and to improving our corporate image.

Future Directions for Junior Engineering Classes



2014 Junior Engineering Class Performance (Domestic)

	No. of beneficiary schools	No. of participating students	No. of instructors
Regular	14	3,185	405
Role-playing	16	1,653	20
One-day events	5	1,271	83
Total	35	6,109	508

HAPPY MOVE CHINA

In September 2014, MOBIS gave its first Junior Engineering classes in China, reaching 120 students at Yancheng 3 Elementary School, which is located within the Economic Technology Development Zone of Yancheng, a city in Jiangsu province. At the event, 10 undergraduate students from the Automotive Engineering Department at Yancheng College of Engineering volunteered to give classes on carrying out experiments, further promoting the value of our global outreach commitment.



Role-playing Junior Engineering Class



Junior Engineering China

50 children

No. of beneficiaries of the mobility assistance program in 2014

1,800 centers

No. of centers that were given picture books for raising public awareness about disabled children

EASY MOVE: One Small Step Forward for Disabled Children

MOBIS offers all-round support programs to mobility-challenged children and their families in various forms. In June 2014, we signed an MOU with the Prume Foundation, a specialized social welfare group for disabled children, and Easy Move, a social enterprise specializing in assistive devices for mobility-challenged people.

Selecting beneficiaries Every year, we select 50 children under 18 years of age who were either born with a disability or suffered a disability as a result of a traffic accident based on the submitted application forms, expert panel reviews, and fact-finding inspections. Those children who are selected as part of this program benefit from comprehensive support as described below.

Three major support programs In 2014, MOBIS selected 50 beneficiary children with disabilities for its support program. To begin, we manufactured customized assistive devices by commissioning one of our partner companies, Easy Move, to build 91 devices (within a limit of KRW 3 million per beneficiary) and then donated the products to the 50 beneficiaries. Each device is under warranty for a two-year period. Another important part of our program is sponsoring their living expenses, specifically rehabilitation expenses and living necessities bills, in order of priority.

In November 2014, we held the first MOBIS Family Trip for Disabled Children for 57 disabled children and their families, and in which MOBIS employees also participated as volunteers. We also arranged for famous Korean artists and writers who have overcome disabilities, including the writer Ko Jeong-wook and the visually-challenged painter Kang Ju-hye, to publish a special picture book to raise public awareness about disabled children. The books were distributed to 1,800 centers that are members of the Korea Association of Community Childcare Centers and the Korea Association of Children's Libraries.

Assistive Device Donation Performance

Unit: units					
	Assistive devices for personal mobility	Assistive devices for training in daily living activities	Assistive devices for body positioning	Assistive devices for personal medical treatment	Total
No. of units	33	18	24	16	91

Portion of an essay from the mother of a disabled child

"On our way back home, everyone said they really enjoyed the trip and it was a really special time. Personally, I'd like to express my special thanks because this trip gave my husband and me an opportunity to better understand each other. It also allowed us to temper the hatred and resentment which had previously existed between us before the trip. My husband pledged that he would commit himself more to the family and to the care of our children. In return, I gave him my word that I would try to better understand where he was coming from. My special thanks to MOBIS and the Prume Foundation for their generous support of assistive devices, therapy expenses and this wonderful family trip."

Kim In-sook



A ceremony marking the delivery of disabled children's assistive devices for personal mobility



Family trip for disabled children's families

108 ha

The size of Meer Forest

245 species


Range of biodiversity at Meer Forest

GREEN MOVE: Planting Forests for Communities

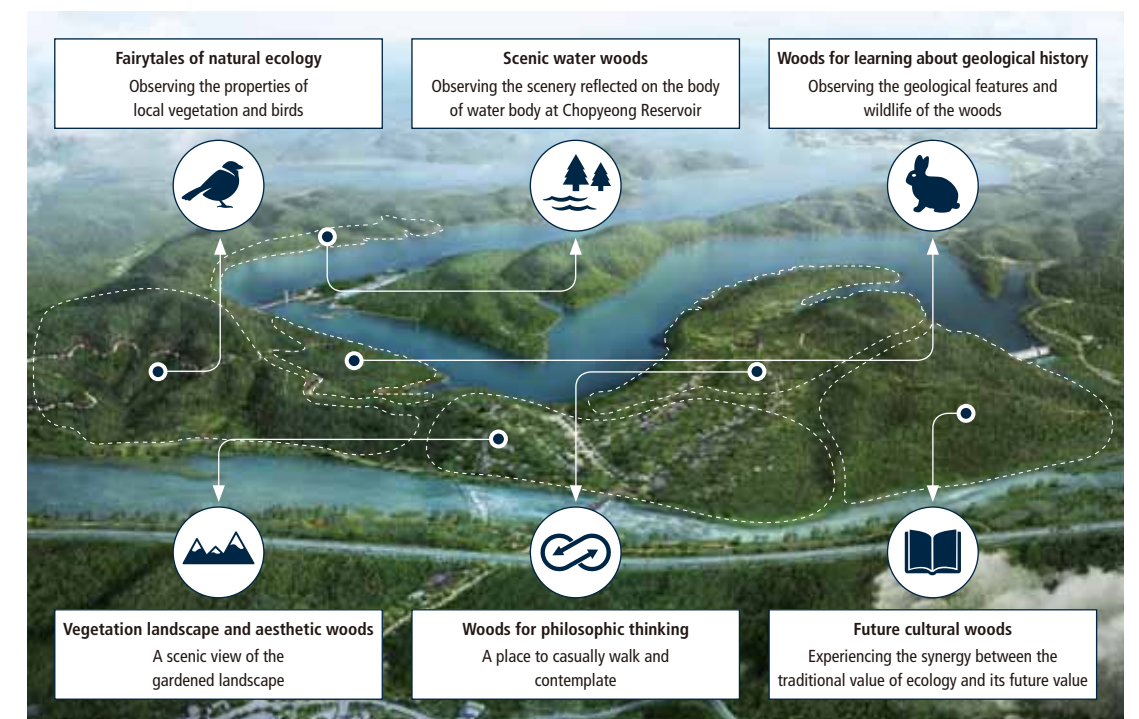
MOBIS is planting a 108-hectare forest named Meer (meaning "dragon" in Korean) in the vicinity of Chopyeong-myeon, Jincheon. This project is further proof of our commitment to strengthening our corporate reputation in local communities.

Renaming MOBIS Forest Meer Forest The MOBIS afforestation project began with the signing of an MOU with Jincheon County and the National Nature Trust in 2012. In 2014, we renamed the forest Meer, the Korean word for "dragon," which also carries with it the meaning of ocean, great bounty, and immensity. Circling around the forest are Miho Stream and Chopyeong Lake, which together resemble a dragon ascending to the heavens. Given the fact that the neighborhood is also home to several well-known dragon tales, the new name of the forest embodies MOBIS's commitment to creating a community-friendly forest.

Protecting biodiversity at Meer Forest The Meer Forest site is home to 187 species of plants, 42 species of birds and mammals, and 16 species of fish. Before planting any trees there, we ran an extensive preliminary study on the area's ecosystem and developed plans to protect the natural habitat as well as the existing flora. We are reusing the on-site tree wood for benches, stairs, steps, and other habitat facilities, while using only eco-friendly materials such as non-toxic paints and untreated wood. In order to minimize damage to the land, we are also making full use of the existing custom trails and forest roads, while carefully transplanting various types of scenic plants to create a rich, beautiful forest.

Meer Forest CI	
	
Background The creative identity (CI) was developed to represent Meer Forest based on extensive research centered around the history, culture, and environment of Jincheon.	Connotation of the CI The Meer Forest CI symbolizes a beautiful and mysterious forest in which a dragon lives. In addition, the automobile-shaped white forsythia denotes MOBIS's identity.

MOBIS Forest (Meer Forest) Landscape



Employees

2014

PROGRESS IN 2014

- **Individualized HRD Programs**
Individual Development Planning (IDP) program, overseas subsidiaries' job expert training, and language programs
- **Safe Worksites**
Establishment of a safety & health management system that minimizes risks at worksites by abiding by all basic safety rules
- **Maximizing Employee Satisfaction**
Enhancing working conditions through the 3S (smart policies, smart infrastructure, and smart balance) initiative in support of employees' work-life balance for higher employee satisfaction

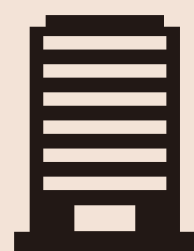
Total number of workers in Korea and overseas

22,842 persons



Average service years of MOBIS employees

12.8 years



Per-employee training hours

122 hours



FORECAST AND OBJECTIVES

2015+

- **Upgrading the HRD Programs**
Establishing a system to motivate self-learning developing HRD competencies and systems at overseas subsidiaries and reinforcing HRD management competencies
- **Enhancing Core Value Practices**
Internalizing MOBIS's core values through a number of seminars and programs to motivate practices in employees' daily duty fulfillments
- **Establishing an Accident-free Workplace**
Establishing a safety-first corporate culture that strictly follows the basic principles of enhancing companywide safety awareness, and establishing an effective management system

756 persons
New employees
(4th grade and above)



CEO Town Hall Meeting



Core Value Seminar

Human Resources Management

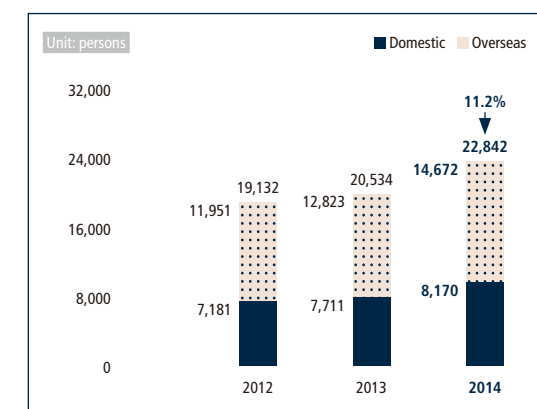
In a bid to motivate employee engagement and effectively manage our human resources, MOBIS operates a systematic framework that encompasses recruitment, training, and use of talent to evaluate and compensate employees based on their performance. Based on our clear understanding of each employee's individual competencies, we assign them to job positions befitting their talent, while also providing them with individualized training programs in support of self-development. In addition, we evaluate their performance results based on objective criteria and then compensate them according to their accomplishments.

Performance-based Evaluations and Compensation At MOBIS, employee performance is evaluated 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 to all teams. Each performance indicator is classified into quantitative and qualitative indicators to ensure objectiveness in the evaluation results. There is swift feedback 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. As part of our meritocracy policy, compensation is made differentially to managers and above levels, according to their evaluation results. The working-level committee for Personnel Management and the headquarters-level HRM Committee determine promotions only after reviewing employee performance in consideration of language skills, certificates, and completed training. Those with outstanding accomplishments qualify for promotion regardless of their seniority.

