

# 아름다운 동행

MOBIS Sustainability Report 2014



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**MOBIS Sustainability Report 2014**

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## 1-1. Corporate Profile

Established in 1977, MOBIS is an automotive parts supplier that specializes in automotive modules and core parts as well as after sales parts. As of 2013, the company ranked 8th among global OEM parts suppliers. While tirelessly expanding its influence in the automotive parts industry with its leading quality control and technologies, MOBIS fulfills its corporate social responsibilities through diverse social contribution activities.

**Name**

MOBIS Co., Ltd.

**President & CEO**

Chung Myungchul

**Establishment**

June 25, 1977

(Enlisted on the Korea Stock Exchange on September 5, 1989)

**Headquarters**

203 Teheran Road (Yeoksam-dong), Gangnam-gu, Seoul, Korea



**Business Domains**

**Module Parts Manufacturing |** MOBIS is a leading company in vehicle modularization, an approach recognized as revolutionary in the automotive industry in the 21st century. MOBIS manufactures and supplies the chassis module, cockpit module and front-end module, the three core modules for carmakers, through the Just-In-Sequence (JIS) process. From planning to design, simulation and manufacturing, the advanced module parts at MOBIS are perfected through collaboration with carmakers from the very initial stage of development.

**Core Parts Manufacturing |** MOBIS makes ceaseless R&D efforts to develop eco-friendly and high fuel-efficiency core parts that enhance the driving performance and convenience of vehicles, while protecting drivers and pedestrians at the same time. Our specific focus is on converging automotive parts technology with electronics and IT in step with advanced automobile market trends. On top of our eco-

friendly technologies, which have been backed up by our supply of motors and battery systems for hybrid cars, we are continuing to expand our market power with consistent R&D investments in automotive parts for advanced eco-friendly vehicles.

**After Sales Parts |** MOBIS supplies after sales parts to Hyundai and Kia Motors worldwide. In order to ensure timely delivery of parts, MOBIS has built a cutting-edge logistics system and extensive distribution infrastructure that manages 2 million auto parts in stock for 194 types of automobiles, providing these service parts at a moment's notice and ensuring the highest level of customer satisfaction.

**Global Network**

**Headquarters and Production Sites**

**Korea |** Head Office: Seoul

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

**Overseas |**

15 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.)

**Automotive Parts Sales Network**

**Korea |** 4 logistics centers, 23 parts sales centers, 43 service parts sales teams and 1,940 agencies

**Overseas |** 9 AS parts sales subsidiaries, 4 RDCs (Re Distribution Centers), 35 branches and offices, 477 agencies and 11,262 dealers

**R&D Centers**

**Korea |** Yongin and Euiwang

**Overseas |** Germany, U.S., India, and China (Beijing, Tianjin and Shanghai)

○ More details on the company's organizational structure and legal ownership, as well as major changes to the organizational structure or ownership, is available as part of the 37th Business Report at the Korean Financial Supervisory Service's electronic disclosure site at <http://dart.fss.or.kr>

○ Please visit our website (<http://en.mobis.co.kr>) on the Network Page for more information on our business premises and global footprint.

## 1-2. CEO's Message

**MOBIS can realize its vision of becoming one of the world's top five auto parts manufacturers only when we can creatively tackle challenges with the same enterprising spirit that has allowed us to make the impossible possible since our inception. While lending our business acumen to CSR activities, which will help us generate new opportunities down the road, we will ultimately realize the overarching value of safety and sustainability of our customers.**



Dear stakeholders,

MOBIS has emerged as the 8th largest global OEM parts supplier only a decade after entering the automotive parts industry. Behind the success the company now enjoys is a close partnership with diverse stakeholder groups. MOBIS makes every effort to bring about opportunities and new value from these collaborative relationships, contributing to increased customer satisfaction and sales of complete cars, which in turn generates new opportunities and economic value for the company.

On the global front, competition intensifies day by day, and only those who embrace change will succeed. Uncertainties abound in the automotive industry amid the unstable global economy and market environment. Fierce competition will only widen the gap between the haves and have-nots as regulations become stricter on fuel efficiency and safety in countries around the world. Co-prosperity, convergence between different industries, communication & harmonization, and ethical and transparent management practices have become the norms in the business world.

Given these developments in the business environment, MOBIS can realize its vision of becoming one of the world's top five auto parts manufacturers only when we can creatively tackle challenges with the same enterprising spirit that has allowed us to make the impossible possible since our inception. We will also lend our business acumen to CSR activities, which will help us generate new opportunities down the road. We believe this is the way to achieve sustainable growth while satisfying different stakeholder groups, from customers and employees to suppliers and the government.

MOBIS works relentlessly to enhance stakeholder value through leading business ethics practices, its responsibility to customers, a respect for humanity, win-win growth with suppliers, and a reduction of carbon emissions for a happier society. In our endeavors to achieve global top-tier technical capabilities and the highest possible quality of products and customer service, our ultimate goal is to make products that will ensure customer safety and sustainability.

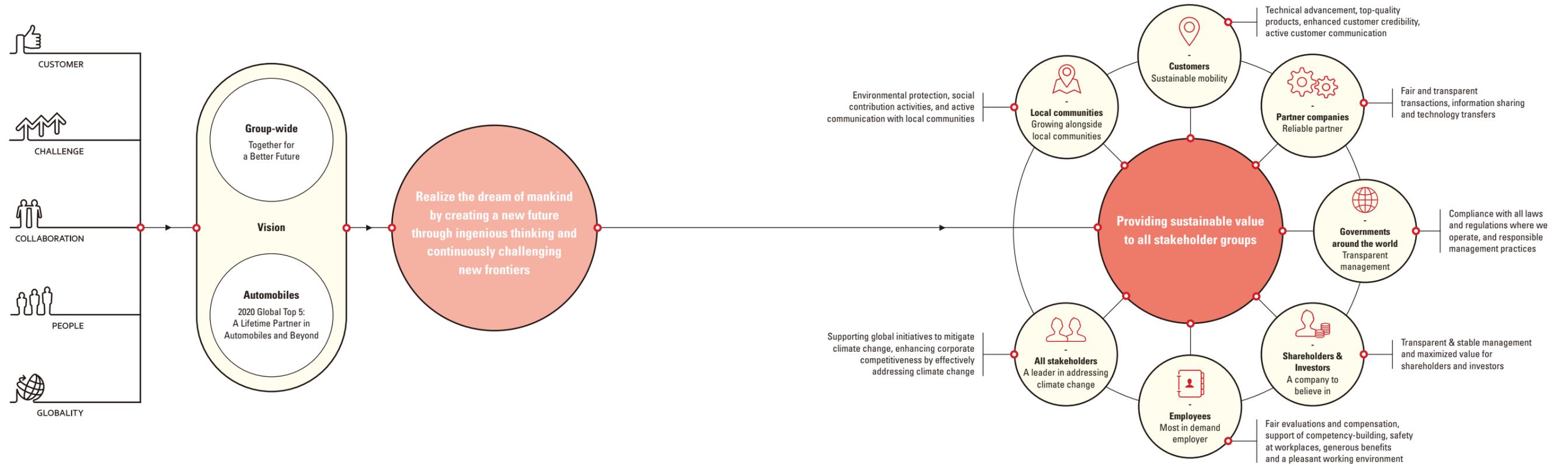
We now present to you our sustainability management activities, performance results from 2013, and future plans in this 2014 MOBIS Sustainability Report. We believe this report will prove an effective medium for communication with our stakeholders on our sustainability management activities. In our journey towards ever-greater sustainability, I humbly ask for your continued support.

Thank you

**Chung Myungchul**  
President & CEO, MOBIS

### 1-3. Management Scheme

In line with our business philosophy of contributing to society through creative thinking and an enterprising spirit to bring about a better future for everyone, MOBIS has devised five core values that provide the behavioral guidelines for all our employees to realize the corporation's mid- to long-term vision. In addition, our 2020 CSR Mid- to Long-term Strategies have their roots firmly in the above business philosophy and core values to generate value for both the company and its stakeholders.



#### Business Philosophy

Since its foundation, MOBIS has been faithful to the underlying spirit of a business philosophy which aims to realize the dream of mankind by creating a new future through ingenious thinking and constantly challenging new frontiers. To that end, MOBIS remains undaunted by immediate challenges and works relentlessly to reach its full potential for the realization of all possibilities. At the same time, it practices management for stakeholder value to fulfill an unlimited sense of responsibility and implements social contribution activities in respect for mankind.

#### Vision

At MOBIS, every employee makes a concerted effort to realize the mid- to long-term corporate vision of becoming one of the world's top five automotive parts suppliers by 2020. By supplying top-quality products and service, MOBIS aims to become a lifetime partner in automobiles and beyond, realizing sustainable mobility together for a better future.

#### Core Values

The five core values—CUSTOMERS, CHALLENGE, COLLABORATION, PEOPLE, and GLOBALITY—provide a guideline for all MOBIS employees to steer their behavior and decision making in order to realize the corporate vision and business philosophy.

#### Sustainability Management Strategies

At MOBIS, all sustainability management activities are implemented under the 2020 CSR Implementation Strategy of becoming a company that generates and shares sustainable value for all stakeholders in a fair and balanced way. MOBIS has classified stakeholder groups and selected goals and action plans differently with each group under the aim of becoming a sustainable value provider that creates shared value for all stakeholders.

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**62.5 %**

Percentage of outside directors within the BOD

**94 %**

Outside directors attendance rate

**7**

Number of BOD meetings

## 1-4. Corporate Governance

**MOBIS promotes transparent and healthy corporate governance in order to coordinate the different interests of diverse stakeholder groups and to practice responsible management activities. At MOBIS, outside directors account for the majority of the board in order to ensure that all stakeholder opinions are heeded independent from management.**

### Ownership

As of the end of 2013, MOBIS's outstanding shares totaled at 97,369,321 shares (including 97,343,863 common and 25,458 preferred shares). The largest shareholders and persons of vested interest held 30.2 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 56.8 percent of total shares for the same period.

### Ownership Structure as of Dec. 31, 2013

	Common	Preferred
International investors	45,436,830 (46.7%)	432 (1.7%)
Domestic institutional investors	16,453,727 (16.9%)	13,453 (52.8%)
Domestic individual investors	4,279,171 (4.4%)	11,573 (45.5%)
Largest shareholders	29,367,519 (30.2%)	-
Treasury stocks	1,806,616 (1.8%)	-
<b>Total</b>	<b>97,343,863 (100.0%)</b>	<b>25,458 (100.0%)</b>

### Composition and Operation of the BOD

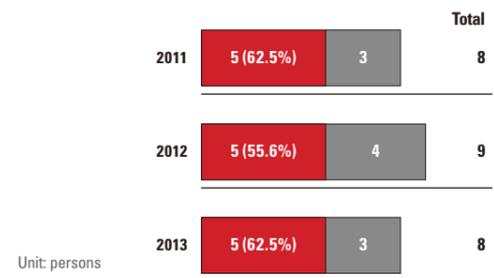
The board of directors (BOD) at MOBIS speaks on behalf of diverse stakeholders, including shareholders, and keeps in check all management activities as the top decision-making body of the company. As of the reporting period (end of December 2013), the BOD at MOBIS consisted of eight directors, including three inside and five outside directors. At the 37th annual general shareholders' meeting (GSM) in 2014, the BOD elected president Chung Myungchul as the CEO, adding one member to the board, which now totals nine. 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 has in place various measures to guarantee independence in BOD operations from the company's management board.

With outside directors taking up the majority of the BOD under related laws and regulations, outside directors are appointed only after the Korea Exchange inspects the legal qualifications of the candidate based on a submitted Qualification Certificate as well as the vested interests in the company before approving the appointment. Of the three BOD subcommittees, the Ethics Committee and Audit

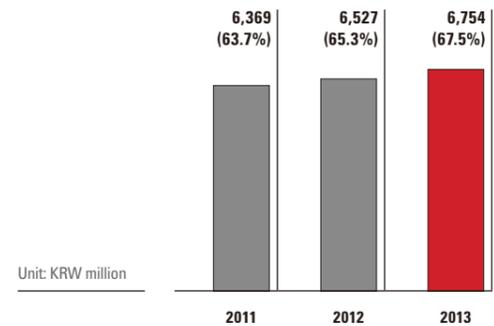
Committee are comprised solely of outside directors for more independence in their activities to keep management in check.

In 2013, the BOD convened a total of 7 meetings to deliberate and resolve 24 agenda items and reports. The attendance rate for outside directors stood at 94 percent that year. Compensation is made to board members within the limits approved by the GSM based on performance review results. In 2013, a total of KRW 6.75 billion was paid out from a budget of KRW 10 billion.

### Outside Directors Percentage as of Dec. 31, 2013



### Compensations to Directors as of Dec. 31, 2013



○ For detailed compensation information made to individual directors and auditors, please refer to Section VIII. The Executives & Employees section of the 37th Business Report is available at the Korea Financial Supervisory Service's electronic disclosure site at <http://dart.fss.or.kr>

### Subcommittees

MOBIS operates three subcommittees—an Audit Committee, Ethics Committee and Outside Director Recommendation Committee—under the BOD to enhance expertise and efficiency in the decision-making process. Each committee has their own authorities and functions to monitor management activities and ensure transparency and responsibility in their respective areas. The Ethics Committee serves to internalize business ethics into the corporate culture. It monitors and tracks 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 2013, the Ethics Committee had six meetings to review the CSR and business ethics performance and plans. It approved agenda items that included financial transactions with the Group's financial affiliates according to the provisions of related regulations and the limits on the transactions with the largest shareholders.

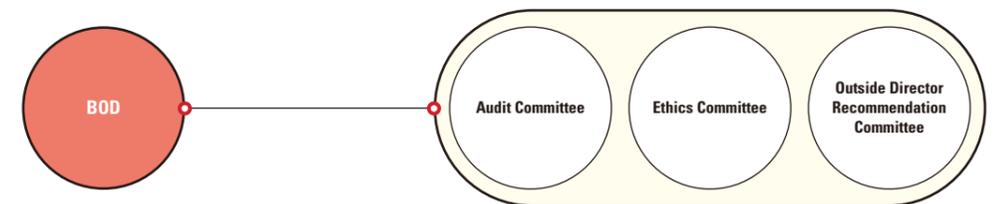
The Audit Committee audits general management activities and accounting practices. The committee has the authority to require directors to report on operations and to examine company assets and operational practices. The Audit Committee convened a total of five meetings in 2013 to deliberate audit results from the company's financial statements, review internal accounting control system operations, and elect a committee chair.

Consisting of both inside and outside directors, the Outside Director Recommendation Committee has the right to recommend candidates for outside directors. The recommended candidates are approved by the BOD before being appointed by the GSM. In 2013, two meetings were held to recommend candidates for outside directors and to elect a committee chair.

### BOD Composition as of Apr. 30, 2014

	Name	Position	Responsibility/Additional Job	Functions
Inside directors	Chung Mongkoo	Chairman	Chief executive officer	
	Chung Myungchul	President	Chief executive officer	Chair of Outside Director Recommendation Committee
	Chung Euisun	Vice Chairman	Director	Member of Outside Director Recommendation Committee
Outside directors	Choi Byungchul	Vice President	Director	
	Lee Taewoon	Director	Senior Partner, The One Law Firm	Member of Audit Committee, Chair of Ethics Committee
	Park Chanwook	Director	CEO, P&B Tax Affairs Consulting	Chair of Audit Committee, Member of Ethics Committee
	Lee Byungjoo	Director	Advisor, Bae, Kim & Lee LLC	Member of Audit Committee, Member of Ethics Committee
	Lee Wool	Director	Professor, Department of Mechanical and Aerospace Engineering, Seoul National University	Member of Audit Committee, Member of Ethics Committee
	Kim Kichan	Director	Professor, Business School, The Catholic University of Korea	Member of Audit Committee, Member of Ethics Committee

### BOD and subcommittees



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## 1-5. Business Ethics

**MOBIS joined the UN Global Compact (UNGC) in 2008 and upholds all 10 UNGC principles concerning business management activities in relation to human rights, labor, the environment and anti-corruption. The company also has in place its own ethical management system which meets the most stringent international standards. Moving forward, we will cooperate with our stakeholders to establish fair and ethical practices in all our business activities.**

**11,378**

Number of employees who have completed the business ethics training (overlapping)

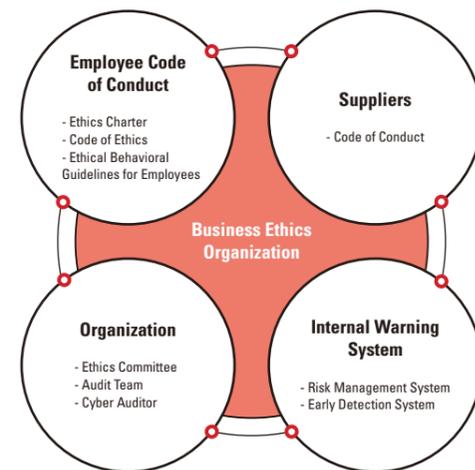
**50,742**

Total number of hours of business ethics training provided to MOBIS employees

### Organization

MOBIS always fulfills its business ethics. The company's Ethics Charter, Code of Ethics and Ethical Behavioral Guidelines for Employees guide employees to practice business ethics. We have also distributed a code of ethics for suppliers in promotion of business ethics on our entire supply chain. Comprised totally 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, a security early warning management system and other internal warning systems are operated to prevent internal ethics risks. Procedures for the internal control system have been standardized in order to establish fair transactions, forming the cornerstone for win-win partnerships with suppliers, while all subcontracting procedures have been computerized, from contracting and bidding to procurement and pricing systems, in order to preemptively steer clear of any irregularities with corporate management.

### Organization for Establishing Business Ethics Practices



More detailed information on the Compliance Program is available on pages 44-45.

The Cyber Auditor program receive anonymous whistleblowing on unethical practices or irregularities that could cause losses to the company, and issues corrective orders or disadvantageous personnel measures based on thorough inspections of all reported cases.

In 2013, the business ethics indicators were developed to evaluate the level of ethics practices by internal and external stakeholders, and the results will be reflected in 2014 ethics training programs. We will continue to enhance our business ethics practices through annual evaluations of prior results for future plans.

### Ethics Training & Campaigns

Everyone needs to be in alignment on business ethics to establish fair and transparent management practices within the corporate culture. Thus, MOBIS obliges all new employees to receive business ethics training. Further to that, in 2013 the company established an online compliance program for all employees so that MOBIS now provides online and off-line training to all employees on business ethics, fair transactions, information security, and prevention of sexual harassment.

Through our gift return center and campaigns to turn down bribes, we prevent any unethical behavior so employees will never accept unjustifiable benefits from anyone in return for favors.

### Business Ethics Training Performance

		No. of Trainees	Hours of Training
Offline Training	Ethics	915	3,660
	Sexual harassment	1,300	1,950
	Fair trade	2,616	3,948
	Information security	1,687	2,626
Online Training	Compliance	4,814	38,512
	Personal	46	46
	information security		
<b>Total</b>		<b>11,378</b>	<b>50,742</b>

Offline training performance includes 154 hours of training for 28 security guards.

**ISO 27001**

International certification on information security management (Technical R&D Center, Jincheon plant)

### Information Security

MOBIS runs an integrated information security control system that encrypts all documentation and information in accordance with related regulations. The Technical R&D Center, which has access to confidential information, applies stricter standards to information and database management with its VDI (virtual desktop infrastructure) and MDM (mobile device management).

An information security management system has been established and operated in accordance with global standards represented by ISO 27001 at Technical R&D Center and Jincheon Plant since 2008 and it has been periodically managed by post assessment in order to promote continuous improvement.

Additionally, MOBIS provides training programs to security staff of suppliers as well as its own employees to raise awareness concerning information security management.

### ISO 27001 certificate



### Sexual Harassment Prevention Guidelines

MOBIS abides by the Sexual Equality Employment Act and implements sexual harassment prevention activities in order to prevent any infringement on human rights based on gender differences. In addition, all MOBIS employees receive prevention trainings on a regular basis. In 2013, we provided separate training to managerial-level and above employees. Furthermore, the company published a guidebook on preventing sexual harassment and organized an in-house counselor team to prevent sexual harassment at its business premises.