Individual Performance Evaluation

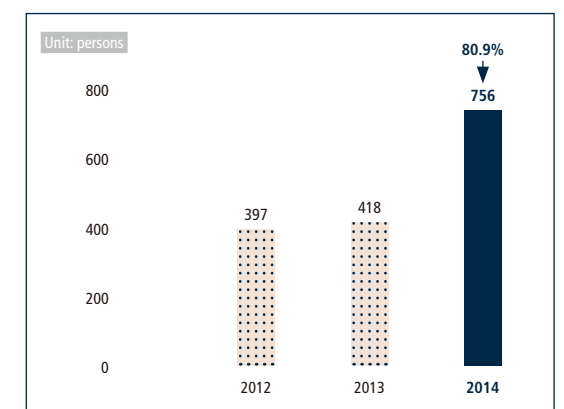
	No. of employees evaluated	No. of employees compensated	Percentage
KPI-based evaluation	8,170	8,170	100
Multi-layered evaluation	8,170	463	6
Compensation linked to relative evaluations	8,170	2,936	36

Domestic & Overseas Workforce



• Figures include executives and contract-based employees

Domestic New Employees



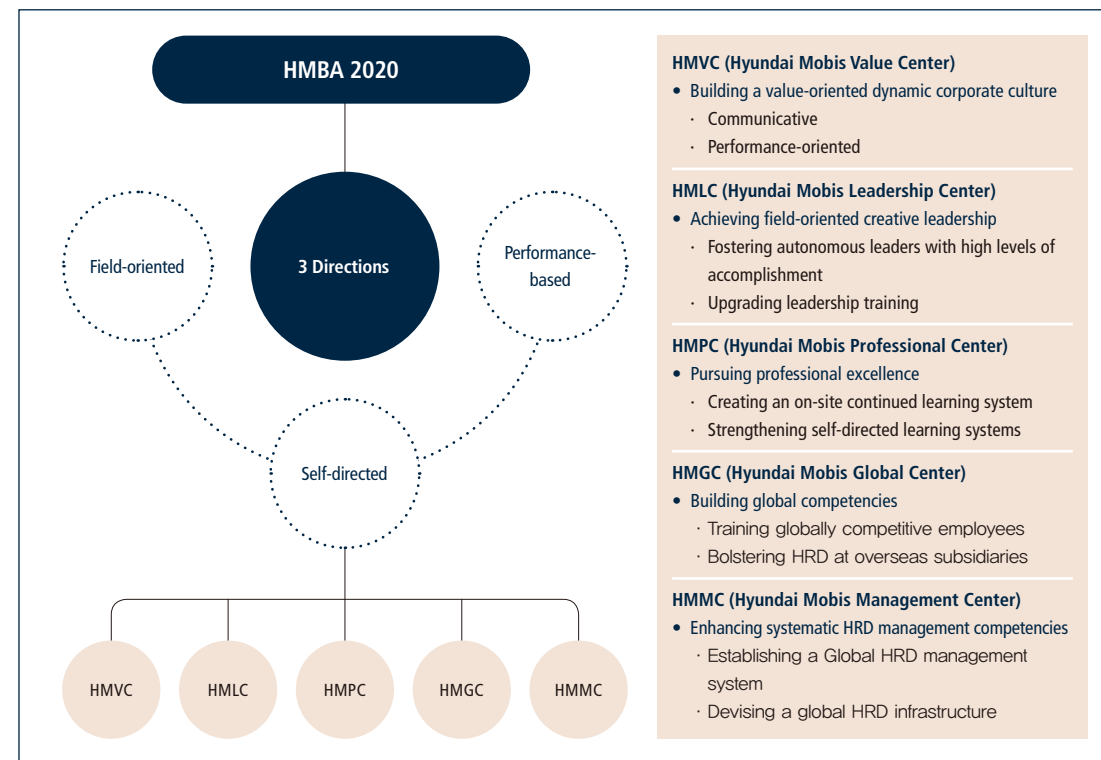
• The above figures represent only researchers and managerial-level officials of the 4th grade and above.

122 hours
Per-employee
training hours in 2014

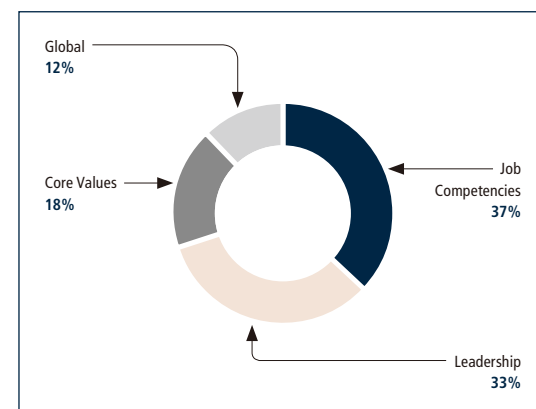
KRW 9.5 billion
Total employee training
expenses in 2014

Hyundai MOBIS Business Academy In 2014, we offered 22 courses as part of our in-house development job training program to all employees, helping them better understand each other's jobs and functions. Staff members dispatched overseas and locally hired employees are provided with online programs for language skill brush-up sessions and cross-cultural understanding. However, we also train instructors who help our overseas employees reinforce their competencies. Furthermore, we have developed an Individual Development Plan (IDP) that assists employees in their self-realization and growth efforts, and which fall in line with corporate accomplishments. Based on individual competency assessment results, employees can consult their IDP mentors, who then help them come up with their own competency-building programs to attain their goals. At MOBIS, team managers usually serve as mentors to their colleagues, providing a sound opportunity for communication within the team. In support of self-directed learning, the company has also established various other means of assistance, such as a credit system, structured on-the-job training (S_OJT), community of practice (COP), and educational attainment-linked personnel management (promotion qualifications).

(Hyundai MOBIS Business Academy) 2020



2014 Training Expenses Breakdown



Employee Training

	2012	2013	2014
Training hours	620,840	755,000	952,868
Per-employee training hours	91	102	122
Training expenses (KRW in billions)	7.5	8.2	9.5
Per-employee training expenses (KRW 10,000)	111	112	122

* "Employees" represent domestic full-time regular staff, excluding executives and contract-based employees.

888 persons
No. of female employees
as of 2014

43.5%
Year-on-year growth rate in the
number of female managers
compared to 2013

Human Rights and Labor Laws

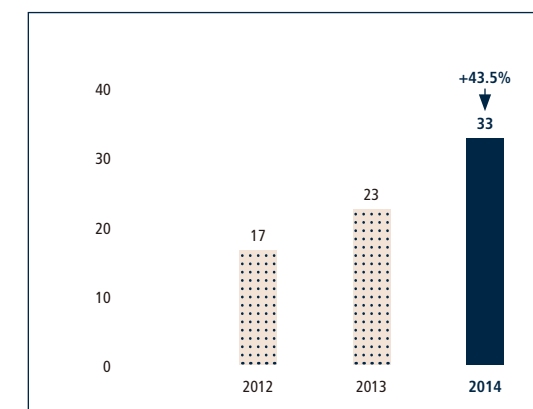
MOBIS has established a corporate culture that respects human rights and employees' labor rights, promotes diversity, and does not tolerate any form of discrimination, which is backed up by a number of MOBIS-based programs. The Cyber Auditor Office is open to reports on unethical conduct and wrongful decisions, including infringement on human rights and order corrections or punishments. The companywide evaluation against ethics indicators, corporate culture diagnosis, core value surveys, and employee engagement surveys are instrumental for the company to keep abreast of employee sentiment, communication, work-life balance, work-related stress, and ethics awareness. These research results are then reported to the management board for reflection in innovation initiatives at each division level. Furthermore, MOBIS faithfully abides by local labor laws and related regulations in all countries it operates in, and respects local cultures and social customs in its personnel management practices.

MOBIS is also a union shop that guarantees the right to form unions, representative bodies, and collective bargaining under all related laws and regulations in Korea and overseas, as well as the right for them to carry out union activities. In 2014, 4,948 people, or 61 percent of our total workforce, were entitled to collective bargaining. MOBIS arranges quarterly collective bargaining and labor-management council meetings, and hosts monthly labor-management joint business presentations to strengthen mutual partnerships. Moreover, 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 more than meet legal requirements.

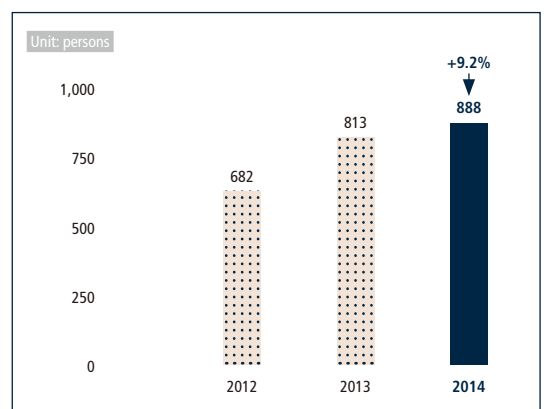
Promoting Diversity at Work As of 2014, MOBIS's female employees stood at 888 people, accounting for 10.9 percent of the domestic workforce, and that number is steadily increasing. In promotion of diversity with companywide perspectives and creative ideas, the company has been strategically training and fostering female managers since 2008, while also fostering ideal conditions to help female employees realize their full potential at work.

In accordance with Article 37 of the Labor Standards Act's Enforcement Decree, we strictly prohibit female workers from dangerous or harmful tasks, and do not tolerate any form of sexual harassment in the workplace, with violations punished under Article 12 of the Sexual Equality Employment Act. In March 2014, MOBIS launched its Sexual Harassment Consulting Window, where 23 male and female counselors provide prompt and indiscriminate consulting services when needed. Based on the advice of the counselors, serious issues are reported to the Ombudsman Center via the website (culture@mobis.co.kr) and followed up with appropriate measures from the HRM Committee. In support of employees in their attempt to maintain a healthy work-life balance, and to prevent female workers from unwillingly have to interrupt their careers, the company has in place advanced parental leave programs and encourages employees to take such leaves when necessary. After labor and management reached an agreement on an in-house childcare center through collective bargaining, the first such center opened at the Jincheon plant in 2014, allowing employees with children to come back to work earlier than in the past.

Number of Female Managers



Female Workforce



* "Managers" refers to employees whose rank is manager or above.

285 teams

No. of teams that attended the 2014 Core Value Seminars

4,100 persons

No. of employees who attended the companywide town hall meetings in 2014

Maternity Leaves and Childcare Leaves

		2012	2013	2014
Maternity Leaves	No. of employees on maternity leave	75	62	77
	Per-employee days of leave	71	60	71
	Rate of returning to work after a leave (%)	100	100	100
	Rate of working for at least 12 months or longer after returning to work (%)	98.6	100	-
Childcare Leaves	No. of employees on childcare leave	69	63	76
	Per-employee days of leave	158	176	150
	Rate of returning to work after a leave	99.0	81	-
	Rate of working for at least 12 months or longer after returning to work	95.6	83	-

- Employees who took these leaves were not discriminated by gender. The 2014 rate of working for at least 12 months or longer after returning to work and the 2014 rate of returning after childcare leave will be available at the end of 2015.

Developing an Open Corporate Culture MOBIS strives to ensure that every employee is on the same page when it comes to the internalization of its core values so that it can maintain a great workplace. Since 2010, the company has been holding team-based seminars and business-/division-based seminars to promote a communicative and cooperative corporate culture. In 2014, a total of 230 seminars were held for 285 teams. Additionally, the ongoing companywide campaigns are helping strengthen the work environment, such as meeting and reporting practices, work instructions, dining and drinking, and work etiquette. Since 2011, we have been conducting annual surveys to monitor the internalization and practice of core values and develop improvement plans based on these results.

2014 Core Value Seminars

	Beneficiaries	No. of trainees	No. of sessions
Team seminars	285 teams	4,394	230
Division-led seminars	Entire division	225	10

Promoting Companywide Communication In an effort to establish a communicative and trust-based corporate culture, MOBIS holds regular CEO Town Hall Meetings on a companywide level to make sure that the entire workforce is well-versed with the CEO's and the company's business plans and future directions. In 2014, a total of 4,100 employees attended 18 such sessions. We are also increasing the number of inter-departmental communication programs and eligible teams.

A Healthy Work-Life Balance MOBIS demands that all its employees abide by the basic work rules in their daily duty fulfillment, while proactively attending to any inefficiencies or irrationality in the work process. For instance, we mounted a paperless campaign in 2014 and instead established an electronic-based document work process. In a bid to help employees maintain a healthy work-life balance, every Wednesday is now designated Family Day, so all employees are obliged to leave work on time. We also continuously run back-to-basics campaigns to help employees increase their work engagement efficiency.

Health & Safety Management System & Framework

As of 2013, MOBIS had obtained the OHSAS18001 international certificate (Occupational Health & Safety Assessment Series) and the KOSHA18001 (Korea Occupational Safety & Health Agency) certificate on all its domestic production lines. The Occupational Health & Safety Management System (OHSMS) reflects health and safety policies in corporate management policies and stipulates detailed action plans and guidelines for application in day-to-day duty fulfillment. Our overseas operations are also working to obtain the OHSAS18001 certificate, and we plan on expanding our certification acquisition at all our overseas production lines by 2015.

Under the shared goal of achieving an accident-free workplace, both labor and management closely collaborate in various health and safety initiatives, taking corrective measures with all issues found in quarterly health & safety inspections. Also underway are diverse activities to establish an autonomous safety management system. Worksites are setting annual goals and reporting on progress rates to

444 risk factors

No. of harmful risk factors addressed through the STC campaign at plants in Gyeonggi-do in 2014.

the management board, while the headquarters devises companywide health & safety KPIs and runs divisional-level inspections, offering rewards for outstanding performance results.

In meeting the growing public need for its sustained social responsibility and increased control over safety/environmental risks, MOBIS set up a Safety & Environment Team in 2014 that is now in charge of companywide health/safety/environmental management activities. The Safety & Environment Team does its utmost to eliminate accidents through comprehensive health & safety checks, training and campaigns.

• STC Campaign at Gyeongin Plant

MOBIS's Gyeongin Plant partners with its suppliers for its health & safety program, which we call STC. An abbreviation of Stop, Think and Check, the STC campaign is an on-site health & safety management program to prevent occupational accidents within our premises. By uncovering potential risk factors at worksites and keeping a record of all findings, the campaign also includes raising questions to the company's safety management teams for improvement initiatives. At the end of every year, process lines, suppliers and team performance results are reviewed in terms of participation, risk rates, and improvement results, after which top management then provides incentives and rewards to those who score best. In 2014, a total of 467 hazardous risk factors were detected, while most of them (except for 23 cases that require a long-term approach) had completed all improvements.

• Health Promotion Program at Changwon Plant

MOBIS's Changwon Plant runs a health check-up program to prevent cerebro/cardio vascular diseases for its aging workforce. Based on the results, employees vulnerable to such diseases are advised to monitor their health conditions more stringently. The company also has in place a No Smoking campaign to realize a healthy, happy workplace that is in line with the government's own Stop Smoking campaign.

• Health & Safety Program at Ulsan Plant

To aid in its suppliers' health and safety management, MOBIS has in place a legal program that is supported and receives advice from the Ministry of Employment and Labor. By reviewing the working conditions of suppliers, we assess the potential risks at their worksites and help with their improvement initiatives in the event that a risk factor is detected. The ultimate goal is to bring our suppliers' worksite conditions to the same level as our own worksites when it comes to health and safety management practices. Through quarterly progress checks, we assist their programs and receive audits by an evaluation board consisting of external experts from both the public and private sectors.

Supporting the Health of Employees MOBIS cares about the health of its employees. To that end, it operates in-house workout rooms at each worksite/regional center, in-house cafeterias that are commissioned to an external catering service, and a "Quit Smoking" campaign in alliance with local public health centers. In May 2012, we also opened an in-house psychological counseling center called DooDream at our main research center. At DooDream, qualified psychologists operate a number of counseling programs. By offering specialized counseling services tailored to the different needs of each team, the program has received a warm response from researchers who have already used the service. In 2014 alone, this included 201 researchers and 25 teams. In July 2014, Healing Sam opened at our head office building, in which two clinical psychologists work as full-time employees in charge of the psychological health of our employees. In only six months, a total of 180 employees received counseling services on a wide range of issues regarding their work and personal life. In the near future, we plan on opening more of these centers at our plants in other regions.



Healing Sam, a psychological counseling center



Safety check

Environmental Management

2014

PROGRESS IN 2014

- **Upgrading Mobis Green house gas Management System (MGMS)**
Improving the MGMS for effective management of greenhouse gas emissions
- **Expanding Waste Recycling**
Enhancing waste recycling rate by carrying out voluntary agreement on plastic waste recovery and recycling of automotive A/S parts from 2011 and Korean EPR system on synthetic resin packing materials in 2014
- **Public disclosure of Carbon Management Information**
Carbon Disclosure Project evaluation results: 92 points in the carbon disclosure leadership index (CDLI) and a B grade in the carbon performance leadership index (CPLI)

Change in domestic emissions intensity of air pollutants compared to 2013

-12.8%



Change in domestic consumption intensity of water resources compared to 2013

-7.6%



Change in domestic discharge intensity of waste compared to 2013

-5.0%



2015+

FORECAST AND OBJECTIVES

- Reinforcing environmental management competencies
- Reducing greenhouse gas emissions and responding to climate change
- Establishing an efficient energy management system and reducing energy consumption
- Expanding waste recycling and the resource circulation system
- Strengthening stakeholder communication for enhanced environmental performance

-0.5%

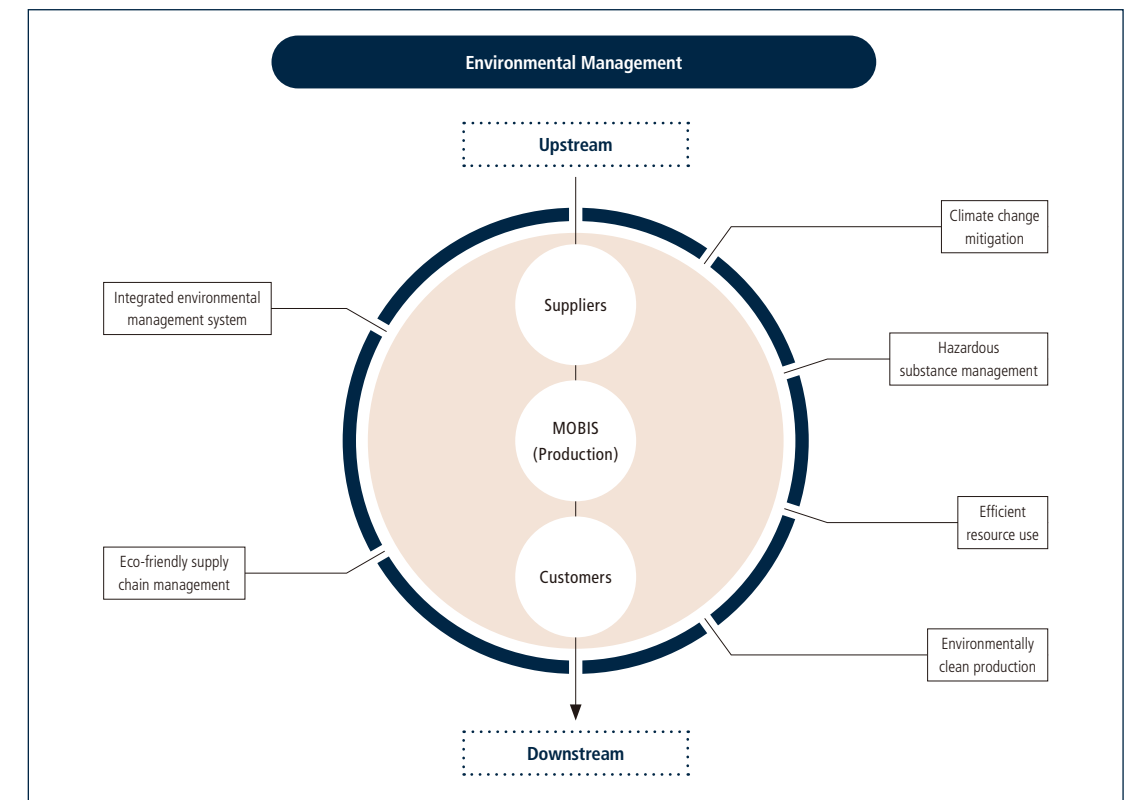
Change in emissions intensity of greenhouse gas emissions compared to 2013

Environmental Management System

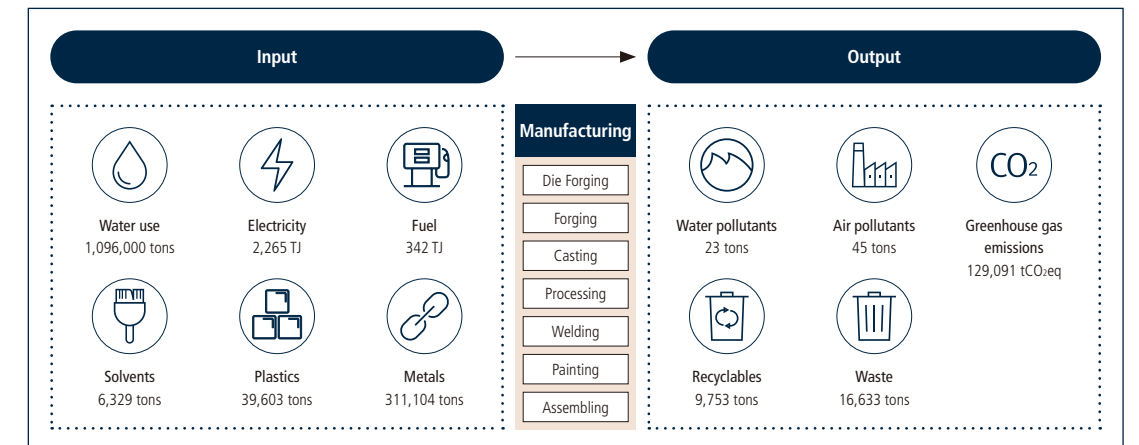
MOBIS pursues environmentally sustainable management practices throughout its value chain. In fact, our impact on the environment is the first priority we consider in developing business strategies, from R&D and procurement/logistics to production, sales and disposal of products, and recycling.

As a dedicated team, the Safety & Environment Team sets company-wide directions in environmental management as well as action plans for each division level, reporting on key issues and progress made to the management board. As of December 2014, all our operations, including 29 plants and 27 AS parts operations at home and abroad, had obtained the ISO 14001 certificate, the international standard for environmental management systems, and which is renewed every year through certification review.

Maximizing Environmental Efficiency



Input & Output Flowchart (domestic)



-7.6%

Change in domestic consumption intensity of water resources compared to 2013

Resource Use and Input

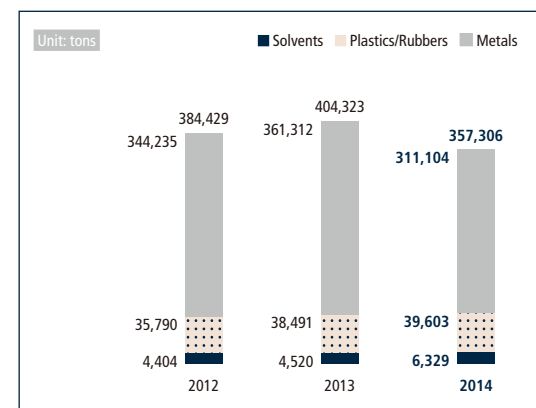
Metals In 2014, MOBIS used 311,104 tons of metals (hot-rolled steel sheets, aluminum, copper and zinc) domestically, down 13.9 percent from 2013.

Petrochemical Products To increase fuel efficiency and recycling rate of end-of-life vehicle, 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 the 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 2014, our petrochemical product use increased by 2.9 percent and 40.0 percent in plastics/rubbers (39,603 tons) and solvents (6,329 tons) respectively.

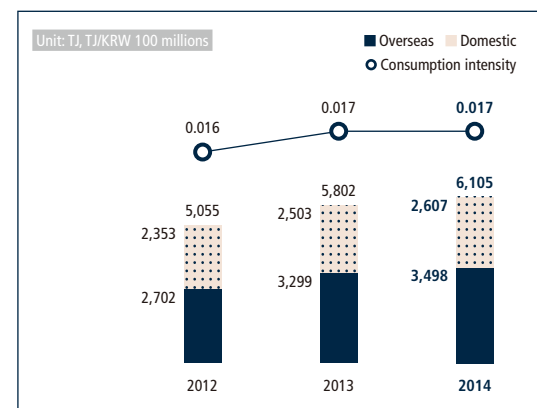
Energy In 2014, MOBIS consumed 6,105 TJ (excluding contract manufacturing companies) of energy, with electricity accounting for 87.0 percent of the main energy source. The expanded production/manufacturing base resulted in a 5.2 percent year-on-year increase in the total use, but consumption intensity remained 0.017 TJ/KRW 100 million. Since 2014, we have been employing an overnight auto recharging system at our logistics centers and are now reviewing the installation of energy storage systems and solar power generators at the same facilities. By 2018, we aim to establish green renewable energy self-generators to reduce our energy costs and CO₂ emissions.

Water Resources In 2014, MOBIS consumed 1,096,000 tons of water resources, 2.7 percent less than the previous year. Consumption intensity also improved by 7.6 percent over the same period, cutting down on input and realizing higher efficiency. These improvements owe much to our efforts to raise the reuse/recycling rate by addressing the cooling tower's overflow and increasing the recovery of steam condensing water. Characteristic to the assembly process, our total use of water resources is not very large, and we make use of industrial water and water services, neither of which have an influence on biodiversity.