### Guidebook on Preventing Sexual Harassment



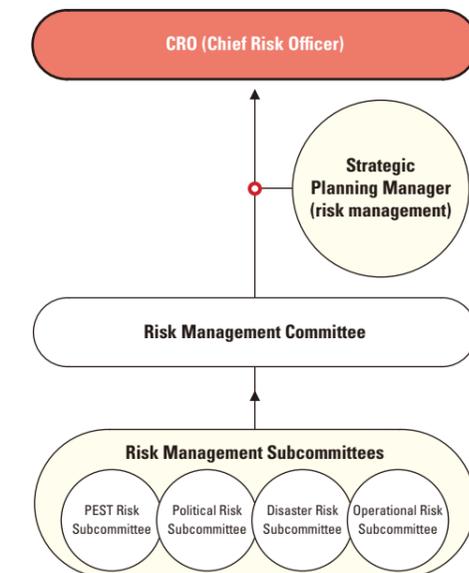
## 1-6. Risk Management

**Comprehensive and systematic monitoring and prompt responses are the key to effective risk management. Risk management facilitates timely and appropriate countermeasures to external variables, while minimizing possible damages in the event of risks. Effective risk management sometimes even generates greater opportunities. MOBIS operates risk management systems in order to preemptively detect and respond to diverse risk factors so that it can ensure sustainable competitiveness.**

### Risk Management Organization

MOBIS organized a risk management team in 2012 for the systematic management of various risk potentials that could have an impact on corporate growth and sustainability. Chaired by the CEO, the Risk Management Committee and its subcommittees in charge of each risk category prepares comprehensive actions by risk type and monitors risk factors round the clock, carrying out all preliminary responses to risks. In the event of a risk that requires a companywide response, the Risk Management Committee mobilizes a companywide response process and has a hotline in place to report to top management before taking appropriate measures.

### Risk Management Organization

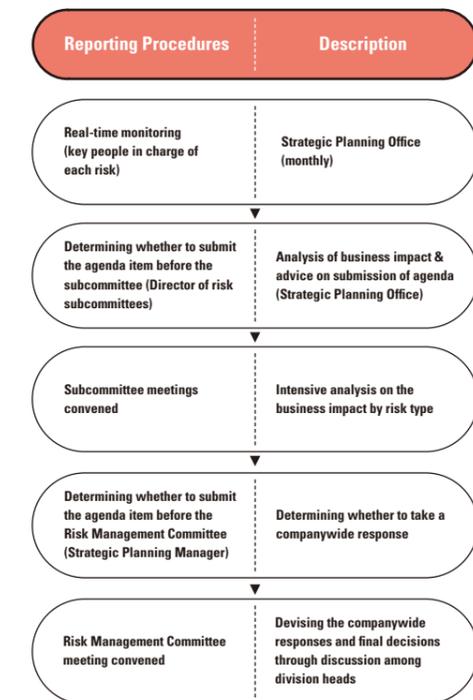


○ PEST: political, economic, social and technology

### Risk Report Scheme

In 2013, MOBIS launched a Risk Control Tower and established a real-time monitoring system to immediately respond to risk factors at all its business premises. While reporting all internal and external risks that pose a threat to the company's business activities at monthly management meetings, the Risk Control Tower monitors developments of these issues on a regular basis to support management with its decision making. It has also come up with scenarios for unpredictable risk factors, such as an abrupt change to world situations and natural disasters arising from climate change, and prepared countermeasures. In 2013, for example, it analyzed the potential impact that Egypt's political turmoil would have, and responded to railroad logistics, heavy rains and typhoons, and how that all would affect MOBIS's business.

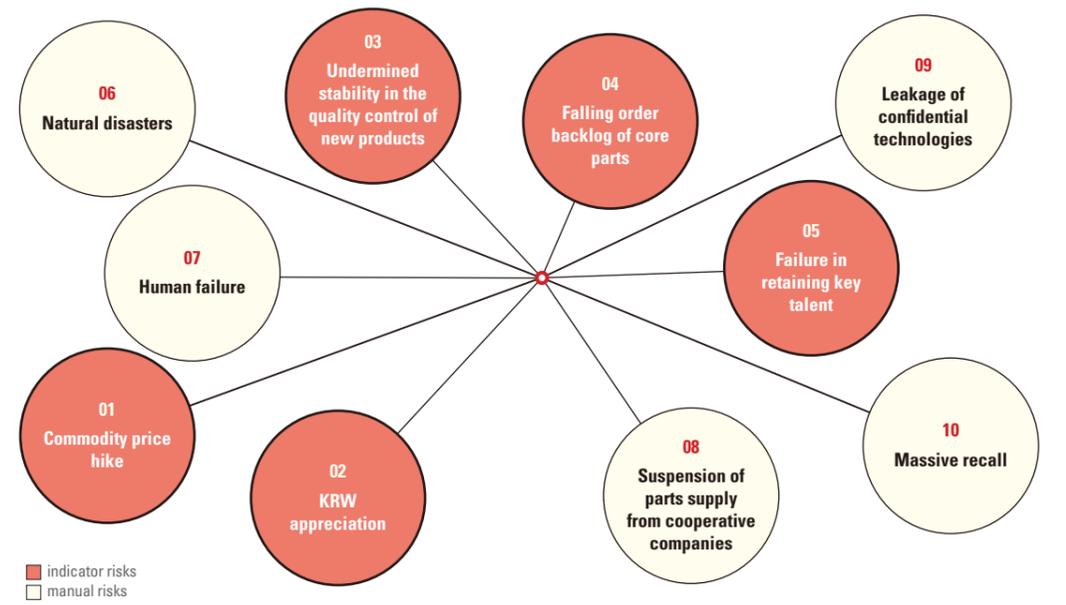
### Risk Report Procedures



### Key Risk Management

MOBIS categorizes key risk factors into two groups and takes indicator-based management and manual-based management approaches. Indicator-based risk management involves analyzing trends and examining causes using the key risk indicator (KRI) monitoring system, then classifying the risks into four stages—normal, attention, alert and severe—based on analysis results for different management and responses. Manual-based management suggests countermeasures for scenarios in order to ensure a prompt response to emergencies. Based on reviews to determine the seriousness, possibilities, and impact, risk factors of high importance are defined as key risk factors for intensive monitoring and responsive measures.

### 10 Key Risks



### Risk Countering Manual

Subcommittee	Category	Details
Natural disasters	Disaster control	Preventing natural disasters and responses by business site
Operational risks	Massive recalls	Prompt and intensive responses in the event of possible recall factors
	Response to cessation of component supply	Countermeasures in production and procurement in the event of expected discrepancy in component supply
	IT failure	Immediate recovery of any IT system failure
	Logistics risk management	Responses in the event of emergency in logistics of export/import cargo

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**Major Risk Management and Response by Type**

**Business Environment Risks |** MOBIS analyzes potential risk factors that have an impact on its business, including major issues in politics, economics, industrial and market environments, and reports these results to top management.

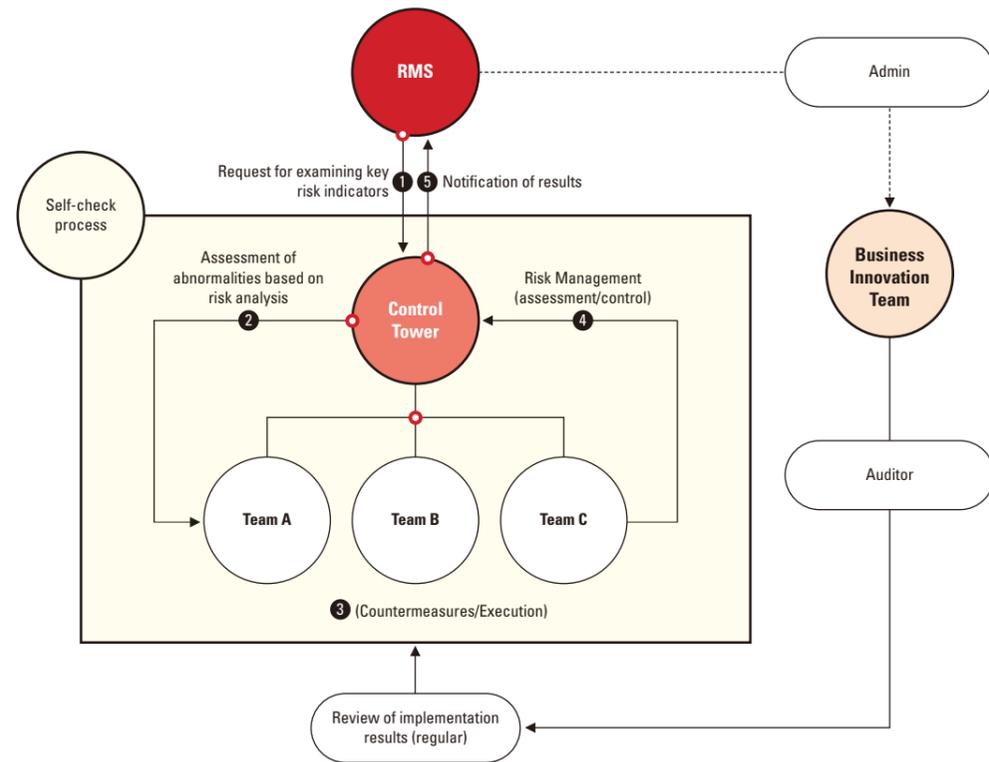
**Financial Risks |** MOBIS regularly evaluates, manages and reports exchange rate exposure risks through foreign currency-denominated bonds and a debt management system.

**Social/Environmental/Regulatory Risks |** MOBIS has in place a monitoring program to establish a compliance program within the organization and has completed a Material Compliance Management System (MCMS) and GHG Inventory for effective responses to global environmental regulations and climate change.

**Operational Risks |** MOBIS operates a web-based risk management system that detects risk factors early on to minimize all operational risks arising from irregularities or errors in business activities due to human, process or system failure.

**Natural Disaster Risks |** MOBIS has developed scenarios to minimize the damage from natural disasters by analyzing the factors by case and is in close cooperation among business divisions to deal with situations companywide in the event of an emergency.

**Risk Management System Operational Process**



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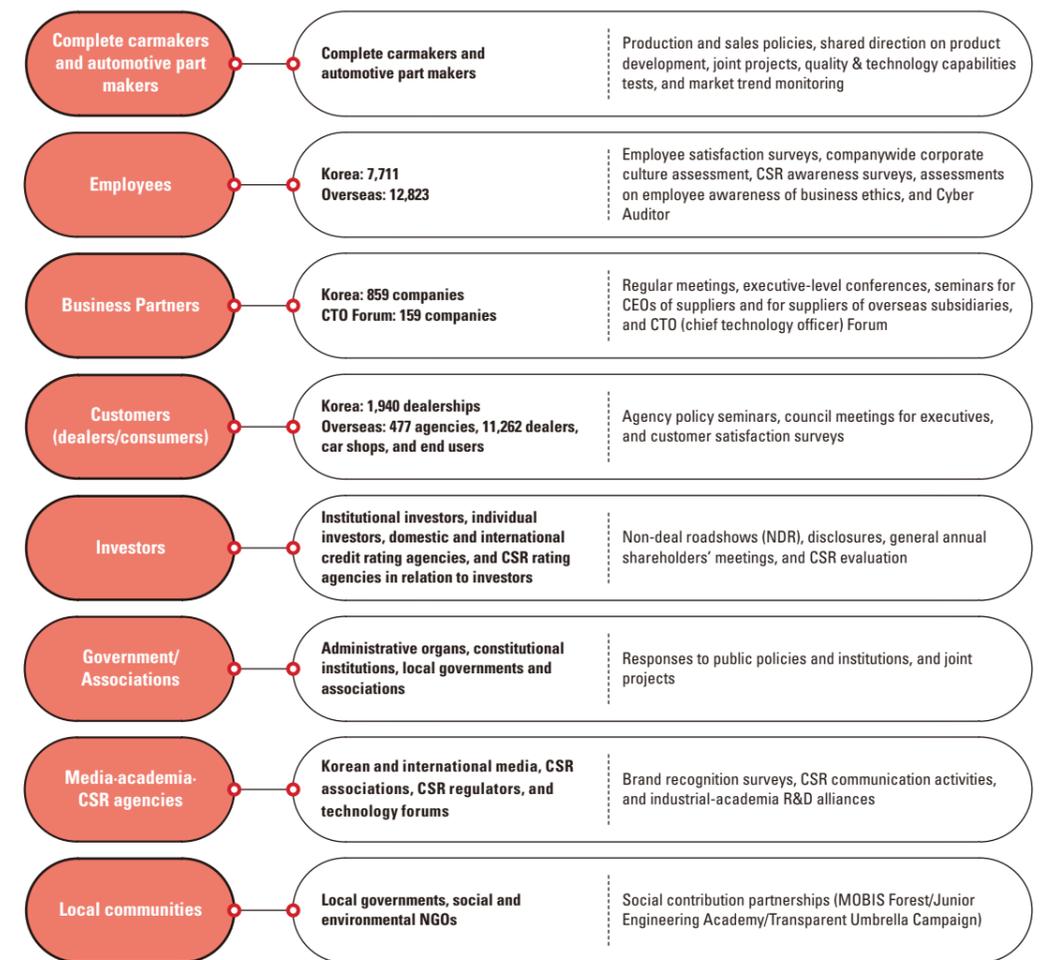
**1-7. Stakeholder Engagement and Materiality Test**

**MOBIS defines sustainability management as the process of communicating with stakeholders to achieve shared value. Therefore, we maintain a close relationship with stakeholders to find the best possible outcomes.**

**Stakeholder Groups**

MOBIS classifies its stakeholders into eight groups and maintains different channels to heed their thoughts as follows.

**Communication Channels by Stakeholder Group**

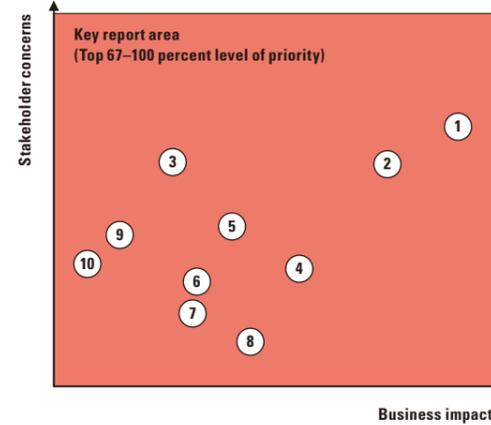


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Top 10 Priority Issues Identified from Materiality Analysis

Issue	Page
1. Global top technology competencies	20-33, 48
2. Achieving the highest possible quality of products	46-47, 67
3. Risk management	12-13
4. Increasing the order backlog from global customers	40-41
5. Mutual growth	32-33, 42-44, 70
6. Human resources development	28-29, 55
7. Reinforcing competencies in manufacturing & supply of components	39-41, 49-51
8. Establishing fair transaction practices	44-45
9. Social contribution activities	34-36, 52-53, 71
10. Energy & GHG management	59-61, 72-74



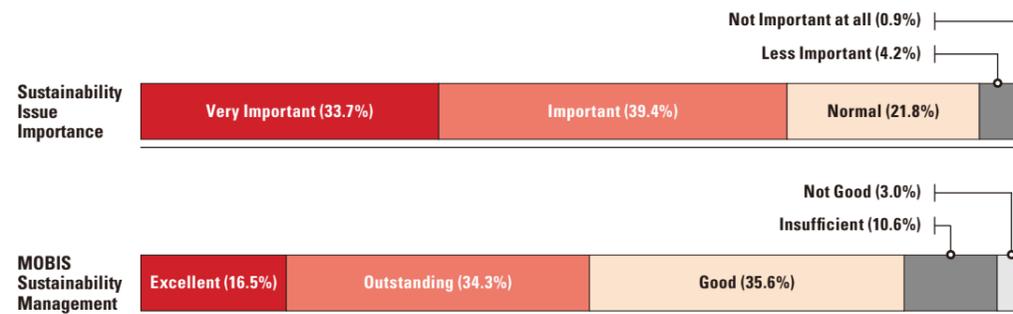
Materiality Analysis

MOBIS has run extensive stakeholder surveys and media analysis to assess 22 key sustainability issues. Based on the findings, we finalized 10 material issues that have a significant impact on the business and are of high concern to stakeholders. The MOBIS Sustainability Report 2014 covers our performance and plans on these 10 material issues.

**Media Analysis |** We reviewed 2,684 news items connected to MOBIS in 2013 to assess the significance of media issues based on the categories of articles, influence of the media, and exposure to media coverage. Positive coverage was concerned with the company's technical competencies in eco-friendly smart products, mutual growth with business partners, R&D investments, CSR activities such as our transparent umbrella campaign, the MOBIS Forest, and our increased market power. Negative coverage included transaction practices, product security, and prices.

**Stakeholder Surveys |** MOBIS surveyed 1,226 stakeholders in eight groups—822 employees and 404 external stakeholders—on their awareness of the company's CSR management in order to identify key sustainability issues. The survey results showed that 73.1 percent of respondents thought sustainability issues were "important," while 50.8 percent of respondents answered that the sustainability performance of MOBIS was either "outstanding" or "excellent."

Stakeholder Survey



# Special Theme

MOBIS envisions a 'human science' as a partnership beneficial to all stakeholders. Technology that respects humanity and the environment will further enhance the value of automobiles. As a result, we continue our innovation drives and investments to lay the foundation for a sustainable future. MOBIS is bringing about a brighter future for all stakeholders with its responsible technologies.

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Technology for a Better World

# 세계상을 위한 기술

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**Technology that respects humanity and the environment, further enhancing the value of automobiles**

When it was first invented, the automobile was no faster than a person walking. Today, its mobility and convenience have made it an integral part of modern life. Automobile technology is now evolving to minimize its environmental impact and ensure the highest safety for occupants and pedestrians. MOBIS has the utmost respect for humanity with its technologies and contributes to heightening the value of automobiles with its cutting-edge and sustainable automotive parts.

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- 2-2. Intelligent Components for Traffic Safety
- 2-3. Research & Development
- 2-4. R&D Talent Management
- 2-5. R&D Cooperation
- 2-6. Technologies to Give Back to Society

**180,542**

Total number of cars for which MOBIS has supplied components for eco-friendly vehicles since 2010

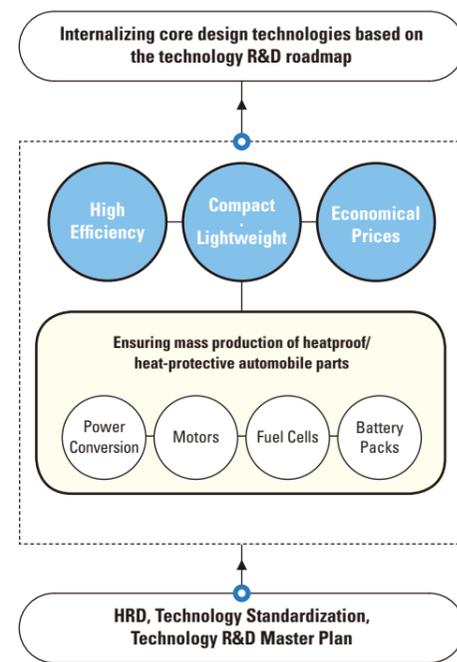
## 2-1. Eco-friendly Technologies

The world is making concerted efforts to mitigate global warming by strengthening environmental regulations. Accordingly, international carmakers are developing vehicles with high fuel efficiency or replacing conventional engines to minimize CO<sub>2</sub> emissions from automobiles. MOBIS is also developing eco-friendly automobile parts for high energy efficiency, lightweight and compact automobiles.