Domestic Raw Material Use

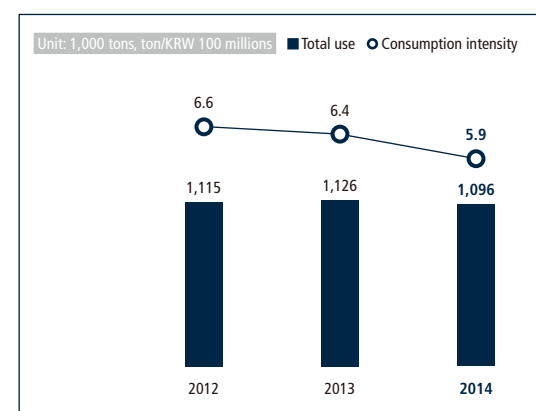


Domestic/International Energy Consumption



Note that 2012 and 2013 figures were revised following the redefinition of the organizational boundaries.

Domestic Water Resource Use



-5.0%

Change in domestic discharge intensity of waste compared to 2013

Pollutant Emissions & Control (Output)

GHG Emissions Control In a bid to mitigate climate change, MOBIS operates its in-house developed MGMS. To ensure the credibility of the data, the company's GHG emissions are assured by a third party in accordance with principles as stipulated by the ISO 14064 standard. The company also discloses its GHG emissions control activities as a member of the Carbon Disclosure Project (CDP). MOBIS was designated as a Controlled Entity in 2014 and subject to management under the Framework Act on Low Carbon Green Growth (enforcement on April 14, 2010) and Guidelines for the Operation of Target Management Scheme (amended on November 5, 2011 by Notification No. 2012-211 of Ministry of Environment). Starting in 2015, we will submit implementation plans for mitigation targets, emissions reports and implementation reports to Korean government.

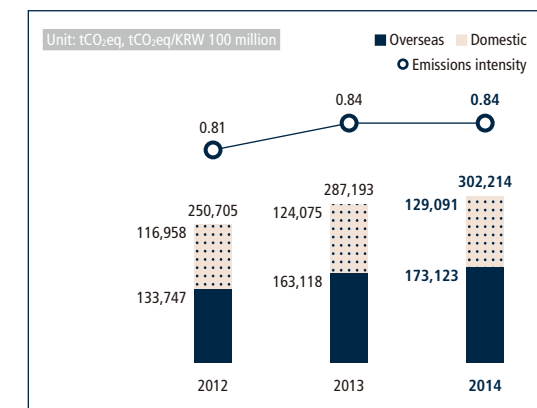
In the meantime, we have continued to enhance efficiency in logistics through efforts such as improving logistics for exports/imports and CKD air transport, optimizing global transportation systems, and computerizing all our logistics systems. As a result, the company saved approximately KRW 17.8 billion in logistics expenses at home and abroad in 2014, which was also effective in reducing our GHG emissions in our transportation and logistics activities.

Production Technologies for Saving Energy

	2007~2008	2009~2010	2011~2012	2013~2014
Applicable Operations	Module plants & auto parts plants	Auto parts plants and overseas plants	Modules/auto parts/electronic equipment plants	AS parts operations, R&D centers, domestic and overseas plants
Description	Air-conditioning facilities, air handling units (AHU), pumps, high-efficiency inverters, and high-efficiency lighting	LED lamps, compressor inverters, AHU improvement, and coolant facility inverters	LED general diffused lighting, compressor inverters, AHU improvement, and coolant facility inverters	Applying LED lighting technology and central light controlling systems, injection/evaporator/coolant water pump inverters, peak electricity control systems, integrated controlling of turbo compressors, and improving the insulation performance of heaters at the drying oven

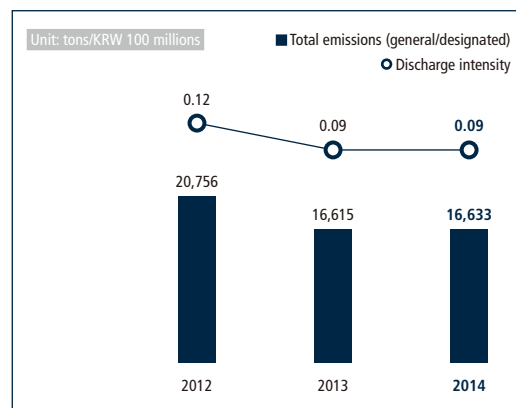
Waste, Recycling, and Reproduction MOBIS manages the entire process of emissions, transport, and treatment of waste by applying an online waste legal treatment system, and strives to raise the recycling rate of waste all the time. Under voluntary agreement on plastic waste recovery and recycling of automotive A/S parts from 2011 and Korean EPR system on synthetic resin packing materials in 2014 the Ministry of Environment, we apply diverse efforts to raise our recycling rate of automotive A/S parts that contain plastics. In 2014, a total of 16,633 tons of waste were generated from MOBIS's domestic operations, and 58.6 percent, or 9,753 tons, were recycled. The remaining amount was incinerated or landfilled.

Domestic/Overseas GHG Emissions



Note that 2012 and 2013 figures were revised following the redefinition of the organizational boundaries.

Domestic Waste Discharge Volume



-12.8%

Change in domestic emissions intensity of air pollutants compared to 2013

Pollutant Emissions Control 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. Generated from the coating/painting process, volatile organic compounds(VOCs) are one of air pollutants discharged from our plants. They are also the precursors of global warming and photochemical smog. MOBIS has operated a regenerative thermal oxidizer (RTO) to minimize its emissions of VOCs and applies an advanced RTO to reuse pollutants as heat energy during oxidization process, reducing emissions and fuel energy consumption at the same time. We also increase 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.

With respect to water pollutant control, the company treats all wastewater from washing automotive parts at wastewater treatment facilities at each plant before discharging it to the public sewer or retreating it at public sewage treatment plants, applying more rigid standards of wastewater treatment to remain 50 percent stricter than legal requirements.

Hazardous Substance Management MOBIS operates a material information management system for the systematic management of chemical substances in response to chemical substance regulations of countries where it operates. By connecting the system with its automotive parts management system, the company promptly answers stakeholder requests for its products' environmental impact information. Furthermore, MOBIS constantly monitors the International Material Data System (IMDS) and collects information on listed hazardous substances of automotive parts so that it can promptly respond to any significant change to the database.

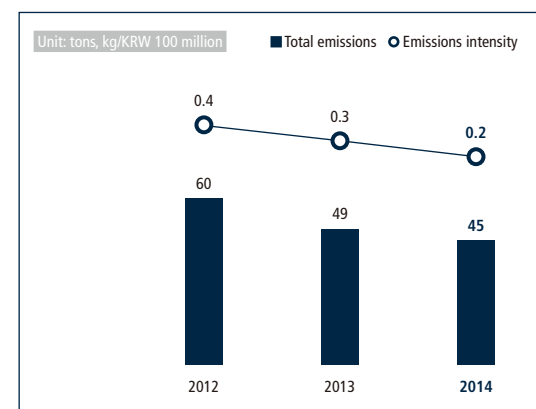
Restrictions on the Use of Four Heavy Metals and Ozone Layer destroyers The Hyundai Motor Group has in place Global Standards for the Four Heavy Metals to meet the requirements necessary as outlined in global regulations on control of end-of-life vehicles (ELVs). Accordingly, MOBIS controls its use of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

R&D Efforts for Eco-friendly Materials MOBIS monitors the hazardousness of raw materials and restricts the use of hazardous substances. Furthermore, the company continues to develop substitutes for these substances.

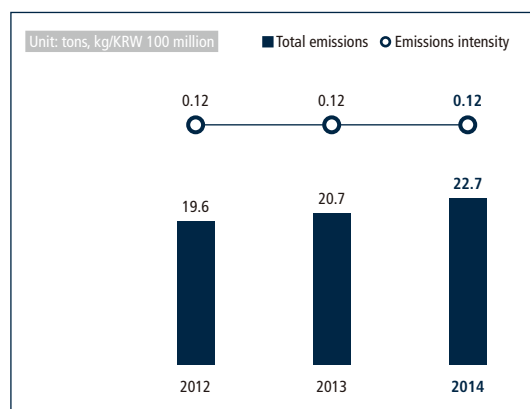
For instance, MOBIS successfully developed a lead-free soldering process for its electronic devices, which began mass production in the second half of 2014. Having completed reliability tests on its commercial feasibility, we are now expanding the application to our products in preparation for the European Union's End-of-Life-Vehicle Directive, which takes effect in 2016.

Another good case in point is the eco-friendly bio plastics made from a plant-based poly lactic acid. Applicable to automotive interiors, this material was the successful result of joint research between MOBIS and the Hyundai Motor Group, and is currently going into the mass production of bio composite materials, with additional R&D efforts underway for additional technologies that can be derived from it.

Domestic Air Pollutant Emissions



Domestic Water Pollutant Emissions



MOBIS reports its sustainability management progress and results in economic, social and environmental performance, and reviews and improves its performance against international reporting guidelines. We also have the report assured by an independent assurer and consult with sustainability experts to further the credibility of the report.

04

Appendix

Appendix

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4-1. SUSTAINABILITY MANAGEMENT

UN Global Compact

MOBIS has been a member of the UN Global Compact (UNGC) since July 2, 2008. Initiated 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—MOBIS upholds all 10 UNGC principles in every one 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

	Description	Reporting Pages
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	13-14, 61
	Principle 2: Businesses should make sure they are not complicit in human rights abuses.	13-14, 61
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	61
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.	61
	Principle 5: Businesses should uphold the effective abolition of child labor.	61
Environment	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	61
	Principle 7: Businesses should support a precautionary approach to environmental challenges.	64-68
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	64-68
Anti-corruption	Principle 9: Businesses should encourage the development and diffusion of environment friendly technologies.	35-36
	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	13-14

External CSR Evaluations

MOBIS participated in a number of socially responsible investment (SRI) review programs in support of looking back on 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 just a few. 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.

Association Membership Status

Association	Objectives
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
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 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 Intellectual Property Protection Association	Advancement of industries and increased international competitiveness through increased protection of intellectual property rights
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

Awards Received

Awards & Achievements	Date
Winner of the KRW 400 Billion Tower of National Tax at the 48th Taxpayers' Day celebration ceremony	Mar. 3, 2014
Listed to the 2014 Dow Jones Sustainability Indexes (DJSI) World	Oct. 15, 2014
Named a CSR leader at the Next Society CSR SUMMIT 2014	Nov. 20, 2014
Winner of the USD 10 billion Export Tower at the 51st Korean Trade Day celebration ceremony	Dec. 5, 2014

Punishments and Violations

Although the Korea Fair Trade Commission (FTC) ordered MOBIS to pay KRW 15 billion in fines for its automotive parts marketing practices on June 5, 2009 under the Monopoly Regulation and Fair Trade Act, the company appealed the ruling. In compliance with the final decision of the Supreme Court, MOBIS paid a KRW 3,317 million fine on April 10, 2014. We also faithfully followed all corrective orders, announcements, and notifications. On August 30, 2012, the FTC also imposed KRW 2,295 million in fines for MOBIS's purchase practices. The company faithfully followed the FTC's orders and improved its internal systems, while also training its employees to prevent a recurrence of the same violation.

Punishments & Violations

	2012	2013	2014
Cases and amount of hazardous substance leakage	None	None	None
Fines and non-monetary sanctions for violations of environmental regulations	None	None	None
Violation of Customer Information Security Act	None	None	None
Violation of marketing communication regulations	None	None	None
Violation of regulations and voluntary rules regarding product and service information and labeling	None	None	None
Amount of fines imposed for violation of regulations and rules on the supply of goods and services	None	None	None
Violations of the Fair Trade Act	1	None	None

• MOBIS complies with the Fair Labeling and Advertising Act (FLAA) in all its advertisements, promotions, sponsorships, and other marketing communication activities. Furthermore, its Compliance Program guidebook provides employees with a summary of the FLAA, related punishments, and behavioral guidelines.

4-2. MANAGEMENT PERFORMANCE

Business Results

	2012	2013	2014
Sales	30,789,019	34,198,594	36,184,974
Gross profit	4,544,184	4,812,948	5,179,752
Operating income	2,906,385	2,924,404	3,070,594
Earnings before taxes	4,607,272	4,534,545	4,583,813
Net income	3,542,013	3,396,421	3,392,512

Financial Conditions

	2012	2013	2014
Total assets	30,046,996	34,430,309	39,111,916
Cash & Equivalents	2,796,229	2,475,832	2,911,441
Liabilities	13,007,282	14,237,123	15,825,813
Borrowings	2,570,920	2,922,307	2,856,450
Equity capital	17,039,714	20,193,186	23,286,103
Shareholders' equity	491,096	491,096	491,096
Debt-to-Equity ratio	76.3%	70.5%	68.0%

Financial Highlights

	Indicator	Description	2012	2013	2014
Growth	Sales growth	External growth	17.1	11.1	5.8
	Operating profit ratio	Operating performance	9.4	8.6	8.5
Profitability	Net profit margin	Business activity efficiency and profitability	11.5	9.9	9.4
	Economic return on equity	Profits generated from capital investments	20.8	16.8	14.6
Activity	Total assets turnover	Effective use of corporate assets	102.5	99.3	92.5
	Inventories turnover	Turnover ratio of inventories	13.8	13.7	13.2
Safety	Debt ratio	Financial stability	76.3	70.5	68.0

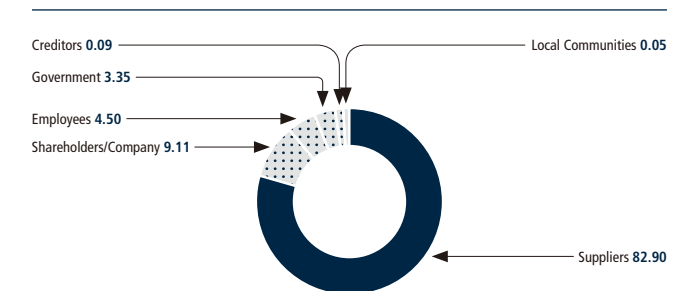
Key Financial Strategies

	Indicators
Growth/Profitability	By contributing to client companies' competitiveness, we are maintaining qualitative growth on the back of technological and quality competencies, while further solidifying the fundamentals for quantitative growth. At the same time, we will further stabilize our revenue structure by expanding our global client portfolio.
Activity	By establishing a global management system, we are heightening our preventive measures and work efficiency through prompt and precise troubleshooting measures. As we develop a standardized process in consideration of local needs, we will ensure continued innovation and improvements with all of our processes.
Stability	Regular capital needs forecasting and adjustments will allow us to effectively manage liquidity risks and keep our investments in core competencies at a sustainable level.

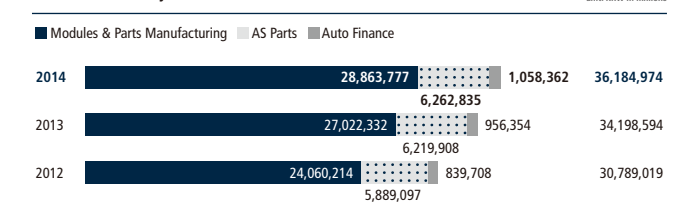
Creation and Distribution of Economic Value

	Description	2012	2013	2014	Change (%)
Total Value Created	Sales & Other revenue	32,093,215	35,302,967	37,250,160	5.5
Sales		30,789,019	34,198,594	36,184,974	5.8
Other Revenue		1,304,196	1,104,373	1,065,186	-3.5
Total Value Distributed	Identical to total value created	32,093,215	35,302,967	37,250,160	5.5
Government	Tax payments	1,115,973	1,185,378	1,249,066	5.4
Employees	Wages and fringe benefits expenses	1,336,639	1,493,311	1,674,563	12.1
Suppliers	Product & Service bills	26,036,872	29,171,723	30,885,094	5.9
Local Communities	Donations	13,423	18,769	16,011	-14.7
Shareholder/Company	Dividends & Retained earnings	3,542,013	3,396,421	3,392,512	-0.1
Creditors	Interest expenses	48,295	37,365	32,914	-11.9

Economic Value Distribution



Sales Breakdown by Business Sector



Sales Breakdown by Region

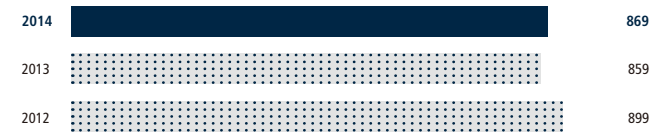
	Area	2012	2013	2014	Change (%)
Europe	Modules	2,442	2,752	2,996	8.9%
	AS Parts	848	958	1,004	4.8%
	Total	3,290	3,710	4,000	7.8%
Americas	Modules	4,688	5,305	5,545	4.5%
	AS Parts	1,070	1,140	1,365	19.7%
	Total	5,758	6,445	6,910	7.2%
China	Modules	7,395	9,073	10,042	10.7%
	AS Parts	609	753	812	7.8%
	Total	8,004	9,826	10,854	10.5%
Others	Modules	622	688	733	6.5%
	AS Parts	638	664	705	6.2%
	Total	1,260	1,352	1,438	6.4%

• Sales of each subsidiary from the same region were lumped together.

4-3. WIN-WIN PARTNERSHIPS

Number of Domestic Primary Suppliers

unit: companies



Seven Beautiful Pledge Performance Results

Since 2010, MOBIS has integrated all division-level separate initiatives for win-win partnerships into a companywide shared commitment called the Seven Beautiful Pledges. Allowing a more systematic approach to win-win partnerships with suppliers, this program supports our suppliers in establishing their own competencies, which in turn contributes to our own product competitiveness.

Seven Beautiful Pledge Performance Results

		Unit	2012	2013	2014
Loan Support to Suppliers	Loan guarantees	KRW 100 million	374	498	568
	Suppliers	No. of companies	35	42	42
R&D Collaboration	Sharing of the Shanghai Test Center	Cases	15,098	18,598	22,265
	CTO Forums	No. of companies	138	159	152
Support to Secondary/Tertiary Suppliers	Supporting MSQ evaluations	No. of companies / No. of employees	166/179	186/201	23/23
	Subcontracting	No. of companies	202	403	412
Support of Training Programs	Supporting training programs	No. of companies	901	1,710	1,648
	No. of trainees	No. of employees	1,924	2,251	2,265
Communication with Suppliers	Cooperation meetings	No. of companies	164	163	173
Promotion of Ethics Management and Fair Transactions with Suppliers	CP evaluation results	Grade	BBB	A	A
	Paying SME suppliers in cash	Cash	Settlements in cash	Settlements in cash	Settlements in cash
Performance Sharing and Other Mutually Beneficial Cooperation Efforts	Rise in paid customer supply & unit cost	KRW 100 million	7,885	14,551	16,789
	PMI	KRW 100 million	81	85	76

• 2011-2013 Loans to Suppliers were recalculated after excluding the co-contribution with Group affiliates.
• PMI: Partner Managed Inventory

Fair Trade Agreement & Mutual Growth Programs

	2nd	3rd	4th	5th	6th
Period	Jun. 8, 2010- Mar. 28, 2011	Apr. 1, 2011- Jan. 30, 2012	Jan. 31, 2012- Jan. 30, 2013	Jan. 1, 2013- Dec. 31, 2013	Jan. 1, 2014- Dec. 31, 2014
No. of Signatories	629	615	559	555	443
Purchase Amount (KRW 100 millions)	30,210	33,522	30,790	51,434	54,491

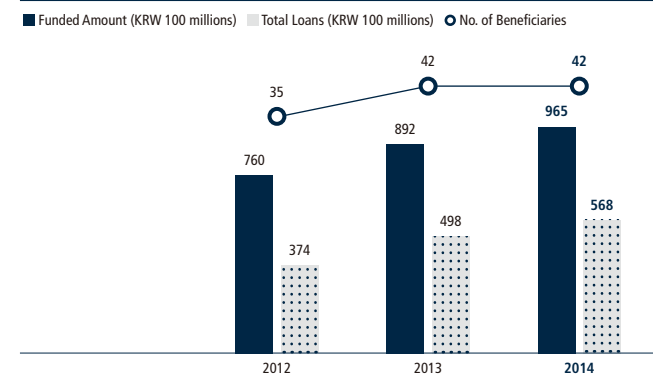
CP Evaluation Grades

	2012	2013	2014
Results	BBB	A	A

R&D Partnership Programs

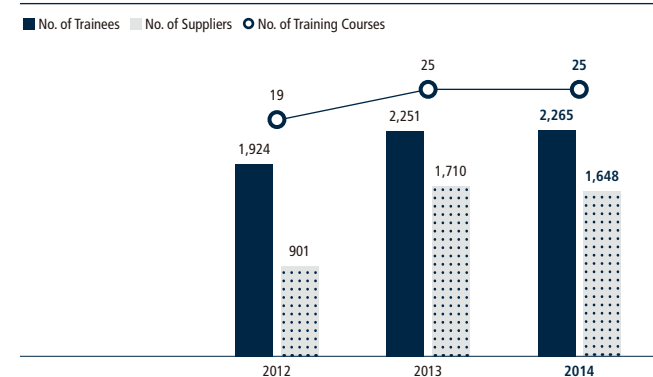
	Description
Sharing of Patent Rights	Purpose: To share MOBIS's domestic patent rights with suppliers, supporting their technical competitiveness through the free lending of such patented technologies - 2014 results: free sharing of 127 general patents and 33 utility model licenses (MOBIS's burden: KRW 31 million annually)
CTO Forum	Sharing our R&D directions with suppliers for stronger win-win partnerships (55 CTO forums for 390 participants from 152 partner companies in 2014)
Sharing of the Shanghai R&D Center	Opening the doors of our Shanghai R&D Center and its test equipment to Korean suppliers who followed MOBIS into the Chinese market (a total of 127 test devices, including airbag deployment apparatus testers) - 2014 test performance results: 5,364 tests; saved test expenses: KRW 292 million
Sponsoring of Localization Efforts	Seven suppliers participated in 2014 localization projects that involved a transaction volume of KRW 90 million
Filing for Joint Patent Rights	Filing for joint patent rights on jointly developed technologies and paying all the required expenses to ease suppliers' liquidity issues - 2014 results: 10 cases filed for joint patents, with KRW 11 million in expenses
Subsidizing Patent Filing Expenses	Subsidizing suppliers' filing for patents on its own technologies to help them protect their technical rights - 2014 results: KRW 31 million subsidized for 64 cases at 17 partner companies

Supplier Loans Performance Results



• Above figures reflect only the primary suppliers.

Yearly Training Support for Suppliers



4-4. CUSTOMER RELATIONS MANAGEMENT

Customer Satisfaction Activities

Repair Parts Auto Refill System: MOBIS operates an auto parts repair department within Hyundai-Kia Motors service centers. Upon running out of any item that had been sold at least once within the past year, the inventory of the product(s) in question is automatically refilled. MOBIS will further enhance its system operations in order to ensure that its end-users and customers can find the component they require and whenever they need it.

Repair Parts Reservation: Taking note of the fact that items usually take 7 to 15 days from reservation to warehousing, MOBIS makes reservations for what it believes will be components in need prior to any given period, thereby improving the effective shortage rate and the speed of repair work.

VOC Handling by Type: MOBIS runs a customer service center that addresses customer inquiries and complaints on all its products currently on the market. Complaints received through these customer centers are forwarded to related departments/teams at the company's headquarters and receive a prompt response. As with all requests for components, the requested product(s) usually arrives at the nearest one of our stores within two days of the request to maximize customer satisfaction.

Customer Satisfaction by Type

Customer Satisfaction Index (CSI) refers to customer satisfaction at the retail level for those who have visited any MOBIS repair shop. In 2014, we asked 67 detailed questions online about how customers feel about the attitude MOBIS employees exhibit, our employees' level of service, and customer satisfaction with MOBIS products in general. The Dealer Satisfaction Index (DSI) serves as the barometer of customer satisfaction with our wholesale dealers' service and products for AS parts. We asked 85 questions online about the overall attitude of our employees when it came to customer service, the company's support, and respondents' satisfaction with MOBIS products overall. With the Repair Shop Satisfaction Index (RSI), it indicates a repair shop's satisfaction in working with dealerships. We also surveyed suppliers and other repair shops in general with 53 questions on dealers' customer service attitude, service at dealerships, and general satisfaction levels with MOBIS products.