### Promoting Green Car Technologies

Of all businesses, transportation accounts for 23 percent of the world's CO<sub>2</sub> emissions. Growing global concerns over global warming and energy security have resulted in stronger regulations on fuel efficiency and automobile CO<sub>2</sub> emissions. The U.S., Japan and the EU have already announced plans for mandating improved fuel efficiency by more than 30 percent of the current level by 2020. The U.S. set guidelines on CO<sub>2</sub> emissions at 155 g/km by 2016, while Japan and the EU set it at 130 g/km by 2015. Additionally, government subsidies and tax benefits on green cars, continually falling prices of eco-friendly cars and consumers' growing favor of such vehicles will help to push the portion of green vehicle sales to 12.4 percent of the world's car sales by 2030. In anticipation of these trends, MOBIS has developed a mid- to long-term roadmap for technology R&D to diversify its motor product line-up and to develop technologies that raise fuel efficiency.

### Internalizing Green Component Technology Competencies



### R&D on Key Components for Green Vehicles

Equipped with the R&D, production and quality control capabilities for eco-friendly vehicles, MOBIS manufactures and supplies Hyundai and Kia Motors with the key components for eco-friendly vehicles (motors, starting generators, power conversion systems and battery packs). Going forward, MOBIS will continue to reinforce its design competencies and standardize its production process, further enhancing its global competitiveness.

**Motors |** Electric motors that propel vehicles convert kinetic energy into electric energy while decelerating. MOBIS supplies 38 kW-class and 80 kW-class permanent magnet motors for hybrid cars and electric sedans, respectively, as well as 100 kW-class induction motors for hydrogen-fueled cell vehicles.

**HPCU (Hybrid Power Control Units) |** HPCU consists of an inverter that controls the torque and speed of electric motors and a converter that powers the electronics systems of a vehicle with 14V electricity. MOBIS provides passenger hybrid electric vehicles (HEV) with the inverters needed for electric motors and starting generator as well as the integrated modules for 1.8 kW-class converters. With commercial HEVs and FCEVs (fuel cell electric vehicles), the company provides low-speed, high-torque motor inverters and 100 kW-class motor inverters, depending on the properties of each vehicle type.

**Battery Chargers |** Battery chargers use supply voltage (AC 110/220 V) to charge high-voltage batteries installed on electric cars or plug-in hybrid cars. MOBIS is developing 3.3 kW-class and 6.6 kW-class chargers that facilitate compact-size and lightweight vehicles by modularizing and compact-sizing the key components of chargers, electronic semiconductors and magnetic components like transformers and inductors.

**Battery Systems |** Consisting of battery packs that supply high-voltage electric energy to the vehicle and the battery controller that protect and control the battery pack and battery, a battery system is a core component that has a direct influence on the mileage and fuel efficiency of vehicles. MOBIS has localized this technology and improved its price competitiveness. Today, the company manufactures

**903,706**

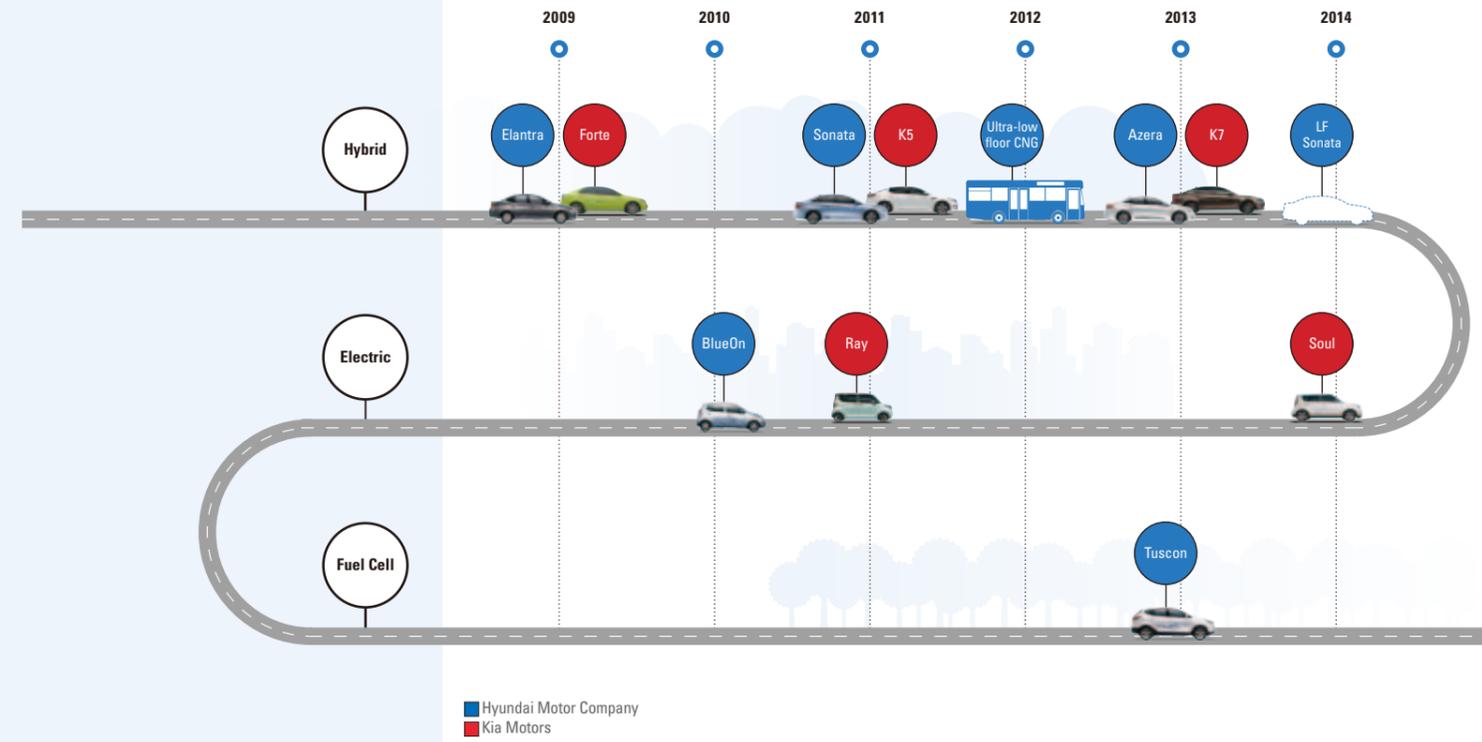
Number of components for eco-friendly vehicles that MOBIS supplied from 2009 to 2013

battery systems that apply diverse high technologies to lightening the weight of the battery pack and universal design to distributed battery control systems. Specifically, the dispersed battery control system has its controllers and sensors separated, making it easier for design and maintenance.

**Fuel Processing System (FPS) |** FPS supply devices supply hydrogen, the fuel source of fuel cell vehicles, to the fuel cell stack, controlling the output of the fuel cell stacks by adjusting the flow rate of hydrogen. It applies a technology that recirculates the unreacted hydrogen at the fuel cell stacks, which raises the hydrogen utilization rate. Developed by MOBIS, the 110 kW-class FPS realized high power density

with modularized designing, while enhancing the efficiency of the fuel cell system through the integrated control of the hydrogen supply. By applying the Hydrogen Recirculation Blower (HRB), it achieved a 95 percent hydrogen utilization rate.

### Eco-friendly Vehicles Using MOBIS Technologies



- 2-1. Eco-friendly Technologies
- 2-2. Intelligent Components for Traffic Safety
- 2-3. Research & Development
- 2-4. R&D Talent Management
- 2-5. R&D Cooperation
- 2-6. Technologies to Give Back to Society

## 2-2. Intelligent Components for Traffic Safety

Around the world, the annual average traffic accident rate of dead or injured is 50 million people. In Korea, approximately 200,000 traffic accidents take place a year, with an estimated toll of life twice the OECD average. Aware of this fact, MOBIS concentrates its R&D efforts on mobile safety technologies. High-tech components that combine IT with electric/electronic technologies are applied to automobiles, giving them intelligent functions such as detecting danger in advance and averting car accidents. Based on an extensive analysis of the different types of traffic accidents, we are tirelessly developing technologies for people's safety.

### Development of Intelligent Safety Components

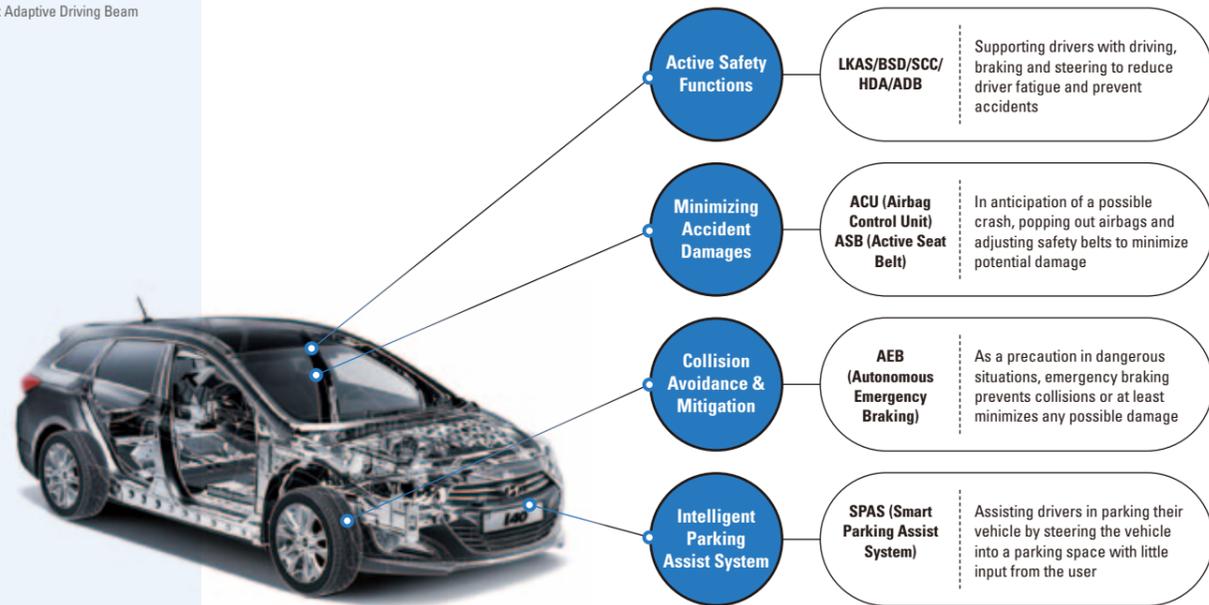
Customer and social demands are rising for mobile safety, which has evolved from passive safety that used to focus on the ex post facto to active restraint functions that prevent accidents by integrating electronic components to automobiles. In North America and Europe, where they have heightened safety standards, intelligent safety systems are a basic component for automobile safety. As such, market demand for car electronics is expected to reach KRW 325 trillion by 2019. In meeting the demand of customers and end-users around the world, MOBIS is taking the lead in the intelligent and electronics technologies of automobile components.

### The Need for Intelligent Safety Systems

Korea's traffic accident and pedestrian death rates rank highest among OECD member countries. In 2012, its road death toll stood at 10.8 per 100,000 people, the highest in any OECD nation. According to the Korea Road Traffic Authority, the top causes of traffic accident deaths were speeding and cross-median crashes, while the largest number of people died from breaches of safe driving, such as overtaking other cars. MOBIS did an extensive analysis on various cases of accidents to develop technologies that can avert risks in advance and minimize damages in the event of emergencies. For instance, its electronic components, such as its driving/parking assist system and airbag control unit, have obtained the ISO 26262 functional safety standard. In the future, we will continue to earn more certificates on our systems and produce more intelligent safety components.

- BSD: Blind Spot Detection
- HDA: Highway Driving Assist
- ADB: Adaptive Driving Beam

### Intelligent Safety Technologies



### Intelligent Component Development Trends

	Phase 1	Phase 2	Phase 3
<b>Intelligent Component Trends</b>	Integrated Control	Coordinated Control	Autonomous Control
<b>Mechanism</b>	System integration - Integrating numerous control functions into a single software	System networking - Improving safety and convenience through interaction between intelligent and physical systems	Communication with external infrastructure - Realizing unmanned driving through communication between the automobile and the external environment
<b>Functions</b>	Software-oriented	Inter-module communication	Focused on automotive and road conditions

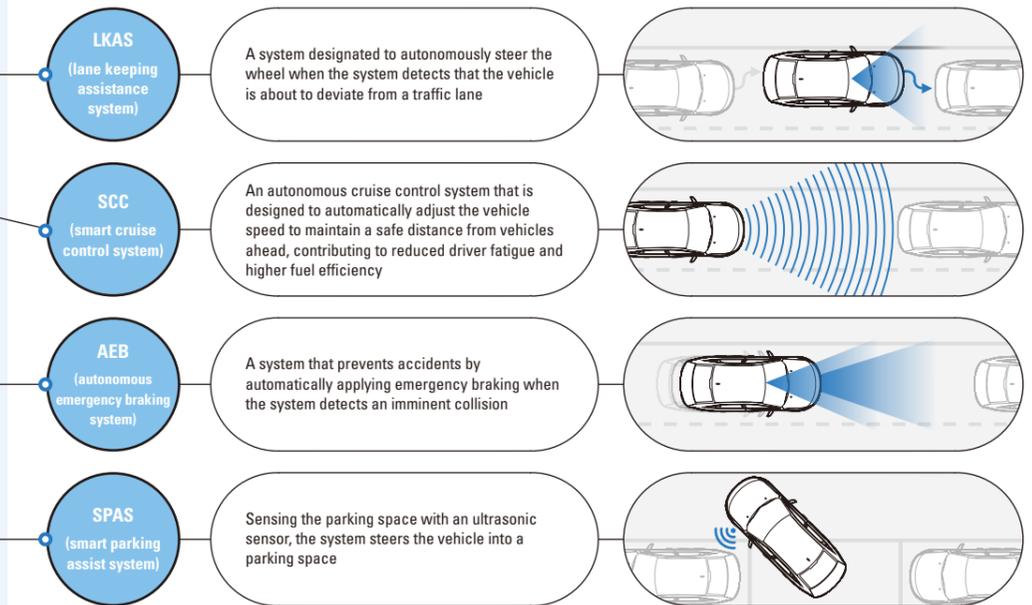
### Intelligent Headlamps

Night driving depends on headlamps, which makes vehicles more vulnerable to accidents. According to the Korea Road Traffic Authority, night accidents account for 52 percent of overall traffic accidents and other statistics show that deaths from traffic accidents is higher at night than in the daytime. Committed to addressing this issue and providing safe driving conditions at night, MOBIS is developing smart light headlamp technology that adjusts the headlamp according to the road conditions. Recently, we developed a more advanced Matrix Smart Light technology. This Matrix Smart Light Technology removes the shield that used to adjust lights up and down and employs multiple arrangements of LED chips, which has enhanced their motion speed. As a result, this technology facilitates individual lighting control, realizing the optimal visibility for drivers and reducing the blinding effect of cars coming down the opposite side of the road.

### Active Seat Belts

MOBIS became the first Korean automotive parts manufacturer to commercialize active seat belt (ASB) technology in 2013. The ASB has an electrically-driven pretensioner that tightens the belt as a precaution in emergencies, thereby minimizing any damage. Test results show that this reduces neck injuries by 64 percent, with other injuries considerably diminished. Additionally, MOBIS products are 40 percent lighter than competitors, with reduced noise, which enhances driver convenience. This technology is equipped on the Hyundai Motor Company new Genesis models, and MOBIS plans on expanding the ASB application to other models, including subcompact cars.

### Active Safety Systems





## Changing for Innovation

혁신을 위한  
변화 

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### Investments in Infrastructure to Realize Innovation

**MOBIS is solidifying its R&D infrastructure** in preparation for the future. As part of its plans for investing KRW 1.8 trillion in R&D, the Electronic Device R&D Complex was completed in 2012, which will play a pivotal role in developing next-generation technologies. As it hires more researchers, the company is building a working environment where all researchers can devote themselves to R&D activities to realize future technologies for the sustainable growth of the company.

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Special Theme

- 2-1. Eco-friendly Technologies
- 2-2. Intelligent Components for Traffic Safety
- 2-3. **Research & Development**
- 2-4. R&D Talent Management
- 2-5. R&D Cooperation
- 2-6. Technologies to Give Back to Society

**KRW 1.8 trillion**

3-Year R&D investment plan from 2013 to 2015

**3,000 researchers**

Increasing the number of researchers by 2020

## 2-3. Research & Development

Despite its relatively short history in the automotive parts industry, MOBIS has consistently reinforced its technological competencies while localizing a number of core component technologies. All the while, the company has constantly invested in human resources, other resources, as well as the company's infrastructure. At the same time, it has built a consensus among employees on its mid- to long-term goals. Moving forward, MOBIS will further consolidate its R&D infrastructure to develop the world's best products.

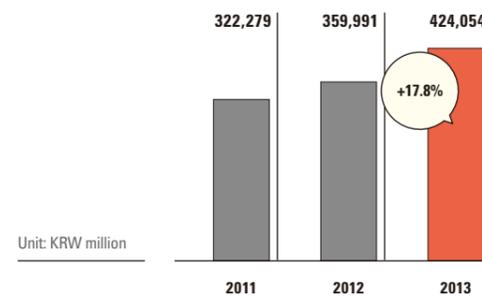
### R&D Vision

MOBIS devised an R&D vision and core values to generate synergies from its R&D activities based on creative and dynamic platforms. Under the shared value of what it calls "The Pride of MOBIS," researchers are working to realize the vision of becoming a technology leader that creates advanced technology for the future, while laying the foundation for the company to become one of the world's top five automotive parts suppliers.

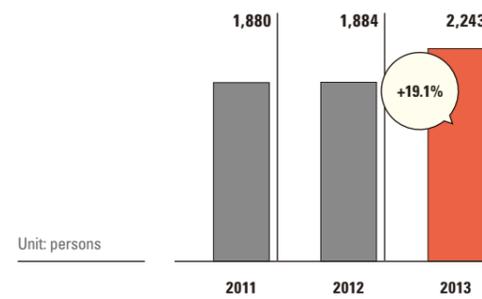
### R&D Performance & Plans

In 2008, MOBIS developed a product and technology roadmap for systematic R&D activities on products and technologies. While keeping abreast of industrial trends, executives and working-level experts update the roadmap in response to market developments, which is then approved by top management. In order to prevent overlapping investments, and to enhance R&D efficiency on a Group-wide level, an integrated R&D roadmap has been established with Hyundai & Kia Motors, with the project management system monitoring the progress of new technology R&D projects. Aggressive investments and all-out support is based on this roadmap, which has resulted in vigorous R&D activities and increased patent competitiveness. In 2013, MOBIS carried out R&D projects on 538 parts for 50 car models that led to mass production. The filing for international intellectual property rights increased by 38 percent over the previous year, expanding our pool of intellectual property rights. Determined to carry on with these successes into the coming year, MOBIS plans to spend KRW 1.8 trillion in R&D for three years from 2013, while increasing the number of researchers to 3,000 by 2020.

### R&D Expenses

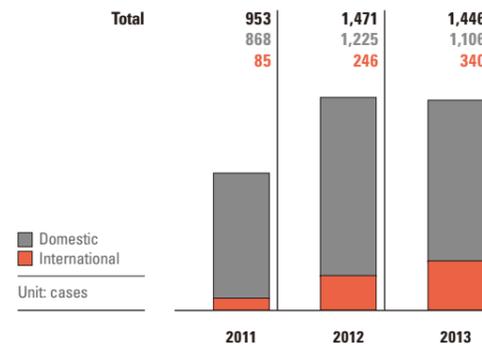


### R&D Staff



○ Figures of research staff were corrected from previous data errors as of May 16, 2014.

### Number of Applications for Intellectual Property Rights Domestically and Internationally



Winter Proving Ground in Heilongjiang Province, China



Showroom in the Electronic Device R&D Complex at the Mabuk R&D Center

### R&D Infrastructure

In 2013, MOBIS completed its Electronic Device R&D Complex with an investment of KRW 60 billion at the Mabuk R&D Center in Yongin, Korea. Under a dual R&D structure based on close cooperation, the newly completed R&D complex takes responsibility for R&D activities of core components for future cars, such as intelligent and eco-friendly electronic systems, while the existing R&D complex continues designing high-tech modulators. As the control tower of companywide R&D activities, the Mabuk R&D Center will also pursue synergies from various partnerships

with international R&D centers in Germany, the U.S., China and India.

We have been proving the functionality of our products through various tests at our test tracks in Korea, Sweden, and New Zealand. In 2013, a total of 110 car models were tested. Additionally, we have completed a winter proving ground in China in order to ensure localized proving conditions in one of our major markets, which has now been in operation since February 2014. Another proving ground is under construction with a variety of test roads in Seosan, Korea, and scheduled to be completed by 2016.

### Proving Grounds in Korea and Abroad

Proving Grounds	Major Test Criteria
Arjeplog (Sweden), Wanaka (New Zealand)	Advanced new technologies including MEB/CBS/MDPS/EPB/driver assistance systems (DAS) Credibility assessment and winter sign-off for client companies Benchmarking new technologies and products
KATRI (Korea Transportation Safety Authority, Korea)	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)	Assessment of braking functionality and credibility of MEB on special roads Driving school to foster specialized test drivers
Heilongjiang Province (China)	Evaluation of the performance of MEB/SPAS/braking/steering components
Seosan (Korea)	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

### MOBIS R&D Centers Around the World



- MEB: MOBIS Electronic Brake
- CBS: Conventional Brake System
- MDPS: Motor Driven Power Steering
- EPB: Electronic Parking Brake System
- SPAS: Smart Parking Assist System

- 2-1. Eco-friendly Technologies
- 2-2. Intelligent Components for Traffic Safety
- 2-3. Research & Development
- 2-4. R&D Talent Management**
- 2-5. R&D Cooperation
- 2-6. Technologies to Give Back to Society

174

2013 training hours per researcher (up 22% year on year)

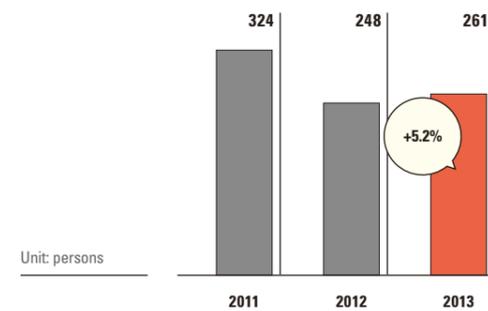
## 2-4. R&D Talent Management

People are at the center of all R&D activities. They think of ideas for new technologies, put them into R&D efforts and eventually help develop new products. At MOBIS, we strongly believe that people are the driving engine for our sustainable growth. As a result, we continue to recruit and retain the best and brightest, assisting them in realizing their full potential with training programs tailored to their jobs in a creative corporate culture.

### R&D Recruitment

MOBIS makes diverse efforts to retain the most talented people, as they are the key to our competitiveness. As part of these efforts, we visit universities to give PR presentations to prospective job-seekers and partners with university R&D centers on numerous projects. The MOBIS scholarship program offers financial aid to students doing their master's or Ph.D. degree in Korea and abroad to foster future leaders. In addition, the annual MOBIS Open House event invites jobseekers to our R&D Division, raising public recognition of the corporation. In 2014, we will expand communication with prospective employees to further solidify our foundation for growth.

### Newly Employed Researchers

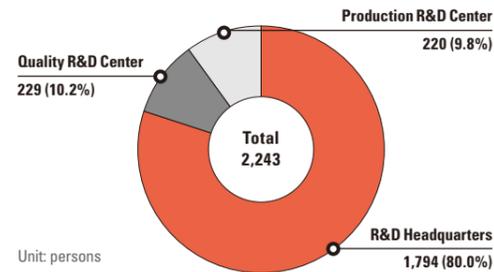


Unit: persons  
 ○ Figures represent the recruited number of researchers for the job positions of 4th grade and above.

### Research Engineer Training

	2011	2012	2013
Training Expenses (KRW million)	851	919	992
Training Hours	224,770	268,667	390,274
Per-Researcher Training Hours	120	143	174

### R&D Staff



Unit: persons

### HRD Program

MOBIS mapped out its technological competencies to take a systematic approach to its R&D Human Resource Development (HRD). In line with the detailed HRD roadmaps by category of technologies, the company provides training programs tailored to the different job needs and competencies of employees. Every year, all research engineers draw up self-development plans which serve as a reference for their immediate supervisors when mentoring them with their competency-building efforts. Also, research engineers can receive training and mentoring at their convenience, maximizing the effectiveness of training efforts. For research engineers with basic competencies, we provide more advanced programs to train them to become experts in their fields. By segmenting six job functions into 150 courses, the job skills training program is offered at different levels, from general and intensive to advanced programs, from which research engineers can choose the one that fits their level. At the same time, the S-OJT (Structured On-the-Job Training) course helps research engineers build their competencies on the job, while the internal instructor program fosters internal experts as instructors, expecting the spillovers of research knowledge and knowhow.

1,309

Number of patents filed by MOBIS employees

KRW 16.1 billion

The company's compensation to employee patents in 2013

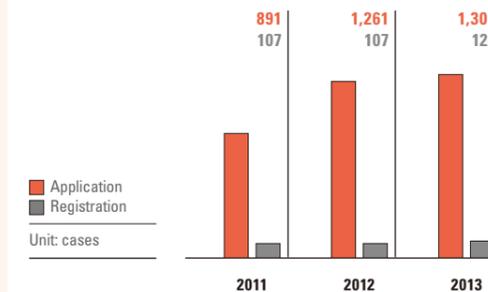
### Future Technology Contest Award-Winners

	Prizes	Entries	Descriptions
2012	Grand Prize	Voice Recognition Smart Key	The system automatically opens the trunk by voice recognition
	Innovative Technology Prize	Headrest-embedded independent directivity speaker system	Several occupants can listen to the music of their choice
2013	Gold Prize	Utilizing the electronic parking brake (EPB) system for cooperative regenerative braking and energy recovery	Utilizing the EPB for the regenerative braking system of electric vehicles

### Supporting Employee Creativity

MOBIS encourages the creativity of employees through various incentives. Based on guidelines for compensation to employee invention, employees who file for patents are fairly treated with monetary incentives upon the issue of patents. They are also offered with additional monetary rewards when the registered patents generate profits. Through annual performance reviews, the company awards teams with the most outstanding performance with monetary rewards, while the company's invention support programs induce employees to voluntarily participate in invention group activities.

### Incentives Paid to Employees for Application for Patents



○ In general, patent issuance takes four years from filing and review to registration. The figures above are not overlapping as they are either being filed or in the process of registration.

As part of its initiative to motivate employee creativity and promote a vibrant workplace, MOBIS has been holding a companywide contest for ideas related to future technologies since 2012. Of the 350 entries submitted over the past two years, 70 outstanding entries have received awards. Going forward, MOBIS will continue with this awards program to motivate more creative ideas and technology development from employees in preparation for future technologies.

### Interview



Leading Edge Engineering Team  
**Kim Youngkwang,**  
 Principal Research Engineer

"MOBIS began an annual companywide idea contest in 2012, providing researchers with the opportunity to materialize their creative ideas. Contest winners are rewarded and have their concepts materialized into prototypes for feasibility tests. Furthermore, we have several communities of practices (CoP) for patenting within the R&D Center, such as future technology CoP. These CoPs have spawned a wide range of innovative ideas and future technologies. Sometimes they even generate ideas for ways to solve patent disputes or beat competitors' products.

There were 25 contest winners out of 120 entries in 2013. To my honor, I was the Gold Prize winner. I had long been thinking about utilizing the electronic parking brake system for a cooperative regenerative braking system and tried to materialize the idea. However, it was difficult for me to develop the idea due to my lack of knowledge in braking systems. I have studied a great deal about related technologies, but the professional advice I received from the engineers in related departments deserves all the credit for bringing my idea to fruition. Going forward, I see potential synergies in integrating my idea into the in-wheel motor system, which is my expertise. I am planning a new idea in this regard."



Together for a Better Future

내일을 위한  
동행

**Building a Better Future for Everyone**

MOBIS understands that it can generate greater value when it cooperates with its stakeholders. As a result, we seek synergy effects from our R&D collaboration efforts with stakeholders. We also care about the safety and environment of local communities through the MOBIS Forest project, MOBIS Transparent Umbrella campaign, and Junior Engineering Academy, as well as our commitment to safer and eco-friendlier technologies.

Special Theme

- 2-1. Eco-friendly Technologies
- 2-2. Intelligent Components for Traffic Safety
- 2-3. Research & Development
- 2-4. R&D Talent Management
- 2-5. R&D Cooperation
- 2-6. Technologies to Give Back to Society

359

Number of employees of suppliers participating in the 2013 CTO forums (overlapping, up 7.2% from 2012)

## 2-5. R&D Cooperation

**MOBIS is involved in a number of R&D collaboration initiatives with diverse stakeholders, including suppliers, academia and government agencies. We support our suppliers in their R&D competency-building, while keeping in step with advanced technologies through our alliances with academic institutions and cooperating with government agencies for advanced technology R&D investments.**

### R&D Partnerships

MOBIS runs technology forums and CTO forums to enhance its technological R&D competencies. It also collaborates with stakeholders on future technologies. Technology forums provide MOBIS with an opportunity to learn about advanced technology R&D trends going on in the academic world and gain academic advice on current issues, while CTO forums allow us to share the direction of our technology R&D with suppliers and listen to their suggestions on new technologies. In 2013, the company exchanged information and opinions on various technologies with 34 academic experts and held CTO forums for 159 suppliers. MOBIS also takes part in helping develop a national technology R&D roadmap, presenting the automotive technologies required for advanced development. At the same time, it carries out joint projects with state-run research institutions, Korea's most prominent universities, and its suppliers. MOBIS prioritizes all projects that require

a mid- to long-term approach, those related to Korea's infrastructure, and those in imminent need that have a high risk factor. In this way it contributes to the nation's competitiveness in the automobile industry and to laying the foundation for the nation's sustainable growth in the future.

### Supporting Suppliers' R&D

MOBIS supports suppliers in developing in-house design competencies by transferring its test and evaluation techniques to them, lending them its domestically patented technologies without royalties in a bid to help them establish their own technological competencies. In 2013, we lent out 15 utility model licenses and 145 patent licenses on modules and automotive parts to our suppliers at no charge. With patents for which MOBIS and its suppliers hold joint rights, MOBIS pays all related expenses needed for filing for patents and registrations and honors the patent rights under the company's technology custodian program. MOBIS also

### CTO Forum Performance

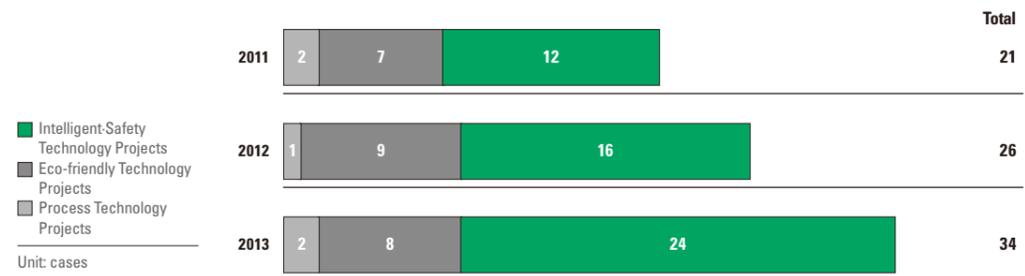
	2011	2012	2013
No. of forum meetings	17	34	35
No. of participating companies	40	138	159
No. of participants	160	335	359

○ The number of participating companies and participants are overlapping.

### Supporting Suppliers' Training

	2011	2012	2013
No. of Training Courses	17	19	25
No. of Trainees	1,511	1,924	2,251
No. of Beneficiary Suppliers	1,014	901	1,710

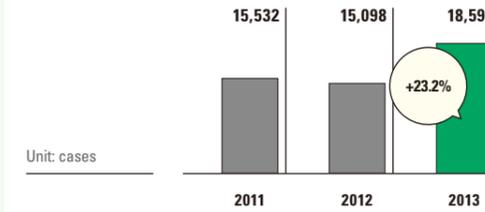
### National Project Performance



- Eco-friendly technology projects include advanced technologies for eco-friendly vehicles, lightening the weight of vehicles, and new materials
- Intelligent-Safety Technology Projects include the DAS and other convenience technologies, airbags, and preventing or minimizing occupant injuries or damage
- Process Technology Projects are done on product inspection, credibility tests and quality control.

○ MOBIS received government subsidies worth KRW 5,328 million in 2013 for national projects.

### Shanghai R&D Center supplier test support



2,251

Number of supplier employee trainees in 2013 (up 17% from 2012)

18,598

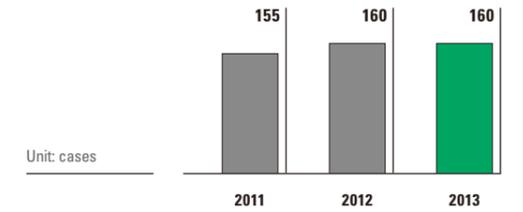
Number of tests supported for suppliers at the Shanghai R&D Center in 2013 (up 23% from 2012)

provides training to the employees of its suppliers in order to assist them in building competencies. In alliance with the Foundation of Korea Automotive Parts Industry (KAP), we run a technology academy, a quality control academy and hold technology seminars on automotive parts. In 2013, 1,710 of our suppliers participated in this training. In addition, KAP dispatches experts to suppliers' business premises, providing technical consulting services on quality control and various technologies as well as business consulting services. The MOBIS Shanghai R&D Center is open to suppliers who have advanced into the Chinese market, supporting them with quality tests in which they lack in-house infrastructure or technologies. In 2013 alone, we supported a total of 18,598 quality tests and certifications for our suppliers operating in China, saving approximately KRW 220 million in test expenses for suppliers. This helped our suppliers both raise their product reliability and reinvest the saved test expenses in improving their product quality, thereby contributing to enhancing their competitiveness.

### Joint R&D Projects

The MOBIS partnership with INFAC, winner of the best partner award for 10 straight years in 2013, sets an example of a large corporation-Small and Medium-sized Enterprise (SME) R&D win-win partnership. MOBIS shares with INFAC the patent rights on automotive parts it has developed in joint projects with the supplier, protecting the independent rights of the supplier, and creating synergies by combining the strengths of each company for developing innovative technologies. The products manufactured at INFAC's factory in Chungju are a good example of this synergy from the collaboration. The electronic parking brake, which removed the brake lever from automobiles, and the four-corner electronic air suspension, which utilizes an air spring to enhance driving stability and riding comfort, represent only two of the core parts developed from our joint R&D projects and which went into mass production in 2012. MOBIS was able to localize these technologies, which enhanced cost competitiveness, while INFAC was supported with technology assistance and consulting. By meeting the high standards and requirements of MOBIS, INFAC was able to reinforce its technologies and quality, allowing the company to advance into other global markets.

### Free Licenses to MOBIS Intellectual Properties



### Interview



INFAC Corporation  
Kim Chasik, Director

"Through joint R&D projects, MOBIS was willing to share without reserve its knowledge and technologies with us, such as benchmark specifications, ways to secure credibility, and durability test techniques. As a result, INFAC was able to reduce trial and error problems in securing the functionality required for developing technologies and the durability that meets the highest standards as well as shorten the period required for mass production. We also learned a great deal from our participation in all MOBIS vehicle tests and winter tests. These collaborations provided us with a chance to verify the functionality and durability of our products on vehicles and to obtain the data required for improving their performance.

While MOBIS demands higher performance of its products than international standards, it also provides all required technical support and consulting to meet top quality requirements, allowing us to develop products with a more improved performance. The company also shared with us the issues that imported components have when mounted on vehicles, assisting us to further improve product quality. I firmly believe that our partnership with MOBIS has helped strengthen INFAC's competitiveness because we have been able to obtain orders from international automotive parts suppliers for our technologies developed from our partnership with MOBIS, which has laid the foundation for us to grow internationally.

Our global competency-building is also a credit to the support of MOBIS. The MOBIS CTO Forums have provided us with the latest industrial trends in developing new technologies and with the technology roadmap we need. This has allowed INFAC to develop its own mid- to long-term R&D strategies, while various training programs that MOBIS offers helps our employees build their job competencies. Furthermore, the Technical Consulting service in alliance with the KAP has supported us with process innovation and achieving higher productivity. Going forward, INFAC sees more opportunities for growth internationally from its partnership with MOBIS."

Special Theme

- 2-1. Eco-friendly Technologies
- 2-2. Intelligent Components for Traffic Safety
- 2-3. Research & Development
- 2-4. R&D Talent Management
- 2-5. R&D Cooperation
- 2-6. Technologies to Give Back to Society

706

Number of schools where transparent umbrellas were distributed from 2010 to 2013

## 2-6. Technologies to Give Back to Society

**MOBIS's commitment to eco-friendly and safe technologies extends to its social contribution activities. We help plant forests for local communities and mount campaigns to protect future generations from traffic accidents. We also give science classes to foster future scientists.**

### Small Steps for a Safer World

With more automobiles on the road, the risk of traffic accidents increases. As a leading automobile parts manufacturer, MOBIS fulfills its responsibility to safe driving with its advanced technologies. Furthermore, our commitment to safety extends to preventing traffic accidents involving children through traffic safety campaigns. Since 2010, we have distributed 100,000 transparent umbrellas every year to children after giving them traffic safety classes. MOBIS began this campaign because the poor visibility caused by umbrellas and rain increases the chances of traffic accidents on rainy days. After donating the umbrellas, we survey feedback from parents and teachers on the campaign for future improvements. Survey findings have

shown their satisfaction with the campaign is improving, as is public recognition of the company. From 2012 to December 2013, 581 MOBIS employees volunteered to distribute umbrellas for a total of 1,735 hours.

### Transparent Umbrella Campaign

	2011	2012	2013
No. of beneficiary schools	179	158	150
No. of umbrellas distributed	100,000	100,000	100,000



A prize winner in the traffic safety picture contest



Thank you letters from children for transparent umbrellas



Children from the Ulsan Workers' Compensation & Welfare Service Childcare Center are holding their transparent umbrellas.



A MOBIS employee is introducing a transparent umbrella to children at a childcare center in Ulsan.

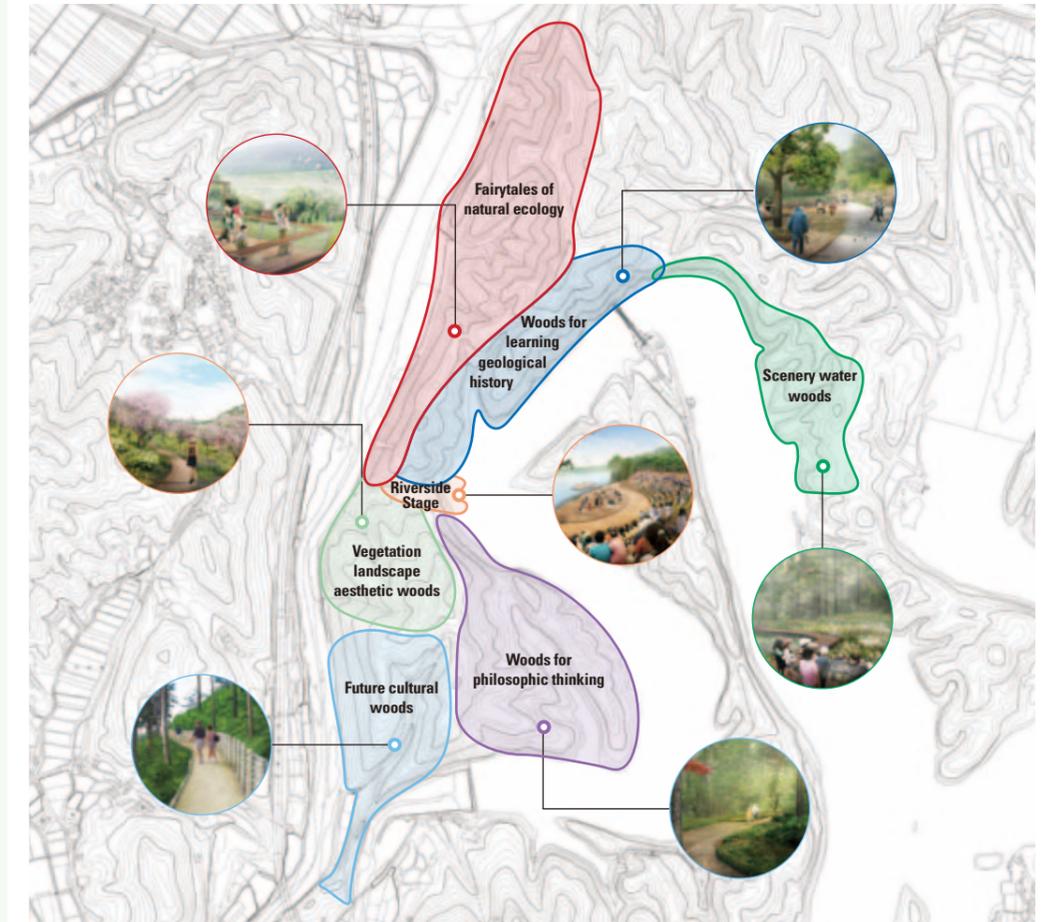
© Visit our website at <http://en.mobis.co.kr> for more details of our social contribution activities.