Customer Satisfaction Indexes by Type

unit: points

	Area	2012	2013	2014	Change (%)
CSI	AS Centers	88.5	64.0	73.3	14.5
	Designated Repair Shops (Blue Hands/Auto Q)	92.5	73.3	87.2	19.0
	Other repair shops	94.0	73.8	-	-
	Customers	-	71.3	75.1	5.3
	Total	91.8	69.5	80.3	15.5
DSI	AS Parts Dealers	80.2	77.1	78.3	1.6
RSI	Repair Shops	77.3	72.9	80.5	10.4

CS Training Performance Results

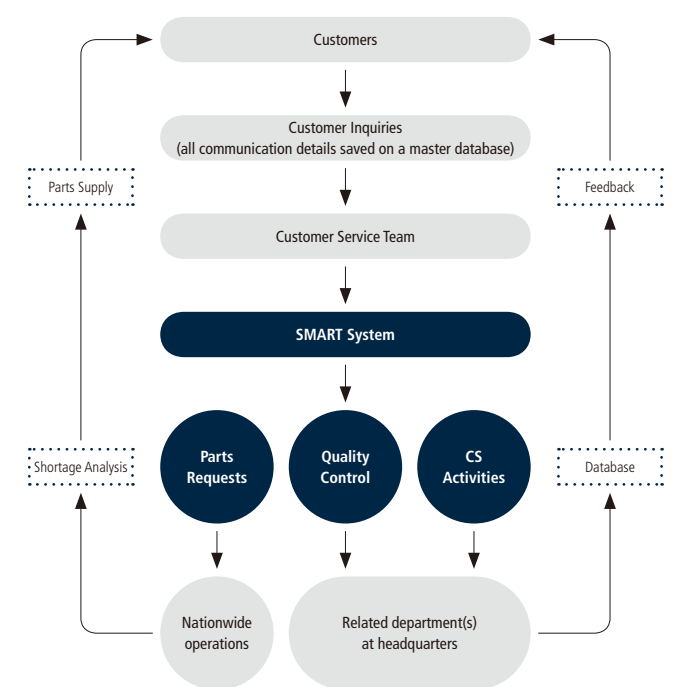
		Subjects	No. of Trainees	Training Hours
Offline Training	Head office	CS special lectures, new employee orientation	559	2,431
	Auto parts dealers	CS management course for agency heads, CS special lectures	1,053	8,216
	Parts sales business centers and repair shops	CS special lectures, CS clinic, customer response skills, CS leadership	925	3,100
Online training	Content production	Three courses	-	23
	Parts sales business centers	Customer response manuals, CS mindset, Win-Win partnerships/cooperatives Mindset	120	120
Total			2,657	13,890

Overseas Dealerships/Dealer Training

unit: persons

	Description	Performance Results		
		2012	2013	2014
Online	On-demand training courses online (basic knowledge & components information, management process)	296	224	364
Offline	Training dealerships/dealers as auto parts specialists (sales/marketing & inventory/logistics)	87	250	174
	Course name	IPOT	IPOT	APEX+

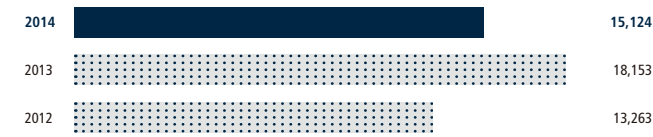
VOC Handling Process



4-5. SOCIAL CONTRIBUTION

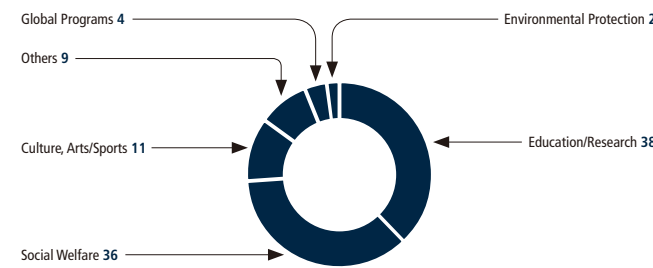
Yearly Social Contribution Expenses (non-consolidated)

unit: KRW in millions



2014 Social Contribution Expenditures Breakdown (non-consolidated)

unit: %



Happy Move: Volunteerism by Division

	2012	2013	2014	Change (%)
No. of Employees	6,997	7,295	7,373	1
No. of Volunteers	4,949	3,713	3,790	2
Participation Rate	70.7	50.9	51.4	1
Volunteer Hours	14,903	11,697	13,041	11
Per-employee Volunteer Hours	3.01	1.60	1.77	11

SAFE MOVE: Distribution of Transparent Umbrellas

	2012		2013		2014	
	No. of Schools	No. of Umbrellas	No. of Schools	No. of Umbrellas	No. of Schools	No. of Umbrellas
Employee Distribution	39	29,859	34	31,910	-	10,551
External Distribution	119	71,223	116	74,700	120	94,845
Total	158	101,082	150	106,610	120	105,396

EASY MOVE: Donation of Assistive Devices to the Mobility-Challenged

Category	No. of Units	2014 Support
Assistive devices for personal mobility	33	Baby strollers, wheelchairs (active/upright), car seats, elbow straps
Assistive devices for training in daily living activities	18	Automatic height-adjusted desks, Otter Bather Chair, pressure-sore prevention mats, toilet seats
Assistive devices for body positioning	24	Wheelchairs and multifunctional chairs
Assistive devices for personal medical treatment	16	Standers, oxygen respirators, motor fit pro upper & lower body, adjustable benches set, and safety mats
Total	91	

Global Outreach Performance

Subsidiaries	Activities
China	Children: sponsoring orphanages and underprivileged children, scholarships, Junior Engineering Classes, Transparent Umbrella campaign Disaster Relief: donations for restoration assistance from earthquake devastation
Slovakia	Children: volunteer activities at orphanages, funded trips for the bereaved children of traffic accident victims
Czech Republic	Children: sponsoring junior basketball teams and elementary schools Culture: supporting cultural exchanges
Dubai	Children: sponsoring children in Kenya and Ethiopia
U.S.	Children: sponsoring Catoma Elementary School in Montgomery, Alabama; donating Christmas gifts through the Angel Tree program Underprivileged: food drives
India	Children: sponsoring elementary schools, donating used personal computers Local Communities: subsidizing local toilet improvement initiatives

Hyundai Motor Group Smile Microcredit Foundation

	2012	2013	2014
MOBIS Contribution (KRW millions)	4,500	4,500	-
Loans (cases)	1,455	1,452	1,551
Value of Loans (KRW millions)	19,300	16,277	16,657
No. of Loan Products	18	18	29

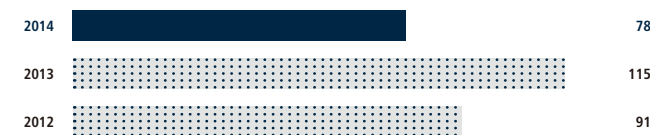
- MOBIS's 2014 contribution will be made in 2015.
- The previous 18 products were discontinued in 2014 and 11 new products were initiated that same year, bringing the total product number to 29 for the year.

Kids Auto Park

	2012	2013	2014
MOBIS Subsidies (KRW in millions)	53	77	88
No. of Visitors	17,063	16,181	14,531

Total Value of Direct Purchases from Farms

unit: KRW in millions



Basketball Team Donations

unit: KRW 1,000

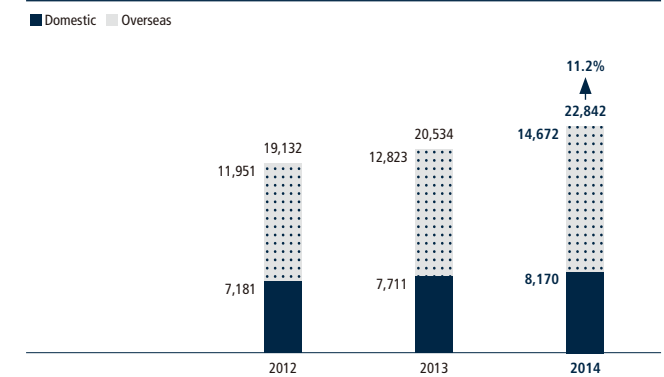


4-6. EMPLOYEES

All data in the tables below (except for the number of overseas employees) covers only domestic operations as of December 31, 2014.

Employment

Unit: persons



Workforce

Unit: persons

	Remarks	2012	2013	2014
Executives & Employees	Employees	7,085	7,615	8,068
	Executives	96	96	102
By Position	Executives	96	96	102
	Administrative	2,869	2,964	3,473
	Researchers	1,884	2,243	2,086
	Production operators	2,205	2,183	2,211
	Others	127	225	298
By Gender	Female	682	813	888
	Male	6,499	6,898	7,282
	Percentage of female employees	9.5	10.5	10.9
Total		7,181	7,711	8,170

Overseas Employment by Region

Unit: persons

	2012		2013		2014	
	Managerial	Non-Managerial	Managerial	Non-Managerial	Managerial	Non-Managerial
Americas	3,140	635	3,439	725	3,828	787
Europe	3,334	705	3,615	833	3,858	910
Asia-Pacific/ Others	1,170	548	906	658	1,101	887
China	4,307	1,251	4,863	1,438	5,885	1,660
Total	11,951	3,139	12,823	3,654	14,672	4,244

- Overseas employees represent locally hired employees of MOBIS overseas subsidiaries.

Officer Workers by Job Class

Unit: persons

		2012		2013		2014	
		Female	Male	Female	Male	Female	Male
Executives	96	-	96	-	102	-	
General Managers	315	-	341	1	377	1	
Deputy Managers	728	3	776	3	836	3	
Managers	1,263	14	1,404	19	1,633	29	
Assistant Managers	1,372	64	1,302	70	1,302	74	
General Staff and Below	1,075	204	1,384	252	1,411	259	

- The General Staff and Below category includes employees in the 4th-, 5th- and 6th-grade classes.

Job Creation

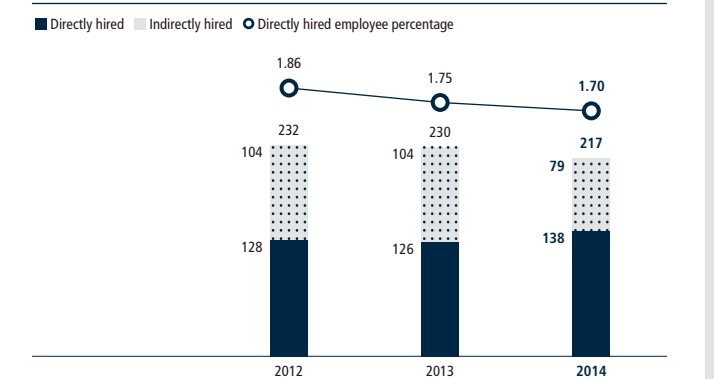
Unit: persons



- The figures above include only 4th-grade class jobs and above at the point of recruitment.

Disabled Employment

Unit: persons



- Indirect hiring means that the company was obliged to hire disabled people and has entered into privileged contracts with shelter-workplaces for the disabled or vocational rehabilitation facilities for the disabled.
- The figures were prepared in accordance with the reporting guidelines for the handicapped employment levy.
- Figures from 2012 and 2013 were corrected from the previous report, as there were some data errors.

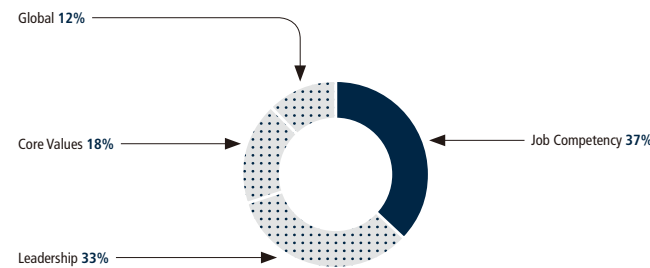
Average Years of Service and Retirees

	2012	2013	2014
Average years of service	12.9	12.6	12.8
No. of retirees (including retirees by retirement age)	152	159	126
No. of retirees by retirement age	30	27	3
Early severance percentage rate within the third year of service	5.7	4.9	3.1

- Number of overseas employees refers to those who were hired locally.