### MOBIS Forest Landscape

● Fairytales of natural ecology	Observing the properties of vegetation and birds around the valley in Buksa-myeon
● Woods for philosophic thinking	A place to walk and contemplate
● Woods for learning geological history	Observing the geological features and wildlife of woods
● Vegetation landscape aesthetic woods	Scenic view of the gardened landscape
● Scenery water woods	Observing the scenery of the water body and the path along the Chopyeong reservoir
● Future cultural woods	Experiencing the traditional value of ecology and the future

108 ha

Size of MOBIS Forest to be completed by 2020



### Keeping the Environment Clean

MOBIS develops eco-friendly components and controls its discharge of pollutants in order to minimize the environmental impact of its business activities.

This commitment goes beyond its business premises to perform its environmental stewardship in collaboration with local communities. One of these programs is planting forests. In fact, MOBIS has committed KRW 10 billion to create a 108-hectare forest in the vicinity of Chopyeong-myeon by 2020. Named MOBIS Forest, it will help preserve the local environment and enhance the quality of life for local residents. In addition, a traditional village will be created in Gusan-dong to promote the local economy with a tour attraction.

Special Theme

- 2-1. Eco-friendly Technologies
- 2-2. Intelligent Components for Traffic Safety
- 2-3. Research & Development
- 2-4. R&D Talent Management
- 2-5. R&D Cooperation
- 2-6. Technologies to Give Back to Society

1,185

Number of hours volunteered by employees for the Junior Engineering Class in 2013

Fostering Future Leaders

MOBIS lends its business acumen as an automotive parts manufacturer to its Junior Engineering Class for children, addressing the dearth of qualified personnel to teach the natural sciences and engineering.

Under the catchphrase "Motivate the scientific curiosity of future generations," in 2013 the program expanded the number of beneficiary schools twice as much as the previous year, where 390 of our researchers and employees who majored in engineering volunteered a total of 1,185 hours to teach classes in 2013. After the class, we survey the students, parents and teachers to get feedback on our program for future improvements. The survey results show that the program earned high scores and increased public recognition of the company.

Interview

A classmate's postscript to the Junior Engineering Class



Junggok Elementary School  
Jeon Hyeonbin

"I love science so much that I attended the Junior Engineering Class twice. This year the class was about supplying power to a carousel by transforming the heat energy of water into electricity. It was a wonderful experience to learn how a form of energy can transform into another. I love the assembly class, where I get to experiment with scientific theories, and the lecturers. When I grow up, I want to become a physicist."



A Junior Engineering Class

# Corporate Achievements

MOBIS transparently discloses all information on its sustainability management activities. This provides a venue for active communication and sharing information with different stakeholders for further improvements.

- 38 | Management Performance
- 42 | Win-Win Partnerships
- 46 | Customers
- 52 | Social Contribution
- 54 | Employees
- 59 | Environmental Management



3-1. Management Performance

- 3-2. Win-Win Partnerships
- 3-3. Customers
- 3-4. Social Contribution
- 3-5. Employees
- 3-6. Environmental Management

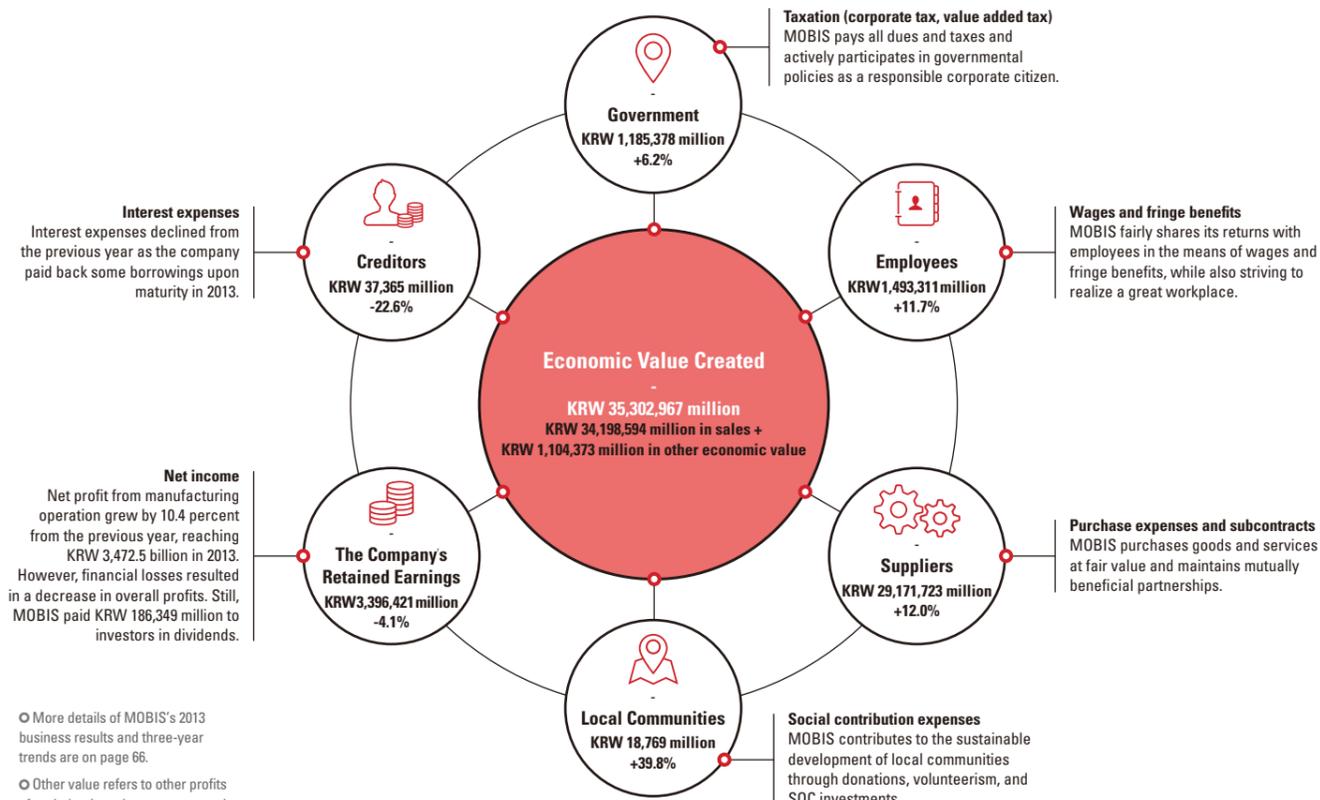
## 3-1. Management Performance

The economic value created through diverse business activities is distributed to stakeholders in various forms. The ethical growth of a business propels economic growth of the society of which it is a part, ultimately helping it achieve national competitiveness. MOBIS is always building upon its production competencies in order to sustain economic growth and expand its customer base, while diversifying its markets internationally.

### Economic Value Creation & Distribution

Companies generate economic value in cooperation with diverse stakeholder groups, so the greater the growth of a company, the larger the return to investors. This also means greater job security for employees. Some returns go to society while others go to the government in the form of social contribution and taxation. MOBIS's economic value creation involves ensuring fair distribution of its value as much as fulfilling the innate obligation of a business. In 2013, the company generated and distributed a total of KRW 35,303 billion in sales and other economic value to its stakeholders.

### Creation and Distribution of Economic Value



○ More details of MOBIS's 2013 business results and three-year trends are on page 66.  
 ○ Other value refers to other profits after deducting other expenses and depreciation.  
 ○ Changes are from 2012 results.



**+11.1 %**

Sales growth rate from 2012

**+12.3 %**

Sales growth rate of auto the module and component manufacturing business from 2012

**+5.6 %**

Sales growth rate of the AS parts business from 2012

### 2013 Business Results and 2014 Outlook

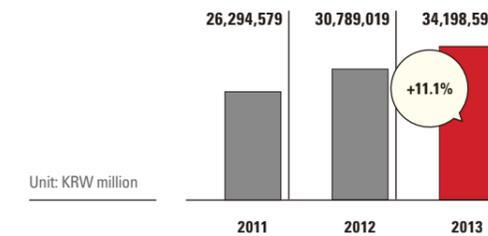
In 2013, global automobile markets witnessed a dwindling gap between the growth of advanced markets and emerging markets. Japanese carmakers restored their competitiveness as other major global carmakers suffered massive recall scandals. At the same time, the introduction of new models with improved fuel efficiency triggered competition for quality and fuel efficiency. Hybrid vehicles heralded the advent of an eco-friendly vehicle (EV) era, fueling market competition for R&D investments for EV technologies.

In 2013, MOBIS realized a sound 11.1 percent year-on-year growth of sales, which stood at KRW 34,198.6 billion, and was driven by robust sales records in global markets. However, KRW appreciation and increased expenses, especially labor costs and R&D investments, resulted in a 0.8 percentage point drop in the operating profit, which was 8.6 percent in 2013.

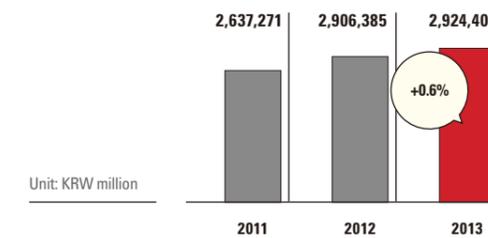
By business division, the growing overseas production of complete cars increased our sales in the modules and components manufacturing business by 12.3 percent from the previous year, to KRW 27,022.3 billion in 2013. AS part sales also edged up by 5.6 percent, to KRW 6,219.9 billion, in the same period.

In the coming years, MOBIS will focus on strengthening its global production lines and striving to ensure the stable supply of AS parts, while strategically expanding its customer portfolio to stabilize its revenue structure. At the same time, we will achieve growth both in advanced and emerging markets through localization strategies in product development and major projects. To that end, MOBIS will continue investments in its core competencies so that it can take the lead in the global automobile parts industry.

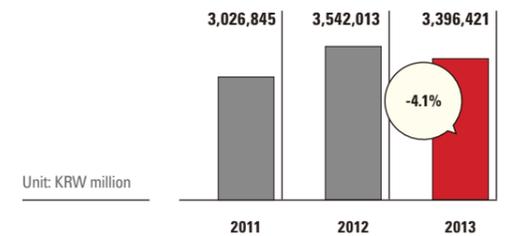
### Sales



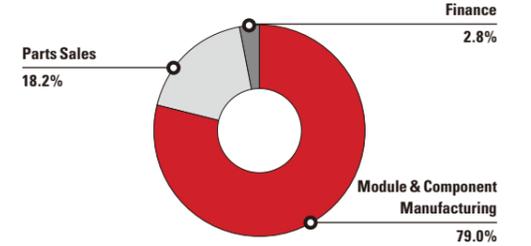
### Operating Profit



### Net Income



### Sales by Business Sector



○ Sales by business sector can be found in the 37th Business Report at the Korean Financial Supervisory Service's electronic disclosure site at <http://dart.fss.or.kr>.

Sustainability Overview

3-1. Management Performance

- 3-2. Win-Win Partnerships
- 3-3. Customers
- 3-4. Social Contribution
- 3-5. Employees
- 3-6. Environmental Management

27

Domestic and overseas strategic points of manufacturing auto module and core parts

100 million

Accumulative production amounts of the three core modules of automobiles (chassis, cockpit, and the front-end)

177,000

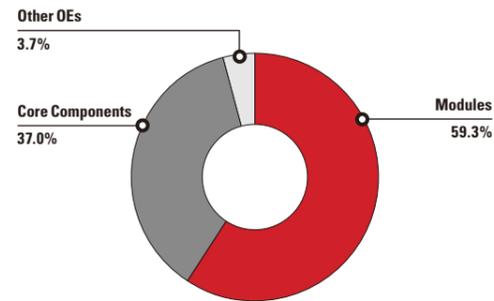
Chungju plant's annual production capacity of components for hybrid vehicles

Expanding Our Production Platform

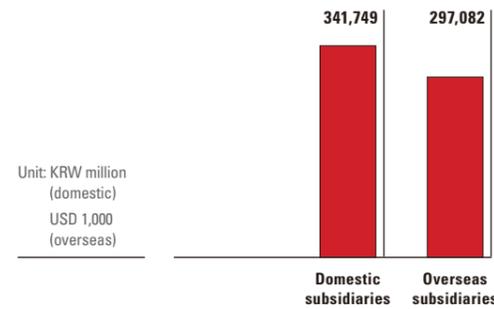
MOBIS operates a total of 27 strategic points of manufacturing modules and core components (12 in Korea and 15 overseas), where it supports clients' stable production of automobiles with its accumulated knowledge and technology in production competencies and systematic supply systems. In 2012, we completed a plant in Brazil, which now serves as a strategic point in our pursuit of Latin American markets. After starting mass production in August 2013, our auto module manufacturing plant in Turkey will now serve as the geographic strategic point connecting Europe with Asia and Africa. Domestically, the Chungju electronic devices production plant went into operation in March 2013. Equipped with an annual production capacity of core parts for 177,000 hybrid vehicles, electric vehicles and fuel cell-powered electric vehicles, the Chungju plant will prepare the company for the upcoming eco-friendly vehicle era.

In order to deal with increasing orders from international carmakers, we are strengthening local production lines to ensure the stable supply of automotive parts to our global clients. Our Slovakian subsidiary started mass production of the chassis in 2012 to meet growing demand in European markets. In 2014, our Indian subsidiary is beginning the production of airbags and audio systems in a bid to increase our share of the world's most competitive automobile market. As a result of our continued investments for the mass production of core components, MOBIS is providing Kia Motors with C-MDPS (Column-type Motor Driven Power Steering), an upgraded MEB4 (MOBIS Electronic Brake), and bi-functional lamps that combine high and low beams for the new model of the Soul.

Global Manufacturing Strategic Points (No. of bases)



Investments in Major Facilities



Unit: KRW million (domestic), USD 1,000 (overseas). Figures only include facility investments, excluding R&D investments, and are subject to change according to future market developments.

Expanding Customer Portfolios

Firm partnerships with customers guarantee a stable revenue stream even amid fluctuating market developments. Aware of this, MOBIS customizes its strategies and production lines to the different needs of clients by region, enabling the stable supply of products to them. At the same time, it builds up its fundamental product competitiveness through intensive R&D investments. MOBIS supplies lamps, braking systems, electronic equipment, and chassis modules to Chrysler, GM, BMW, Daimler, Volkswagen, Mitsubishi, and Subaru, and is gradually increasing the size and period of supply. In particular, we have established a solid relationship with Chrysler, which overcame challenging markets in the aftermath of the 2008 global financial crisis to

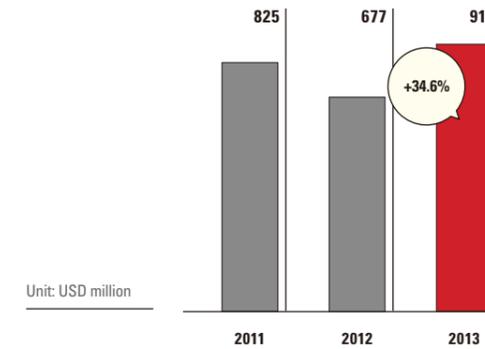


34.6 %

Growth rate of order value received from global clients compared to 2012

achieve sound performance. In May 2013, our accumulative production of chassis modules for Chrysler crossed the 1 million mark threshold.

Order Backlog from Global Clients



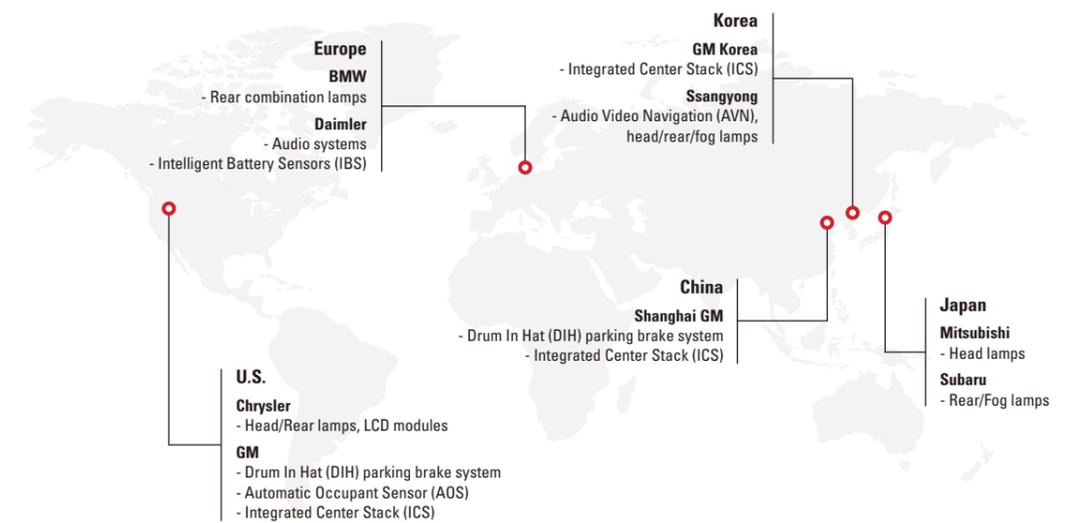
Unit: USD million

Diversifying Markets

Global automobile markets have been supported by emerging markets, led by China and India, while developed countries like the U.S. and Europe have remained mired in stagnation in the aftermath of the global financial crisis. As a result, MOBIS is customizing its portfolio to keep up with growing demands in emerging markets. A global R&D network connecting Korea, China and India has helped us reduce design expenses and develop products customized to different market situations. By increasing local purchase of components for our overseas operations, we have been able to reduce costs and contribute to local economies. Also, our representative offices in China and India reflect local market conditions and engage in active marketing campaigns with local complete carmakers.

In 2012 and 2013, MOBIS held a technique EXPO for complete carmakers from the U.S., China, France and Japan, where we promoted our technologies in core components and invited them to participate in our future R&D roadmap.

Items in Order Backlog by Global Client Companies



## 3-2. Win-Win Partnerships

**Leveraging its expertise as a leading auto parts supplier, MOBIS harnesses synergy effects from mutual growth policies that utilize its business know-how to satisfy the needs of its partners for competency-building. At the same time, the company develops its internal system to realize responsible growth along with partner companies, while constantly raising employee awareness of win-win partnerships.**

**859**

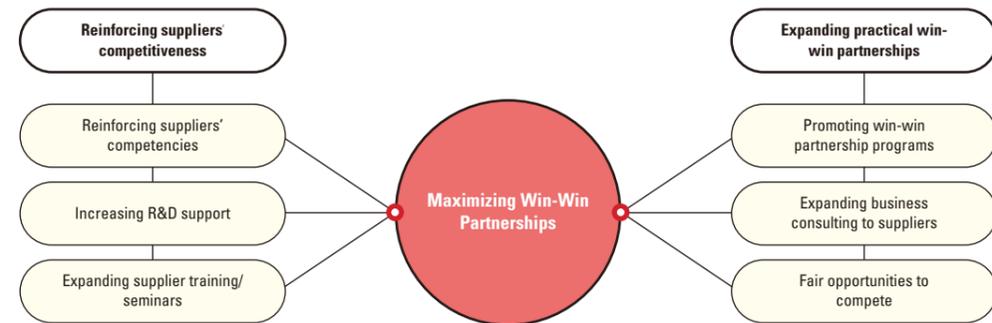
Number of suppliers in Korea as of 2013

### Supplier Relationship Management

Accounting for 95 percent of the automotive parts we manufacture, the quality and technologies of products from suppliers help shape product competitiveness at MOBIS. As a result, we have developed detailed policies to reinforce supplier competitiveness and expand the practical benefits of win-win partnerships to provide practical support to our suppliers. MOBIS has an in-house system for evaluating supplier performance twice a year, checking their environmental management system (ISO 14001) certificates, respect of human rights and safety management at workplaces, business ethics practices, and mutual growth initiatives between our suppliers and their subcontractors. Furthermore, we support suppliers in adopting the Compliance Program and encourage them to support their subcontractors to promote sustainable partnerships throughout the entire supply chain and to support their international competitiveness.

In 2013, MOBIS surveyed 351 second-tier suppliers to get an idea of win-win partnership practices and current issues. The results showed that technical and quality control consulting were most in need, followed by financial aid and R&D support. Following up on this, MOBIS will expand technical and quality control consulting and training through its partnership with the Foundation of Korea Automotive Parts Industry (KAP), while increasing its fund for financial aid and technical and quality control consulting to benefit second-tier suppliers.

### Supplier Support Directions & Policies



### Fair Transaction Agreements and Mutual Growth Programs

MOBIS signs agreements with suppliers for fair transactions and mutual growth and faithfully honors the provisions of all agreements under the four guidelines of including transparent contracting practices, supplier registration, an internal review committee, and documentation-based operations. The fair transaction agreements have evolved over the years and in 2013 the agreements were renewed for the fifth time. MOBIS was involved in transactions worth KRW 5,143.4 billion with 555 suppliers in 2013.

In 2010, MOBIS integrated all division-level separate initiatives for win-win partnerships into a companywide shared commitment called Seven Beautiful Pledges. Allowing a more systematic approach to win-win partnerships with suppliers, this program expanded the coverage of beneficiaries to subcontractors and the entire supply chain with detailed plans.

○ More details on win-win partnerships are provided on page 70.



A company of merit with the FTA Mutual Growth initiative



Inviting suppliers to plants

**KRW 3.07 trillion**

Total payments made in cash to SME suppliers in 2013

**KRW 62.8 billion**

Total value of supply prices raised in peg of rising commodity prices in 2013

**2,251**

Number of employees of suppliers who completed technical & quality control consulting and training in 2013

### Financial Aid to Suppliers

In a bid to help suppliers stabilize their finances, MOBIS provides loans from a fund worth KRW 89.2 billion, offering payment guarantees for underbanked suppliers to receive low-interest loans. In 2013, 42 suppliers received a total of KRW 49.8 billion in loans under the program. In 2014, we plan on adding another program exclusively for second-tier suppliers.

MOBIS pays all its bills to suppliers in cash. In 2013, the company paid a total of KRW 3,069.4 billion to 572 suppliers, contributing to liquidity management. We also encourage our first-tier suppliers to pay cash settlements with second-tier suppliers to promote this practice throughout our entire supply chain.

Fluctuating commodity prices are another critical factor significantly influencing product prices and quality as well as the competitiveness and business activities of manufacturers. In fact, the Korean Fair Trade Commission recommends large corporations to consult with their SME suppliers over their supply prices based on fair transaction agreements. The recommended guidelines for the automotive industry to consult with suppliers are set at a fluctuation rate of more than 20 percent. MOBIS applies a more generous baseline and consults with its suppliers at times of volatility in raw material prices exceeding 5 percent. In 2013, the company raised supply prices worth a total of KRW 62.8 billion. All changes to supply prices are transparently disclosed to all suppliers on a separate portal site, which serves as the underlying data for fair transactions.

### Supporting the Quality Competitiveness of Suppliers

In a bid to promote its advanced production & quality control system throughout its entire supply chain, MOBIS invited 250 employees from 161 of its suppliers to its Korean plants in 2013. Depending on the different products they supply to MOBIS, suppliers were invited to MOBIS plants in Asan, Jincheon and Poseung in eight different groups, where they also had meetings with plant managers and attended training with MOBIS production team managers. Encouraged by the positive response from suppliers, MOBIS plans to develop more programs to support many more suppliers in honing their product quality competitiveness in the future.

In alliance with the Foundation of Korea Automotive Parts Industry, MOBIS is providing a wide array of training programs, from quality control and process innovation to design technology and production management. In 2013, a total of 2,251 employees from 1,710 of our suppliers participated in 25 courses.

- 3-1. Management Performance
- 3-2. Win-Win Partnerships**
- 3-3. Customers
- 3-4. Social Contribution
- 3-5. Employees
- 3-6. Environmental Management

**Win-Win Program on Sales Networks**

Consisting of domestic and international agencies and dealers, the MOBIS automotive parts sales network is closely connected with all areas of after sales parts operations, from sales and marketing to inventory control. As a result, the enhanced competencies of this network have increased the corporate value of MOBIS. To that effect, we offer diverse training programs to assist them reinforce their competencies, while also extending a helping hand in their business activities.

In addition to the business consulting services provided by our expert employees to agencies and dealerships, our Best Practice Award motivates their higher performance. The mentoring program makes use of this award program to induce inter-agency cooperation for improved business results. Thus, MOBIS's sponsoring of agency competency-building is enhancing its own competitiveness.

**Compliance Program**

In promotion of fair transactions with its supply chain, MOBIS adopted a Compliance Program (CP) in 2002, continuing its efforts to integrate compliance practices into its corporate culture. Every year, the CEO explicitly reiterates his commitment to compliance practices. The CP Council is under the direction of the Compliance Officer (CO), who is authorized by the CEO to oversee companywide compliance of the Fair Competition Act. The CO is appointed after receiving approval from the BOD, and the CP Bureau assists the CO and facilitates CP operation within the organization. The Legal Affairs Team provides legal advisory service to support all CP operations. Consisting of executives and team managers from divisions, the CP Council deliberates and advises on fair transaction practices to enhance efficiency and transparency in companywide business operations.



Seminars for agencies with excellent performance results



CP training for executives

**Grade A**

MOBIS's CP performance evaluation for 2013 (upgraded from BBB in 2012)

**4,814**

Number of MOBIS employees who have completed the online compliance training program

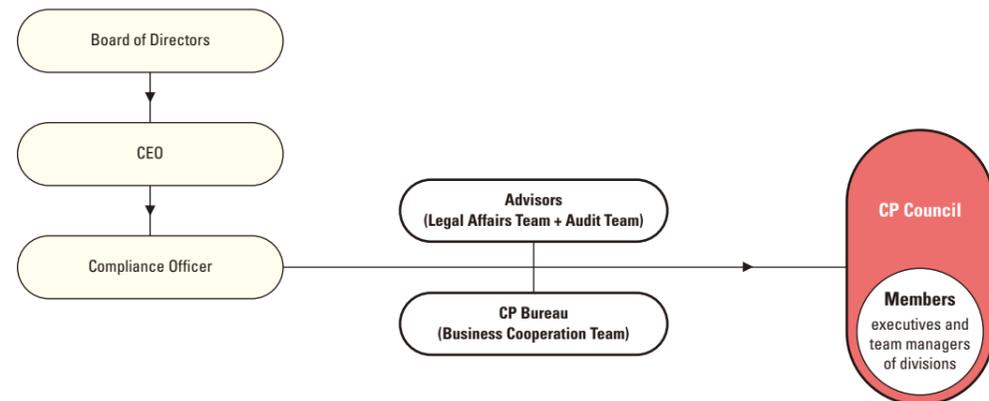
**CP Self-Check**

MOBIS has set up a framework for self-checking compliance practices in order to internalize CP into its corporate culture. All employees can receive advice on CP issues that arise in the due course of their daily duty fulfillment from the CP website and legal affairs website of the company, which also provides a compliance self-check list for employees to review their risks of legal violations. In the event of a fair transaction issue, employees are obliged to receive a preliminary review by the Legal Affairs Team in order to prevent any legal violations. The CP Bureau evaluates the risk exposure of legal violations by each business division to identify the key risk factors, for which it runs regular monitoring as part of companywide prevention activities. The Group-wide CP Council is convened every month, where CP team managers and working-level counsels exchange major issues related to fair transactions and to collaborate for the Group-wide establishment of legal compliance.

**CP Training Programs**

MOBIS draws up annual training plans to raise employee awareness of CP, with training results reported to the BOD twice a year. New employees are mandated to take the Guide to CP course and all employees working in automotive parts sales and procurement receive CP training annually. At the same time, executives all receive special training as part of the Business Strategy Conference. In 2013, MOBIS developed an in-house online CP training course and made it a mandatory training course. A total of 4,814 MOBIS employees completed the course in 2013. In the future, we will continue to upgrade the content and programs in the CP training.

**CP Council**



○ Performance results from the Sales Network Win-Win Partnership Program can be found on page 70.

**CP Training Performance**

Unit: persons

	Courses	No. of Trainees		
		2011	2012	2013
<b>Departments with high risks of exposure to legal violations</b>	CP training for divisions related to fair transaction practices	568	472	2,150
<b>New employees</b>	New employee orientation	890	72	348
<b>CP-related departments</b>	CP working-level counselor training	38	59	57
<b>Executives (excluding those in charge of automotive parts sales and purchases)</b>	CP training for executives	1	121	61
<b>Online compliance training</b>	Across-the-board online training	43	-	4,814

○ The number of new employees who received training is not necessarily identical to the number of new employees because figures are collected at the time someone actually receives training.

- 3-1. Management Performance
- 3-2. Win-Win Partnerships
- 3-3. Customers**
- 3-4. Social Contribution
- 3-5. Employees
- 3-6. Environmental Management

**4**

Number of Quality Control Centers in the U.S., Europe, China and India by 2014

### 3-3. Customers

**With a clear goal in sight to achieve the highest global quality by 2015, MOBIS strives to realize the impeccable quality of its products, ensure the highest possible customer satisfaction system, establish processes that meet global standards, and reinforce its own and suppliers' quality competitiveness. Through diverse quality improvement initiatives, the company is developing the highest possible quality of products to its clients around the world.**

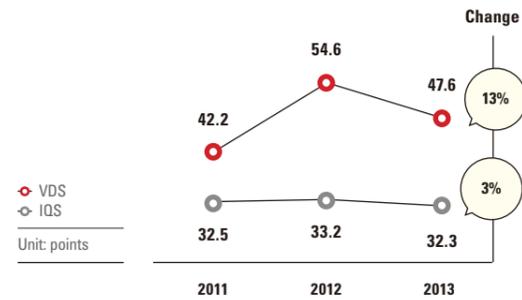
#### Client Participation in Quality Management

At MOBIS, customer satisfaction is a top priority for quality management. We have in place a control tower that monitors the voice of customers from different backgrounds to bring about the highest level of quality management. In order to properly address the thoughts of customers around the world, the company has set up quality control centers in the U.S., China, India and Europe, where we also develop new products customized to local needs.

#### Quality Control Performance

In 2013, MOBIS achieved 37 percent and 25 percent improvement rates in the CS10000 and RS10000 (rate of defect per 10,000 units) indexes, respectively, over 2012. The company also scored 3 percent and 13 percent higher, respectively, in the IQS (Initial Quality Study) and VDS (Vehicle Dependability Study) evaluations by JD Power for the same period. MOBIS achieved these practical improvements in its quality management by proactively addressing quality issues through diverse quality index initiatives. In 2013, we also implemented the Six Sigma campaign, identifying and improving 208 issues in relation to quality management.

#### JD Power's Quality Benchmarks in the North American Market



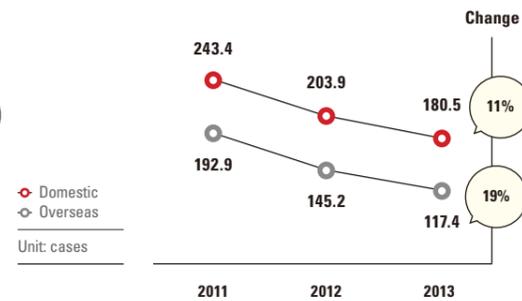
○ The IQS shows the number of problems per 100 vehicles experienced in the first 90 days of ownership, while the VDS indicates the rate of problems per 100 vehicles experienced in the first three years aftermarket.

#### CS10000



○ CS10000 is a market quality indicator that represents the number of claims per 10,000 vehicles in the first three months of ownership.

#### RS10000



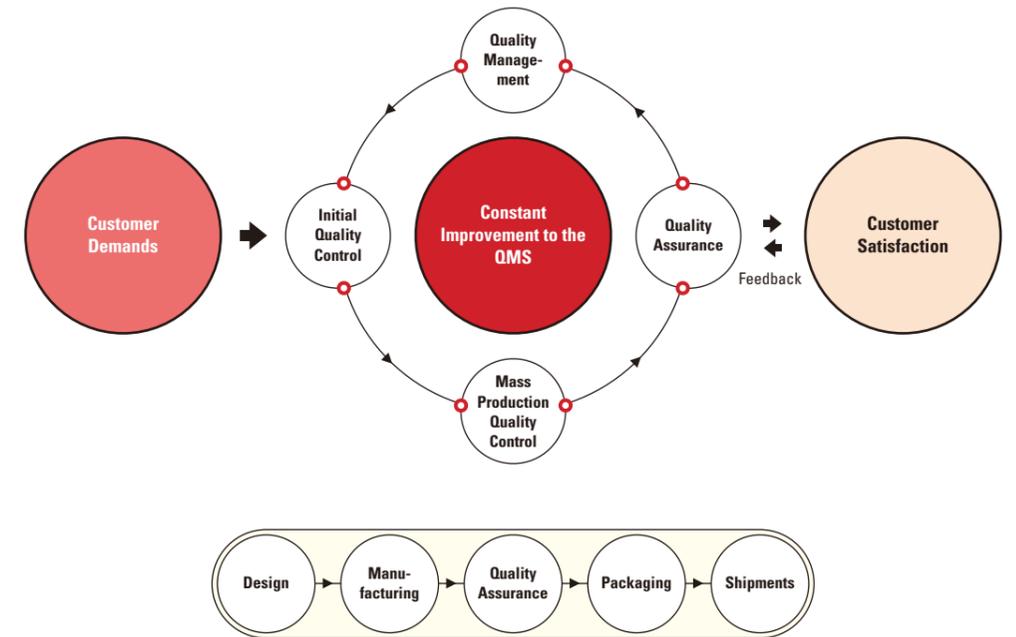
○ RS10000 is a market quality indicator that represents the number of claims per 10,000 vehicles in the first 10-12 months of ownership.

#### Quality Management System (QMS)

Determined to create the highest quality products at all its global operations, MOBIS was the first Korean company in the industry to obtain the ISO/TS 16949 certificate—the quality management system (QMS) for international carmakers—back in 2002. By the end of 2013, the company had acquired QMS certification at 25 of its manufacturing plants around the world, with the new plant in Turkey in the process of receiving certification.

○ The CS/RS10000 improvements (37% and 25%) represent the combined number of subject vehicles at home and abroad.

#### Quality Management System (QMS)



**100 %**

All MOBIS manufacturing plants hold the global automotive quality management system ISO/TS 16949 certificate

**Quality Management |** In order to achieve the highest global quality, MOBIS has set a challenging goal for itself with 2014 quality management at improving the QM performance by 50 percent based on 2013 results. Led by the CEO, who takes care of daily quality inspections based on a real-time database, MOBIS pursues leading global quality management practices.

**Initial Quality Control |** In order to manufacture the highest quality products from the development stage, MOBIS segments its R&D procedures in 18 steps (new initial sample inspection report [ISIR]) and sets different goals by step. The company also has a dedicated team that analyzes prototypes in comparison with data from the R&D stage. After being rolled out from production lines, products are systematically reviewed by installing them on the vehicle and also from the perspective of customers so as to eliminate or improve at source any risk of quality issues before moving to the mass production stage.

**Mass Production Quality Control |** While preemptively managing optimal production conditions that have been established through initial quality control, we have also installed a production process monitoring system on each of our major processes at production lines in order to timely detect and improve quality variation. This system automatically alerts operators via SMS in the event of a variation detected in process conditions, preventing quality control from being undermined by any variations at the mass production stage. In addition, we have five quality innovation taskforce teams in place for consistent efforts towards improving quality control on mass production.

**Quality Assurance |** As part of its customer satisfaction management, MOBIS takes a systematic approach to reducing initial claims (CS10000) in the first three months after all sales of automotive parts and the durability claims (RS10000) experienced during the period from the first 10-12 months after sales. In 2014, we also collected information on the needs of North American consumers through the Customer Clinic Program to develop products that can better satisfy our clients, while deploying resident staff at our nationwide repair and maintenance network so as to swiftly address customer complaints in the field.

Sustainability Overview

- 3-1. Management Performance
- 3-2. Win-Win Partnerships
- 3-3. Customers
- 3-4. Social Contribution
- 3-5. Employees
- 3-6. Environmental Management

12

Number of products in development under the AUTOSAR

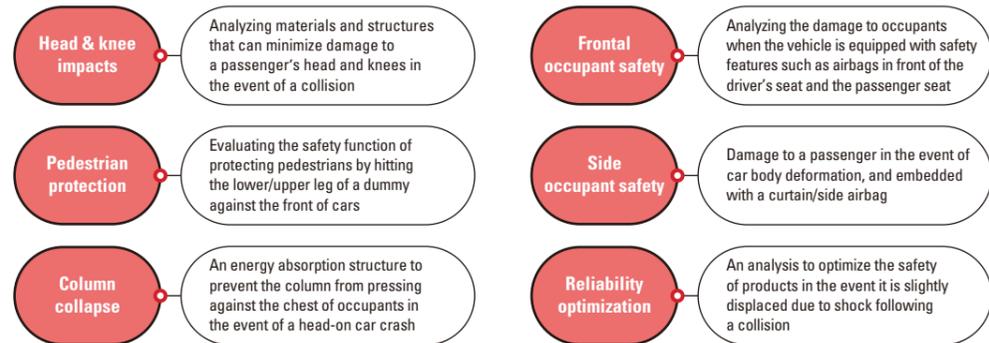
Preliminary Checks on the Quality, Performance and Safety of Products

MOBIS has completed a systematic production development process to ensure automotive safety and enhances the quality and safety of vehicles through multi-layered evaluations. The convergence of leading IT with automobiles has brought about intelligent vehicles, with electronic systems taking up 35 percent of all components now mounted in vehicles. MOBIS faithfully abides by the Capability Maturity Model Integration (CMMI)—the international standard for the entire process of planning electronic components and designing, evaluating and managing software—and plans to complete a development process that meets other international standards by 2015. By participating in the AUTOSAR (AUTomotive Open System Architecture) development partnership, where complete car makers and automotive parts suppliers collaborate with software developers to develop automotive software, the company is currently developing 12 new braking and suspension systems to further enhance efficiency in the R&D process and reliability of products.

As a result of its commitment to international standards on its R&D process, MOBIS became the world’s first automotive parts supplier to obtain the ISO 26262, an international standards certificate for the safety of automotive functionality, on its airbag control units (ACU) in 2013. In 2010, MOBIS set up a task force to prepare for the ISO 26262 certificate on its ACU, which met all 543 criteria in an extensive six-month examination in 2013.

MOBIS is also reinforcing the functionality review of new products. The review process includes assessing the noise and vibration generated from the operation of its products and testing electric devices in an electromagnetic darkroom that has earned international certification. Active safety systems evaluate product adaptability to actual road conditions, while the vehicle test scope is being expanded to include extreme cold and hot weather conditions. To ensure the safety of vehicle braking systems, we also examine the durability of braking and steering systems and vehicle controlling performance. In addition to normal vehicle tests, we also take advantage of computer simulations to test crash safety when actual vehicle test conditions are not allowed. We take all possible accident risk factors into account in order to precisely determine the level of impact on passengers. All test processes are prescribed in test & development procedures, with a project management system in place to identify and manage issues involved in each stage of development.