Retirees				Unit: persons
	2012	2013	2014	Remarks
Retirement by Age	30	27	3	Retiring upon reaching the retirement age
Early Retirement	-	-	-	Voluntary early retirement by long-term employees
General	122	132	123	For personal reasons, such as academic or career-related reasons

2014 Training Expenditures Breakdown



Wages and Fringe Benefit Expenses

	2012	2013	2014
Total Annual Wages	594,001	636,460	693,863
Per-employee Average Wages	85	87	90
Retirement Benefits	45,280	24,691	50,501
Fringe Benefit Expenses	108,775	113,278	132,165

- 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 MOBIS employee wages determined solely on job grades and work conditions, not by gender.
- 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.

Comprehensive Health Check-up Performance

	2012	2013	2014
No. of employees	1,120	1,129	1,654
No. of Spouses & Family Members	1,001	975	1,130
Total Amount of Subsidies (KRW in millions)	545	614	844

- The optional checks under the Occupational Safety & Health Act provisions include abdominal ultrasonography tests, tumor marker tests, mammography and breast ultrasonography tests, and cervical cancer checks.

Loss Time from Occupational Accidents

	2012	2013	2014
No. of Injuries (persons)	10	7	4
No. of Days Off	3,326	2,700	2,460
Absence Loss Per 10,000 Employees(%)	12	10	8.3

- Absences loss per 10,000 employees refers to the number of days of lost work per 10,000 employees annually.

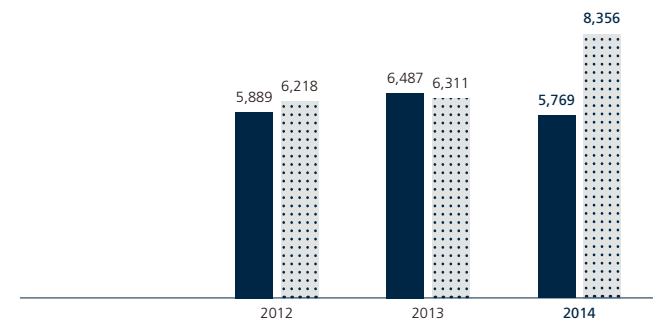
Union Shops

	2012	2013	2014
No. of Employees Qualified for Union Membership	4,674	4,892	4,948
Percentage of Membership to Total Work-force	65.1	63.4	60.6

- 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 need to give 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.

Health Check-ups

	2012	2013	2014
No. of employees who received a basic health check-up	5,889	6,218	8,356
No. of employees who received an optional health check-up	6,487	6,311	5,769



- A data error was corrected from the previous report regarding the number of employees in 2013 who received a basic health check-up.

4-7. ENVIRONMENTAL MANAGEMENT

ISO 14001 Certification of Domestic Operations

		Eligible Operations	Certified Operations	Certification Rate (%)
Plants	Domestic	18	18	100
	Overseas	20	11	55
Parts Sales Offices		27	27	100
Total		65	56	86

- Most MOBIS operations are located within industrial complexes and, therefore, do not have a very high or direct influence on biodiversity or ecosystems.

Raw Materials

Region	Raw Materials	Use	Unit	2012	2013	2014	Change (%)
Korea	Metals	Total amount	Tons	344,235	361,312	311,104	-13.9
		Unit cost	Tons/KRW 100 million	2.041	2.063	1.686	-18.3
	Plastics-Rubber	Total amount	Tons	35,790	38,491	39,603	2.9
		Unit cost	Tons/KRW 100 million	0.210	0.220	0.215	-2.4
	Solvents	Total amount	Tons	4,404	4,520	6,329	40.0
		Unit cost	Tons/KRW 100 million	0.026	0.026	0.034	31.9

Energy

Region	Raw Materials	Use Amount	Unit	2012	2013	2014	Change (%)
Domestic	Energy	Total volume	TJ	2,353	2,503	2,607	4.2
		Unit cost	TJ/KRW 100 millions	0.016	0.017	0.017	-0.6
		Total		5,055	5,802	6,105	5.2
Overseas		2,702	3,299	3,498	6.0		
Domestic	Electricity	Total volume	TJ	2,005	2,158	2,265	5.0
Overseas		2,341	2,862	3,034	6.0		
Domestic	Fuel			348	345	342	-0.9
Overseas		324	402	431	7.2		
Overseas	Other (steam)			37	35	33	-5.7

- Gas input was included in the Fuel category. The 2012 and 2013 figures were modified due to the company's reorganization.

Water Resources

Region	Raw Materials	Total Consumption	Unit	2012	2013	2014	Change (%)
	Water resources	Total Volume	1,000 tons	1,115	1,126	1,096	-2.7
		Consumption intensity	Tons/KRW 100 million	6.6	6.4	5.9	-7.6

Greenhouse Gases (GHG)

Region	Emitted Substance	Emissions Volume	Unit	2012	2013	2014	Change (%)
Domestic	GHG	Total volume	tCO ₂ eq	116,958	124,075	129,091	4.0
Overseas				133,747	163,118	173,123	6.1
Total				250,705	287,193	302,214	5.2
		Total	tCO ₂ eq/ KRW 100 millions	0.8	0.8	0.8	-0.5

• The 2012 and 2013 figures were modified due to the redefinition of "organizational boundaries."

Waste & Recycling

Region	Emitted Substance	Emissions Volume	Unit	2012	2013	2014	Change (%)
Korea	Waste emissions volume (designated/general)	Total volume	Tons	20,756	16,615	16,633	0.1
		Emissions intensity	Tons/KRW 100 million	0.12	0.09	0.09	-5.0
	Recycled amount	Total volume	Tons	12,036	9,356	9,753	4.2
	Recycling rate	Percentage	%	58	56	59	4.7
	Landfill rate			6	6	6	0.0
	Incineration rate			36	38	35	-7.9

Air Pollutants

Region	Emitted Substance	Emissions Volume	Unit	2012	2013	2014	Change (%)
Korea	Air pollutants	Total volume	Tons	60	49	45	-8.2
		Emissions intensity	kg/KRW 100 millions	0.4	0.3	0.2	-12.8
	NOx	Concentration	ppm	0.7	2.8	1.2	-
	SOx		ppm	1.7	2.9	1.1	-
	Particle matter		mg/m ³	9.7	2.7	13.1	-

Water Pollutants

Region	Emitted Substance	Emissions Volume	Unit	2012	2013	2014	Change (%)
Korea	Water pollutants	Total volume	Tons	19.6	20.7	22.7	9.7
		Emissions intensity	kg/KRW 100 millions	0.12	0.12	0.12	-

Water Quality at Wastewater Treatment Facilities

Region	Emitted Substance	Emissions Volume	Unit	2012	2013	2014	Change (%)
Korea	BOD (Biological Oxygen Demand)	Concentration	ppm	16.5	24.7	23.0	-
	COD (Chemical Oxygen Demand)		ppm	19.7	34.5	29.6	-
	TN		ppm	11.7	8.5	10.6	-
	SS		ppm	11.3	22.7	18.3	-

4-7. GHG ASSURANCE STATEMENT

Terms of Engagement

This assurance statement has been prepared for MOBIS Korea.

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by MOBIS to assure its GHG Inventory Report for the calendar year in 2014, which is summarized in Table 1 below (hereinafter referred to as "the Report"). The MOBIS-related data, as presented in the Report, has been prepared in accordance with the GHG Target Management Scheme for quantification and reporting of greenhouse gas emissions in Korea. The Report relates to direct and indirect GHG emissions.

Management Responsibility

Management personnel at MOBIS were responsible for preparing the Report and for maintaining effective internal controls over the data and information disclosed. LRQA's responsibility was to carry out assurance engagement on the Report in accordance with our contract with MOBIS. Ultimately, the Report has been approved by, and remains the responsibility of, MOBIS.

LRQA's Approach

Our verification on the Report has been conducted in accordance with Korea's GHG Target Management Scheme. We verified that the Report was prepared in conformity with the guidance stipulations for verification of greenhouse gas assertions to a reasonable level of assurance. In order to form our conclusions, we have:

- Conducted site tours of the facilities and reviewed processes related to the management of GHG emissions data and records
- Interviewed relevant staff of the organization responsible for managing and maintaining raw and consolidated data
- Verified historical data and information at an aggregated level for the calendar year in 2014

Level of Assurance & Materiality

The opinions expressed in the Assurance Statement have been formed on the basis of a reasonable level of assurance and at a five percent working materiality level.

LRQA's Opinion

Based on LRQA's approach, we have found that the GHG data as presented in the GHG Emissions Inventory Report, and the amount of energy used within the Report, are materially correct, subject to the following qualifications:

- The emissions of suppliers located on MOBIS's premises have been included within the GHG data.

Dated: March 26, 2015

Yoo Sangkeun



On behalf of Lloyd's Register Quality Assurance Ltd.

17th Floor, Sinsong Building, 67, Yeouinaru-ro, Yeongdeungpo-gu, Seoul, 150-923, Republic of Korea

LRQA Reference: SEO6014771

Table 1. GHG emissions as reported in the MOBIS GHG Inventory Report for the calendar year 2014

Scope (as defined within Korea's GHG Target Management Scheme)	2014
Direct GHG Emissions	18,381
Energy Indirect GHG Emissions	110,710
Total GHG Emissions	129,091

• Data is presented in tons of CO₂ equivalent.

Assurance Statement: This document is subject to the provision below: This Assurance Statement is only valid when published with the Report to which it refers.

Third Party Liability: Lloyd's Register Quality Assurance Limited, its affiliates and subsidiaries and their respective officers, employees or agents are, individually and collectively, referred to in this clause as the "Lloyd's Register Group." The Lloyd's Register Group assumes no responsibility and shall not be liable to any person for any loss, damage, or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant Lloyd's Register Group entity for the provision of this information or advice. In that case, any responsibility or liability is exclusively related to the terms and conditions set out in that contract.

4-8. INDEPENDENT ASSURANCE REPORT

— To All MOBIS Stakeholders

MOBIS commissioned the Korea Productivity Center (the "Assurer") to provide independent assurance of its 2015 Sustainability Report (the "Report").

— Responsibility and Independence

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 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 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) G3.1 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 2014. 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 MOBIS's 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 Options.
2. We verified consistency with the principles dictating the content and quality of the Report based on GRI G4 Guidelines.
3. We verified objectivity and appropriateness of all selected key issues and content in the Report by reviewing media reports and performing benchmark analysis.
4. We verified any inconsistencies and errors with the information presented in the Report by comparing and analyzing the same information from different sources.
5. We verified the validity of sustainability strategies and report content by interviewing staff members in charge from the report preparation task force and working-level employees from all related departments.
6. We verified the basis of data and information collection by performing onsite inspection at MOBIS's headquarters in Seoul, and also verified all internal processes and systems.

— Findings and Conclusions

It is the Assurer's opinion that the Report presents MOBIS's sustainability efforts and performance results in a fair and accurate way. In addition, the Assurer verified the Core Option requirements for the GRI G4 Guidelines' General Standard Disclosures, and reviewed all specific standard disclosures of material issues against the disclosure on management approach (DMA) and indicators as identified from the process of determining report content as follows:

Topic	Aspects	Indicators
Leading global technology competencies	Non-GRI	
Achieving the highest possible quality of products	Product/Service labeling	PR5
Mutual growth	Procurement practices	EC9
	Hampering fair competition	S07
	Assessment of suppliers' labor practices	LA14, LA15
	Suppliers' impact on human rights	HR10, HR11
	Assessment of suppliers' social impact	S09, S010
Risk management	Economic performance	EC2
	Anti-corruption	S03~S05
Increasing the order backlog from global customers	Non-GRI	
Human resource development	Training & Education	LA10~LA11
Health and welfare	Occupational health & safety	LA5~LA8
Social outreach activities	Local communities	S01~S02
	Handling grievances related to social impact	S011

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 MOBIS complied with the inclusivity principle and improved its practices accordingly in 2014. The company separates its stakeholders into eight groups: domestic & international complete car makers/competitors; employees; suppliers; customers (agencies/end users); investors; government/associations; media/academia/CSR institutes; and local communities. It also operates different channels for communication with each stakeholder group. In particular, the Assurer highly respected the company's efforts to communicate with end users and reflect their opinions in its business activities.

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 their major stakeholders. The Assurer found that MOBIS successfully identified issues relevant and material to the company and its major stakeholders based on a logical materiality analysis process. MOBIS relies on international standards for stakeholder engagement (i.e. the Five-Part Materiality model as set forth by the AA1000 SES [2008]) to run its annual materiality analysis. The 2014 analysis findings finalized eight key material issues. In the Report, MOBIS presents its progress and major performance results regarding the identified key material issues by allocating an appropriate amount of space and from a balanced perspective. Regarding this, we suggest MOBIS keep track of all trends and their relevant changes by material issue every year for future reports.

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 MOBIS successfully identified all issues that may impact stakeholder performance, implemented measures to address them, and adequately presented relevant information in the Report. It seems clear that MOBIS is effectively responding to key material issues and earmarking report pages for its Special Themes, which feature responsive activities and progress information regarding such issues. Also, the company is setting a good example by defining the 10 key risks it faces and specifying which activities play a role in controlling these risks.

— Recommendations

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

1. Expand the scope of information disclosure with global sustainability management practices: Even though the Report included increased information on the company's global CSR activities compared to the previous report, they were mostly concerned with business areas, such as quality control and production activities. The Assurer suggests MOBIS develop a more detailed roadmap for reinforcing more diversified global sustainability activities and disclosing all related information.
2. Sustainability management target management: MOBIS demonstrated significant improvement in various aspects of its sustainability management activities, but the Assurer suggests it set longer-term goals for more systematic sustainability management activities in consideration of its business environment.
3. Sustainability management regarding the supply chain: As part of the automobile industry, constant management of its supply chain is integral to sustainability for MOBIS. In response to the growing social need and CSR demands for sustainability management throughout the supply chain, the company should consider long-term collaboration plans with other businesses and organizations for sustainability management that spans its entire business value chain, including its component suppliers and complete carmakers.

May 2015
Korea Productivity Center CEO
Hong Soonjik



kpc 한국생산성본부

AA1000
Licensed Assurance Provider
009-61



Kim Dongsoo,
Head of the Korea Productivity Center



Lee Kihwan,
Team Leader



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

4-9. GRI INDEX

● Fully reported ○ Partially reported ○ Not reported ○ NA: Not Applicable

Indicator	G4	Managerial Issues Report Contents	Remark	Page	Note	
Corporate Overview						
Strategy and Analysis	G4-1	Statement from the most senior decision-maker	●	6-7		
	G4-2	Provides a description of Key Impacts, risks, and opportunities	●	6-7, 15-16		
Organizational Profile	G4-3	Report the name of the organization	●	3-4		
	G4-4	The primary brands, products, and services	●	3-4	http://www.mobis.co.kr	
	G4-5	The location of the organization's headquarters	●	3-4		
	G4-6	The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	●	3-4	http://www.mobis.co.kr, http://dart.fss.or.kr	
	G4-7	The nature of ownership and legal form	●	11-12	http://www.mobis.co.kr, http://dart.fss.or.kr	
	G4-8	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	●	43		
	G4-9	Scale of the organization	●	3-4, 41-43, 71		
	G4-10	Total workforce	●	75		
	G4-11	The percentage of total employees covered by collective bargaining agreements	●	76		
	G4-12	The organization's supply chain	●	44-47		
	G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	●	No change		
	G4-14	Whether and how the precautionary approach or principle is addressed by the organization	●	13-16	Business Ethics, Risk Management	
	G4-15	List Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	70		
	G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization	●	70		
	Identified Material Aspects And Boundaries	G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents	●	3-4	(http://dart.fss.or.kr) See 38th Business Report
		G4-18	The process for defining the report content and the Aspect Boundaries	●	2	
G4-19		List all the material Aspects identified in the process for defining report content	●	18		
G4-20		For each material Aspect, report Aspect Boundary within the organization	●	18		
G4-21		For each material Aspect, report the Aspect Boundary outside the organization	●	18		
G4-22		The effect of any restatements of information provided in previous reports, and the reasons for such restatements	●	Reasons for change to data are stated on each page.		
G4-23		Significant changes from previous reporting periods in the Scope and Aspect Boundaries	●	No change		
Stakeholder Engagement	G4-24	List of stakeholder groups engaged by the organization	●	17		
	G4-25	Basis for identification and selection of stakeholders with whom to engage	●	17		
	G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	●	17-18		
	G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	●	18		
Report Profile	G4-28	Reporting period such as fiscal or calendar year for information provided	●	2		
	G4-29	Date of most recent previous report (if any)	●	2		
	G4-30	Reporting cycle such as annual, biannual	●	2		
Governance	G4-31	Provide the contact point for questions regarding the report or its contents	●	85		
	G4-32	Report the 'in accordance' option the organization has chosen	●	82-84		
	G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report	●	80-81		
	G4-34	Report the governance structure of the organization, including committees of the highest governance body	●	11-12		
	G4-35	Report the process for delegating authority for economic, environmental and social topics to senior executives and other employees	●	11-12	http://dart.fss.or.kr	
	G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	●	11-12		
	G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics if consultation is delegated, describe to whom and any feedback processes to the highest governance body	●	11-12		
	G4-38	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	●	11		
	G4-39	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	●	12	Subcommittees are operated under the BOD. Their members are appointed from the BOD members according to their respective experts.	
	G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed	●	12	Audit Committee and Ethics Committee	
	G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	●	11-12		
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	●	11-12			
G4-44	Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics	●	11-12			
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	●	11-12			
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	●	11-12			
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	●	11-12			
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	●	12			
G4-49	Report the process for communicating critical concerns to the highest governance body	●	11-12			
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	●	18			
G4-51	Report the remuneration policies for the highest governance body and senior executives	●	11	Compensations are made based on the BOD's performance as reported to the General Shareholders' Meeting.		
G4-52	Report the process for determining remuneration Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management Report any other relationships which the remuneration consultants have with the organization	○				
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	○				
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	○				
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	○				
Ethics and Integrity	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	●	8-9		
	G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	●	13-14		
	G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	●	13-14		

● Fully reported ○ Partially reported ○ Not reported ○ NA: Not Applicable

Indicator	G4	Managerial Issues Report Contents	Remark	Page	Note
Economic Performance Indicators					
Economic Performance	EC1	Direct economic value generated and distributed	●	41	
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	○	35-36	Eco-friendly technologies
	EC3	Coverage of the organization's defined benefit plan obligations	●	76	Corporate pension (defined benefits type) fund is in place.
	EC4	Financial assistance received from government	●	28	MOBIS received government subsidies worth KRW 4,160 million in 2014 for national projects.
Market Presence	EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	●	76	
	EC6	Proportion of senior management hired from the local community at significant locations of operation	●	75	Overseas workforce
Indirect Economic Impacts	EC7	Development and impact of infrastructure investments and services supported	●	44-46, 52-57, 72, 74	
	EC8	Significant indirect economic impacts, including the extent of impacts	●	41	
Practices	EC9	Proportion of spending on local suppliers at significant locations of operation	○		
Environmental Performance Indicators					
Materials	EN1	Materials used by weight or volume	●	65	
	EN2	Percentage of materials used that are recycled input materials	○	67	
Energy	EN3	Energy consumption within the organization	●	65-66	
	EN4	Energy consumption outside of the organization	●	65-66	
	EN5	Energy intensity	●	66, 77	
	EN6	Reduction of energy consumption	○	66	
	EN7	Reductions in energy requirements of products and services	○	35-36	
Water	EN8	Total water withdrawal by source	●	66, 77	
	EN9	Water sources significantly affected by withdrawal of water	●	66	
	EN10	Percentage and total volume of water recycled and reused	○	66	
Biodiversity	EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas	○		
	EN12	Description of significant impacts of activities, products, and services on Biodiversity	○	66	
	EN13	Habitats protected or restored	●	57	
	EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	○		
Emissions	EN15	Direct greenhouse gas(GHG) emissions (scope 1)	●	65, 67	
	EN16	Energy indirect greenhouse gas(GHG) emissions (scope 2)	●	65, 66	
	EN17	Other indirect greenhouse gas(GHG) emissions (scope 3)	○		
	EN18	Greenhouse gas (GHG) emissions intensity	●	65	
	EN19	Reduction of greenhouse gas(GHG) emissions	○	67	GHG emissions reduction initiatives
	EN20	Emissions of ozone-depleting substances (ODS)	●	68	
	EN21	Nox, Sox, and other significant air emissions	●	70, 78	
Effluents and Waste	EN22	Total water discharge by quality and destination	●	78	
	EN23	Total weight of waste by type and disposal method	●	78	
	EN24	Total number and volume of significant spills	●	70	
	EN25	Weight of transported, imported, exported, or treated waste deemed hazardous	○		
	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	●	67-68	
	EN27	Extent of impact mitigation of environmental impacts of products and services	●	35-36	
Services	EN28	Percentage of products sold and their packaging materials that are reclaimed by category	○	67	
Compliance	EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	●	70	
Transport	EN30	Significant environmental impacts of transporting products and other goods and materials of the organization's operations, and transporting members of the workforce	○	67	
Overall	EN31	Total environmental protection expenditures and investments by type	○		
Supplier	EN32	Percentage of new suppliers that were screened using environmental criteria	○	45	
Environmental Assessment	EN33	significant actual and potential negative environmental impacts in the supply chain and actions taken	○	45	
Environmental Grievance Mechanisms	EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	○		

● Fully reported ○ Partially reported ○ Not reported ○ NA: Not Applicable

Indicator	G4	Managerial Issues Report Contents	Remark	Page	Note
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	●	76	
	LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	●	76	
	LA3	Return to work and retention rates after parental leave, by gender	●	62	
Labor/Management Relations	LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	●	76	
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	●	76	
	LA7	Workers with high incidence or high risk of diseases related to their occupation	●	62-63	
	LA8	Health and safety topics covered in formal agreements with trade unions	●	62-63	
Training and Education	LA9	Average hours of training per year per employee, by gender, and by employee category	●	60	
	LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	○	60	
	LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	●	59	
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	●	11	
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	●	76	
Supplier Assessment for Labor Practices	LA14	Percentage of new suppliers that were screened using labor practice criteria	○	45	
	LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	○	45	
Labor Practices Grievance Mechanisms	LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	○		

Human Rights Performance Indicators					
Investment	HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	○	45	
	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	●	14, 67	
Non-discrimination	HR3	Total number of incidents of discrimination and corrective actions taken	○	N/A	
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	○	61	
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	●	70	
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	●	70	
Security Practices	HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	●	14	
	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	○	13-14, 61	
Supplier Human Rights Assessment	HR10	Percentage of new suppliers that were screened using human rights criteria	○	45	
	HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	○		
Human Rights Grievance Mechanisms	HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	○	63	

Society Performance Indicators					
Local Communities	S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	○	52-57	
	S02	Operations with significant actual and potential negative impacts on local communities	○	N/A	
Anti-corruption	S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	○	13	
	S04	Communication and training on anti-corruption policies and procedures	●	14	
	S05	Confirmed incidents of corruption and actions taken	●	14	
Public Policy	S06	Total value of political contributions by country and recipient/beneficiary	○	Prohibited by law	
Anti-competitive Behavior	S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	●	47, 70	
Compliance	S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	70	
Supplier Assessment for Impacts on Society	S09	Percentage of new suppliers that were screened using criteria for impacts on society	○	45	
	S010	Significant actual and potential negative impacts on society in the supply chain and actions taken	●	44	
Grievance Mechanisms for Impacts on Society	S011	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	●	70	

Responsibility Performance Indicators					
Customer Health and Safety	PR1	Percentage of significant products and services categories for which health and safety impacts are assessed for improvement	○	50, 37-38	
	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	●	70	
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	○	49, 73	
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	●	70	
	PR5	Results of surveys measuring customer satisfaction	●	73	
Marketing Communications	PR6	Sale of banned or disputed products	●	70	
	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	●	70	
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	○	No such cases in point	
Compliance	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	70	



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