Crash Safety Test Simulations



More details on the active safety system are provided on pages 22 and 23 of the report.



1,868

Number of pilot modules that underwent quality tests in 2013

259

Number of lines and molds prepared for the production of new vehicle models in 2013

Heightening the Mass Production Process

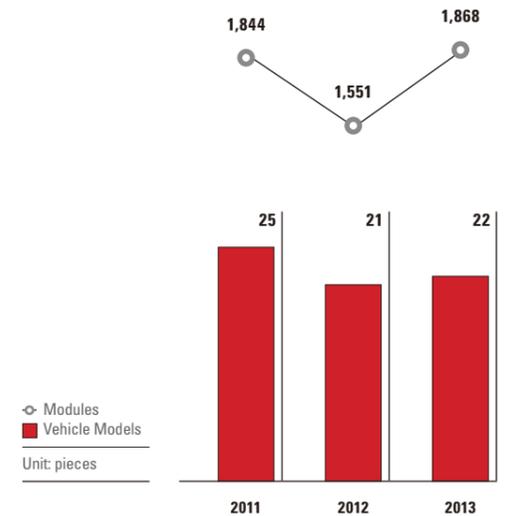
MOBIS makes ceaseless efforts towards production system innovation through its Production R&D Center. The center implements R&D efforts to develop optimal engineering techniques to eliminate possible intervening factors with the aim of maximizing quality productivity at production lines through R&D efforts for a process that can enhance the effectiveness of new techniques. At the same time, the center develops and applies its own production management system that can realize the least amount of component and human resources management required for the production process.

In response to the growing usage of electronic equipment on cockpit modules, we are currently developing an electronic device test system that has standardized all test equipment, which increased the test criteria by 20 percent and the automation rate by 40 percent compared to conventional devices within a 25 percent shorter test duration. This will serve to enhance quality reliability and maximize productivity. Having been in full operation since March 2013, our Chungju plant has automated component connect machines that have enhanced the quality of assembly. Our third module plant in Jiangsu, China, which began mass production in January 2014, employs a tunnel conveyor system and auto feed unit which maximize efficiency in production and logistics.

The Production R&D Center reviews blueprints and forwards review results to the Design Team in order to prevent recurrent problems arising in the course of preparing and/or commercializing conventional vehicles in new models. The team also shares key factors from production facilities with the Design Team to align all procedures, directions and loading/clamp points of new products with prior ones and has standardized all hardware to streamline the process. When a plan is developed for process arrangement and quality control after these review procedures, we hold an open forum to listen to the opinions of working-level staff and reflect their opinions to improve the plan before finalizing the process planning.

**Pilot Module Center** | Constructed on a 4,297m<sup>2</sup> site at the Hyundai-Kia Motors R&D Center in 2009, the Pilot Module Center is a facility for testing the quality of new modules for new vehicles before mass production to ensure the initial quality of pilot modules. The prototype modules manufactured at the center help enhance the accuracy of design plans, verify the quality of components and assembly, and determine the most effective technique and required manufacturing facilities. A total of 1,868 pilot modules for 22 vehicle models were manufactured in 2013. When a product is to be commercialized, the center trains operators to stabilize the initial production capacity of new modules and to ensure the quality of their assembly.

Pilot Module Production by year



Sustainability Overview

- 3-1. Management Performance
- 3-2. Win-Win Partnerships
- 3-3. Customers**
- 3-4. Social Contribution
- 3-5. Employees
- 3-6. Environmental Management

**2 million**

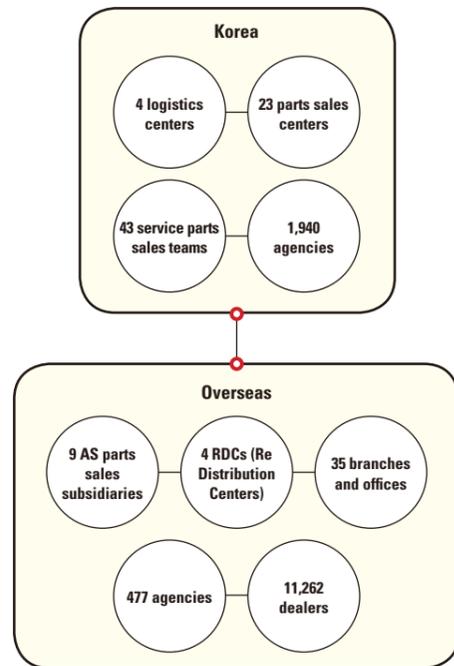
Number of AS parts that MOBIS supplied in 2013

**Logistics to Enhance Customer Value**

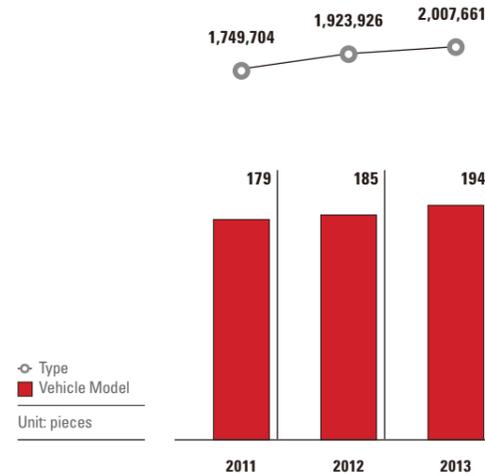
Companies in the automobile industry are under obligation to timely supply end-users with after sales (AS) parts for vehicles sold by carmaker clients. Under Korean regulations related to the industry, they need to supply AS parts for at least eight years after the vehicle model become phased out. MOBIS supplies AS parts to Hyundai and Kia Motors vehicles both in Korea and abroad through its vast distribution network after rigorous tests and quality assurance to ensure the optimal functionality of various vehicle models.

As of 2013, almost 48.18 million Hyundai and Kia Motors vehicles were on roads around the world, with MOBIS supplying two million AS parts for 194 models as of the same year. The requirement for AS parts is always unpredictable, but customers demand the prompt supply of parts when they are in need. As a result, an efficient logistics system is necessary for their timely supply. MOBIS has established a standardized logistics system in pursuit of optimal logistics, from productivity and real-time process management to inventory control. Furthermore, MOBIS's warehouses employ an intelligent warehousing system, with real-time monitoring of all procedures, from warehousing and storing to shipment of AS parts on the barcode system.

**Automotive Parts Sales Network in Korea and Overseas**



**After Sales Parts Supply Performance**



○ Type  
■ Vehicle Model  
Unit: pieces



The second parts sales business center (MPME, MOBIS Parts Middle East) opening ceremony



An event for 20 select owners of Hyundai and Kia Motors cars for 10 years or more

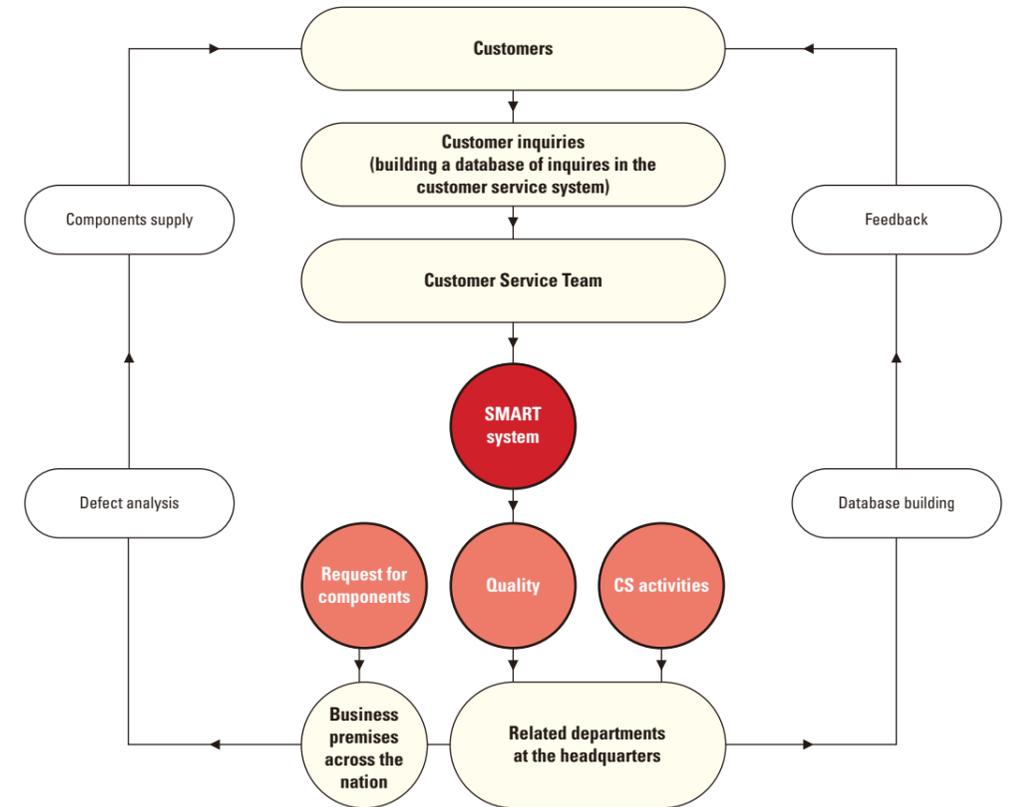
**18,592**

Number of CS training hours given to MOBIS employees and suppliers in 2013

**Customer Satisfaction System**

MOBIS has its own customer service center to address customer requests and complaints on its products. Connected to the SMART system (the Smart MOBIS Agent for Reaching Global Top 10), its VOC system promptly responds to customer complaints and feedback on its products. When a customer requests an AS part, the requested part is delivered to the nearest MOBIS store within two days. We also run regular surveys on our retail and wholesale customers to check customer satisfaction levels and reflect these results in enhancing our customer service. In 2013, we ran additional surveys on repair shops for their satisfaction with our agencies. The number of respondents increased more than two times from 2012 to 2013, from 1,580 to 3,475. Additionally, we give training to our CS staff at customer contact points. In 2013, a total of 7,704 employees attended 18,592 hours of training.

**VOC Process**



○ Customer satisfaction survey results by customer type and CS training performance are available on page 67.

Sustainability Overview

- 3-1. Management Performance
- 3-2. Win-Win Partnerships
- 3-3. Customers
- 3-4. Social Contribution**
- 3-5. Employees
- 3-6. Environmental Management

### 3-4. Social Contribution

**In 2013, MOBIS spent 36.9 percent more than the previous year on domestic social contribution programs. Roughly 64 percent of its total social contribution expenses went to educational and social welfare causes. In the future, MOBIS will continue to put into action its commitment to lasting companionship by proactively addressing social issues as a responsible corporate citizen.**

**3,713**

Number of MOBIS employees who volunteered in 2013

#### Social Contribution Activities in Korea

Under the slogan of “happy sharing,” MOBIS has been involved in diverse social contribution programs since 2003. While extending a helping hand to farming villages in need, the company makes direct purchases of produce from farms, contributing to local economies through its One-Company, One-Village campaign. In addition, all MOBIS employees participate in companywide volunteer work through Divisional Volunteer Activities that have sisterhood ties with 101 social charities nationwide. The company also sponsors MOBIS Phoebus, a professional basketball team, and makes donations according to the number of successful three-point shots, rebounds and assists every game to raise funds for the underprivileged living in Ulsan.

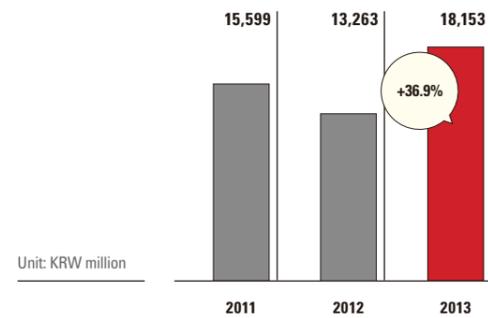
#### Social Contribution Activities Abroad

As a global corporate citizen, MOBIS pays attention to the local needs of the communities where it operates in the form of scholarships to local students or sisterhood ties with social charities. Since 2008, MOBIS employees stationed at overseas subsidiaries and locally hired staff have been contributing to the Global Hyundai MOBIS Fund. This fund then makes donations in a matching amount from the company, extending financial aid to those in need in local communities. MOBIS will continue with its social contribution activities overseas in order to give back to the global community, while building trust-based relationships with local residents.

#### 2013 Employee Volunteerism Performance

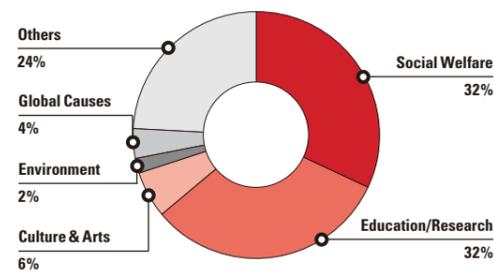
No. of participants	3,713
No. of volunteer corps	101
Volunteer hours	11,697
Volunteer hours per person	1.5

#### Separated Social Contribution Expenses by Year



Unit: KRW million  
 Consolidated social contribution expenses by year are provided in the notes to the MOBIS 37th Consolidated Audit Report-Consolidated Financial Statements on the Financial Supervisory Service Disclosure site at <http://dart.fss.or.kr>.

#### 2013 Social Contribution Expenses Breakdown (Separated)



More details about our social contribution programs such as the Transparent Umbrella campaign, the MOBIS Forest, and the Junior Engineering Class are provided on pages 34-36. See page 71 for social contribution expenses and performance result figures.



#### Group-wide Social Contribution Activities

Guided by the social contribution motto of “Together for a Better World,” the Hyundai Motors Group serves the underprivileged throughout the world as a responsible global corporate citizen. In support of this, MOBIS takes part in Group-wide social contribution activities under its own slogan, “Lasting Companionship.”

Established in 2009, the Smile Microcredit Bank Foundation is a Group-wide program to extend financial aid to underbanked, low-income bracket people with practical solutions, such as an incubation program for small business owners and other support projects. In 2009, we also opened a Kids Auto Park, a traffic safety experience center for children, at Seoul Children’s Grand Park. At the experience center, children can drive electric vehicles specially made for children and go along crosswalks as pedestrians, learning all about safety rules on the road at the same time. Recently, we also opened a Kids Auto Park in Shanghai for children to learn all about traffic safety rules.

Committed to fostering Korean youth into future global leaders, MOBIS launched the Happy Move Global Youth Volunteer Corps in July 2008, which has 1,000 university students who are dispatched to 13 countries every year around the world, including India, China and Africa, to volunteer or experience cultural exchanges under the guidance of MOBIS mentors. Furthermore, Easy Move, which is financially supported by the Group, is a social enterprise that manufactures assistive devices for mobility-challenged persons, localizing expensive imported devices at economical prices and providing jobs to people in need to help the disabled and elderly citizens stand on their own feet.

#### Global Social Contribution Activities

 <p><b>China</b>  <b>For children</b> supporting underprivileged children and offering scholarships  <b>Disaster recovery</b> donations to restoration from the Sichuan earthquake</p>	 <p><b>Dubai</b>  <b>For children</b> sponsoring children in Kenya and Ethiopia</p>
 <p><b>Slovakia</b>  <b>For children</b> volunteer activities at orphanages, funded trips for children of traffic accidents</p>	 <p><b>U.S.</b>  <b>For children</b> sponsoring Catoma Elementary School in Alabama and donating Christmas gifts under the name Angel Tree  <b>Underprivileged</b> food drives</p>
 <p><b>Czech Republic</b>  <b>For children</b> sponsorships to elementary schools with youth basketball teams  <b>Culture</b> sponsoring bilateral cultural exchanges</p>	 <p><b>India</b>  <b>For children</b> sponsoring elementary schools and donating used personal computers  <b>Local communities</b> financing the installment of public toilets</p>

## 3-5. Employees

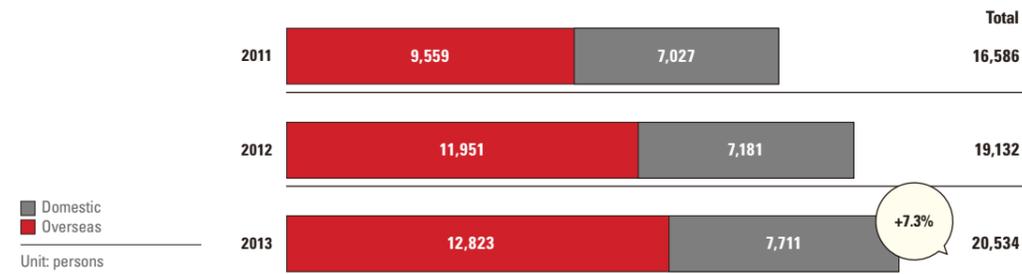
**MOBIS supports all its employees to realize their full potential, which in turn paves the way for both the company and employees to grow further into global markets. By establishing a healthy and safe work environment, the company is mindful of its employees' quality of life.**

### Recruiting and Retaining Talented People

MOBIS has established the ideal employee requirements based on its five core values: customers, challenges, communication, people and globality. It also strives to recruit and retain the best and brightest and assign them to jobs in consideration of their individual competencies and potential, while providing them with customized education and training. All MOBIS employees can ask for a transfer to a department of their choice and can then make their voice heard on corporate policies and culture through annual meetings and employee satisfaction surveys. Results from the 2013 Employee Satisfaction Survey showed an average of 4.29 points on a scale of 6 points. The survey results are reflected in future human resources management policies to establish a better workplace.

**Performance-based Evaluation and Compensation |** Individual performance is evaluated in terms of the performance results and competencies of each employee. Individual employees are evaluated based on their basic competencies, with team performance measured by KPIs, a system developed in line with corporate management goals. While employees are evaluated on their job competencies, team leaders are evaluated for their competencies as leaders by their fellow staff based on a multi-layered evaluation list of criteria. Compensation for employees at the managerial and above level is differentiated by their evaluation results in order to ensure merit-based compensations. Promotions are determined based on performance evaluation, language skills, certificates and employee training history by the working-level subcommittee for Personnel Management and the headquarters-level HRM Committee.

### Workforce



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.

KPI: Key Performance Index

Detailed information on the workforce, wages, education and occupational safety are provided on pages 68-69.



Summer training camp for new employees



The MOBIS plant in Michigan

**20,534**

MOBIS Total Workforce in 2013

**418**

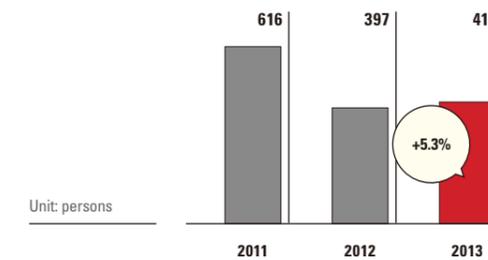
Number of new employees in 2013

**102**

Per-employee training hours in 2013

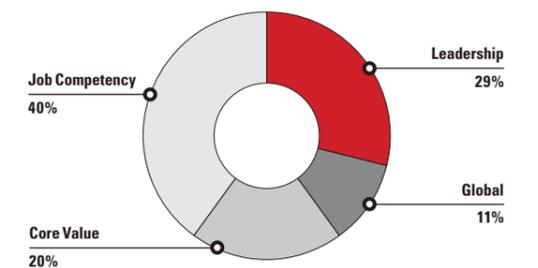
**Human Resources Development |** MOBIS established a mid-to long-term HRD scheme called the Hyundai MOBIS Business Academy (HMBA) to assist its employees at home and abroad in building their global competencies by 2015. In 2013, the company adopted an on-the-job training program to strengthen employees' job expertise with customized self-learning programs concerning job knowledge and skills. The HMBA program is especially focused on building employee job expertise through performance-based, field-oriented, and self-directed learning programs. The Global e-Campus is a companywide program where employees can share information with colleagues through e-learning, book-learning and mobile-learning initiatives. After completing all educational programs, employees give their feedback on the programs through the MOBIS HRD Performance Evaluation Model for improvements to future programs.

### Domestic Recruitment



The figures above represent lower-ranked employees (under grade 4) and the number of employees at the time of recruitment each year.

### 2013 Training Expenses Breakdown



### Employee Training Performance

	2011	2012	2013
Training Hours	445,565	620,840	755,000
Per-employee Training Hours	80	91	102
Training Expenses (KRW billion)	6.6	7.5	8.2
Per-employee Training Expenses (KRW 10,000)	94	111	112

Sustainability Overview

- 3-1. Management Performance
- 3-2. Win-Win Partnerships
- 3-3. Customers
- 3-4. Social Contribution
- 3-5. Employees**
- 3-6. Environmental Management

**4.8**

Monthly average of collective bargaining and labor-management council meetings in 2013

**10.5 %**

Percent of female employees to the total workforce in 2013

**Zero Tolerance Policy on Discrimination**

MOBIS respects human rights and the right to work, while also promoting diversity in its workforce. The Cyber Audit Office is open to reports on unethical conduct and wrongful decisions, including infringement on human rights and order corrections or punishments based on thorough investigations. By conducting diverse surveys, including the companywide ethics indicator evaluation, corporate culture diagnosis, core value surveys and employee engagement surveys, the company makes use of the results in measuring employee solidarity, communication, work-life balance, work-related stress and ethics awareness.

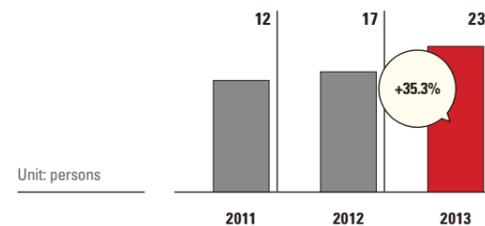
MOBIS guarantees the right to form unions, representative bodies and collective bargaining under all related laws and regulations in Korea and overseas, as well as all labor union activities. In 2013, 4,892, or 63 percent of our total workforce, were entitled to collective bargaining. MOBIS holds quarterly collective bargaining and labor-management council meetings and gives annual presentations at business premises that have labor unions on its management activities to promote harmonious labor relations. In addition, the company strictly abides by all laws and regulations regarding human rights and labor, and employs more generous working conditions and fringe benefits under its collective bargaining than legal requirements.

**Promoting Diversity at Work |** In 2013, female employees made up 10.5 percent of the workforce at our premises in Korea and that number is steadily growing. As part of its initiative to foster female managers who can contribute their strengths to companywide synergies, MOBIS has been providing a special training course to female employees since 2008.

To prevent any disadvantages to female workers, MOBIS prohibits female and young workers from dangerous tasks as prescribed in Article 37 of the Labor Standards Act's Enforcement Decree. Under Article 12 of the Sexual Equality Employment Act, the company prohibits every form of sexual harassment in the workplace, with violations punished following preset procedures. In March 2014, we opened a Sexual Harassment Consulting Window, where 23 male and female counselors provide prompt face-to-face services when needed. Based on the counseling, serious issues are reported to the Ombudsman Center via the website (culture@mobis.co.kr) and followed up by appropriate actions from the HRM Committee.

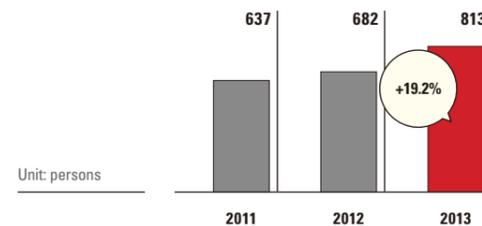
In support of employees balancing work and life, and of female workers who often end up faced with a career interruption due to family issues, especially childcare, the company has in place advanced paternity leave programs and encourage employees to take such leaves when necessary. According to the recently concluded collective agreement between labor and management

**Female Managers**



○ Managers refer to employees above or equivalent to the managerial level.

**Female Employees**



On March 4, 2014, the MOBIS Jincheon plant opened its in-house daycare center. With a capacity of accommodating 100 kids aged 1 to 5, the center is only a five-minute walk from the plant on a footbridge over the stream running between the plant and the center. As a result, employees can go from work to home with their children in a very short distance and can better concentrate on their jobs.

**100 %**

Rate of return to work after maternity leaves in 2013

**81 %**

Rate of return to work after childcare leaves in 2013

on operating an in-house childcare facility, the company opened a corporate childcare facility at the Jincheon plant in March 2014. In 2013, 62 employees took maternity leaves, and all of them returned to their jobs after their leaves. In that same period, 63 employees were on childcare leave and 51 (81%) came back to work after their leaves.

**Maternity Leaves and Childcare Leaves**

		2011	2012	2013
<b>Maternity Leave</b>	No. of employees on maternity leave	68	75	62
	Rate of returning to work after the leave (%)	100.0%	100.0%	100.0%
	Rating of working for at least 12 months or longer after returning to work (%)	98.5%	98.6%	-
<b>Childcare Leave</b>	No. of employees on childcare leave	41	69	63
	Rate of returning to work after the leave (%)	100.0%	99.0%	81.0%
	Rate of working for at least 12 months or longer after returning to work (%)	95.1%	95.6%	-

○ Employees who took these leaves were not discriminated by gender. The 2013 rate of working for at least 12 months or longer after returning to work will be available at the end of 2014.

**Open Corporate Culture |** MOBIS has a dedicated organization development team that is in charge of establishing core values and improving the corporate culture. Since 2010, the company has been holding team-based seminars and Business Division-based seminars to internalize core values and promote communicative and cooperative corporate culture. In 2013, a total of 188 seminars were held for 260 teams. At the same time, we continue holding a companywide campaign on advancing the work environment, such as inefficient meetings, work instructions, reporting practices, dining, and work etiquette.

**Safe Workplace**

As of 2013, MOBIS had obtained the OHSAS 18001 international certificate (Occupational Health & Safety Assessment Series) and the KOSHA 18001 (Korea Occupational Safety & Health Agency) at all its domestic production lines. The Occupational Health & Safety Management System reflects health and safety policies in corporate management policies and stipulates detailed action plans and guidelines for application at day-to-day duty fulfillment. When preparing for the certifications, MOBIS applied risk exposure assessment techniques to its internal risk review in order to identify and prioritize potential risk factors at all its business premises for improvements. The identified factors were reviewed by more than 100 teams companywide to fill shortages and take additional corrective actions so as to meet all criteria for international and domestic certifications on health & safety management systems. In the future, we plan on obtaining the OHSAS 18001 international certificate at all our overseas business premises to complete a safe workplace for everyone, while also fostering internal reviewers for the OHSAS 18001 to reinforce our self-assessment competencies on occupational health & safety practices.

**100 %**

All MOBIS domestic production lines have obtained OHSAS/ KOSHA 18001 certificates.

- 3-1. Management Performance
- 3-2. Win-Win Partnerships
- 3-3. Customers
- 3-4. Social Contribution
- 3-5. Employees**
- 3-6. Environmental Management

## 611

Number of improvement tasks carried out at the Gyeongin Plant in 2013 under the Health & Safety Program

## 98

Number of causes of musculoskeletal diseases that have been dealt with for the past five years at the Jincheon Plant

**Occupational Safety & Health Operations by Worksite |** At MOBIS, labor and management cooperate in various health and safety initiatives with the aim to realize an accident-free workplace. The two sides work together on a quarterly basis to check occupational accidents and injuries, safety training, inspect performance results, and take corrective actions on any shortcomings. Having established companywide health and safety KPIs, the company arranges health and safety tests at each worksite to reward best performers. At the same time, worksites are establishing an autonomous safety management system by monitoring their performance under annual goals, which are also reviewed by top management. In the event of a serious accident involving a death at work or a fire, the auditor's office from Hyundai Motor Group and MOBIS collaborate to discover the cause of the accident and take countermeasures to prevent a recurrence.

The MOBIS Gyeongin plant has a foreman and operators on site to record individual risk factors, like the functionality of tools and equipment, reporting any failures to their health and safety controllers with suggestions for improvements. In 2013, the plant detected 626 cases of potential risks and shortcomings and improved 611 cases, or 97.6 percent.

The MOBIS Jincheon Plant has mounted a campaign to prevent musculoskeletal diseases. In 2008, the plant established the Musculoskeletal Disease Preventive Process Committee, consisting of representatives from the production line, Process Technology Team, and labor union as well as a safety manager. It holds quarterly meetings to talk about improvements on reported issues and measures for improvement. Over the past five years, a total of 98 cases have been improved. As the campaign nears its end, the company plans on working on guidelines to review the possible impact of facilities on the human body before adopting new procedures and distributing musculoskeletal disease prevention manuals at all worksites.

MOBIS plants in Ulsan and Changwon run a cooperative health and safety program that eliminates risk factors at all worksites of the company and its suppliers. This program is legally mandated by the Korean Ministry of Employment and Labor to keep health and safety practices at suppliers at the same level as large corporations, so MOBIS monitors the progress of the program on a quarterly basis and has the results reviewed by an evaluation council consisting of external experts.

○ More details on our health and safety performance results are provided on page 69.

As a result, MOBIS engages in a number of initiatives to realize the safest occupational conditions through regular checking and evaluation of safety practices, systematic training and preventive measures.

**Supporting the Health of Employees |** MOBIS runs annual health check-ups for all its employees, especially those aged 35 and above, and subsidizes comprehensive check-ups. At the same time, it tracks employees' stress levels biannually to help them lead a healthy life. At each worksite, there are fitness centers and health management programs run in partnership with local community centers to assist employees' health management. In addition, the corporate cafeteria maintains a healthy menu that is managed by an authorized food catering service. The company also encourages employees to quit smoking in collaboration with a public health center.

### OHSAS 18001 certificate



- 3-1. Management Performance
- 3-2. Win-Win Partnerships
- 3-3. Customers
- 3-4. Social Contribution
- 3-5. Employees
- 3-6. Environmental Management**

## 98 %

ISO 14001 certification rate (as of Jan. 2014)

○ The details of substance input and output amounts and changes are available on pages 72 to 73.

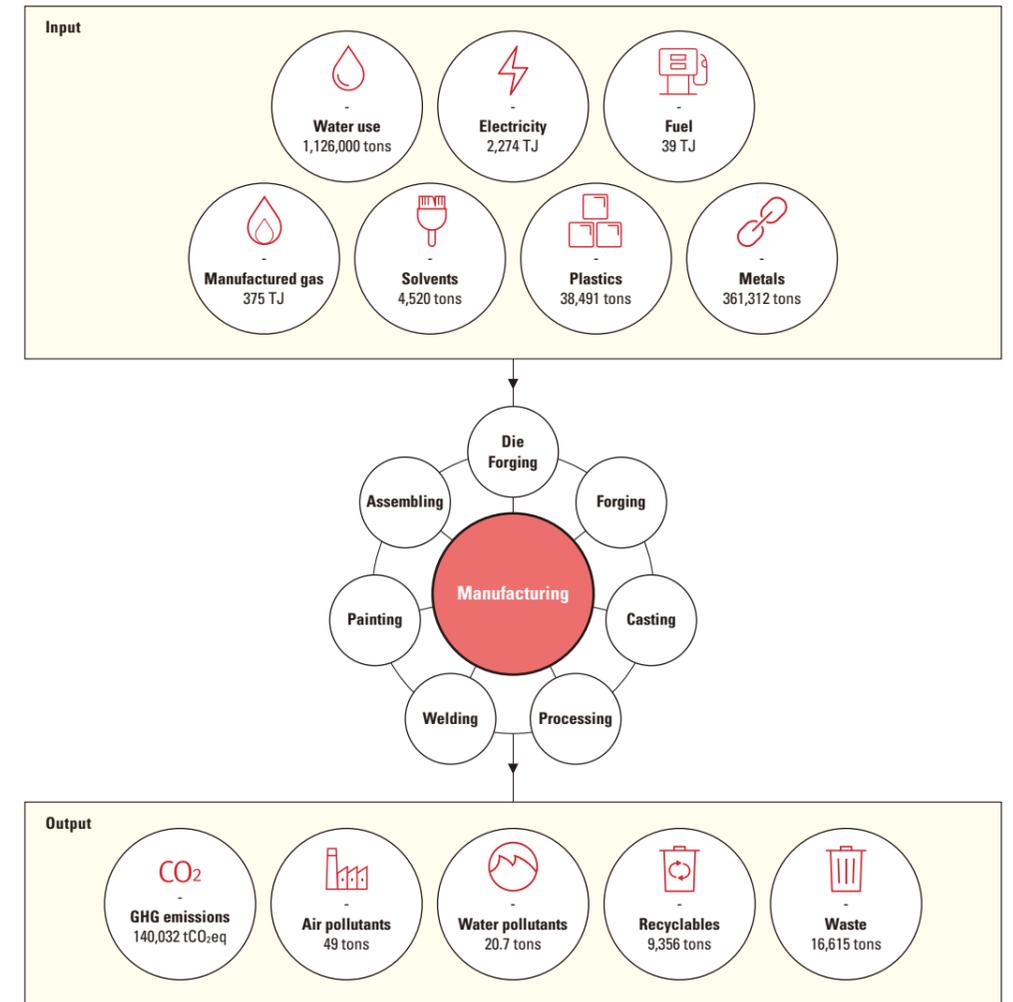
## 3-6. Environmental Management

**For MOBIS, the environmental management goal is to become a leader in tackling climate change. In line with this goal, the company has established an environmental management system to minimize the environmental impact of its entire procedures of business activities, from raw materials and production to sales. The system contributes to a clean production procedure for higher efficiency in resource use and less pollution discharge to reduce our environmental impact.**

### Environmental Management System

As of January 2014, all MOBIS operations, including 29 plants and 27 AS parts operations at home and abroad, had obtained the international standards for environmental management system ISO 14001 certificates, which is renewed every year through certification review.

### Input & Output Flowchart (Domestic)



- 3-1. Management Performance
- 3-2. Win-Win Partnerships
- 3-3. Customers
- 3-4. Social Contribution
- 3-5. Employees
- 3-6. Environmental Management

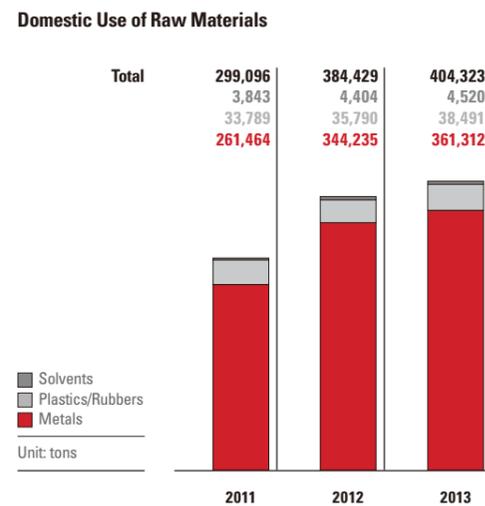
**Resource Use and Input**

**Metals |** Metals, hot-rolled steel sheets, aluminum, copper and zinc account for the largest share of the total domestic supply of raw materials. In 2013, MOBIS used 361,312 tons of metal raw materials, up 5 percent from 2012, due to increased production and sales.

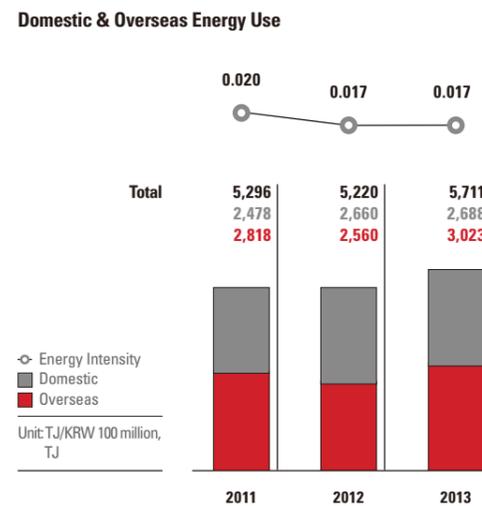
**Petrochemical Products |** The company's use of petrochemical products grew from the previous year in 2013, consuming 38,491 tons of plastics/rubbers and 4,520 tons of solvents, up 7.5 percent and 2.6 percent, respectively, from 2012. MOBIS strives to enhance its recovery rates so that it can further raise the recycling rate of automobiles, while increasing the use of plastics in its products so as to lighten the weight of automobiles for higher fuel efficiency. Since 2010, the company has adopted a process that collects and recycles fugitive paint powders that scatter during the coating lamp lens process. This allows us to lower the loss of solvents and raise efficiency.

**Energy |** Energy use at MOBIS is growing at home and abroad in relation to its growing production volume and manufacturing strategic points globally. In 2013, energy use increased by 9.4 percent year on year, to 5,711 TJ, and electricity, the key energy source, accounts for 85.5 percent of this.

Energy intensity stood at 0.017 TJ/KRW 100 million for 2013, similar to that of the previous year. In 2014, MOBIS plans on installing an overnight auto recharging system at logistics centers in Asan and Ulsan. Also in review is applying energy storage systems and solar power generation systems to logistics centers. By 2018, the company plans on applying an in-house power generation station fueled by eco-friendly renewable energy sources to reduce energy costs and CO<sub>2</sub> emissions.



○ Figures for plastics/rubbers and solvents in 2011 and 2012 were corrected from previous data errors.



○ CKD: Complete Knock Down

**Production Techniques for Saving Energy**

	2007-2008	2009-2010	2011-2012	2013-
<b>Applicable Operations</b>	Module plants & auto parts plants	Auto parts plants and overseas plants	Module/auto parts/electric devices plants	AS parts operations, R&D centers, domestic and overseas plants
<b>Description</b>	Air-conditioning facilities, air handling units (AHU), pumps, high efficiency inverters, and high efficiency lightings	LED lamps, compressor inverters, AHU improvement, and coolant facility inverters	LED general diffused lightings, compressor invertors, AHU improvement, and coolant facility inverters	LED lighting technology, energy saving system (ESS) technology, solar power generation technology, injection molding machine inverter technology, and an in-house power generation technology by using coat waste heat

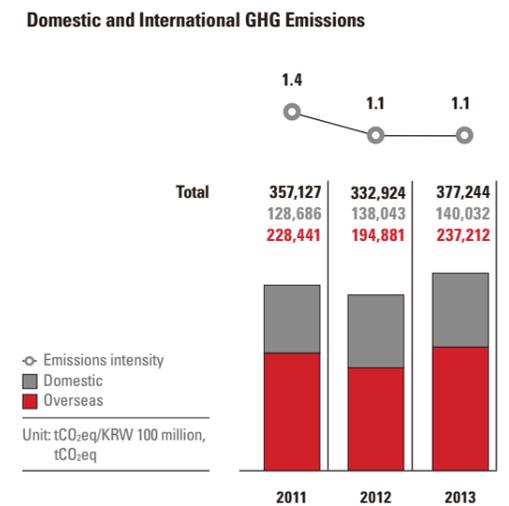
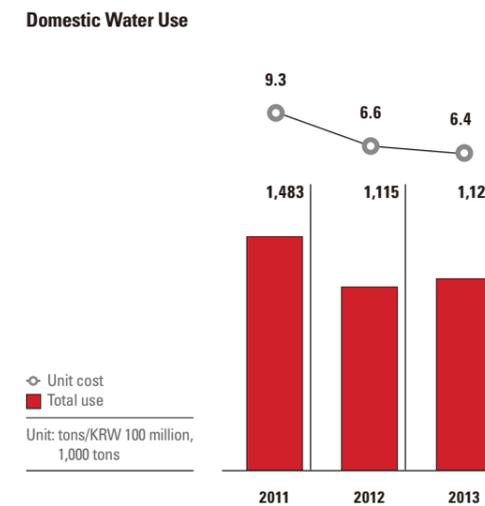
**Water Resources |** Auto part manufacturing at MOBIS is heavily dependent on the assembling process. As a result, its production activities do not consume a great deal of water resources. In 2013, the company consumed 1,126,000 tons of water, up 1 percent from the previous year, but the water use intensity declined by 2.7 percent thanks to improved efficiency in water use. This was the result of our efforts to raise the reuse/recycle rate by addressing the cooling tower's overflow and increasing the recovery of steam condensing water. MOBIS intakes its industrial water and water service, neither of which have an influence on biodiversity.

**Pollutant Emissions & Control (output)**

**GHG Emissions Control |** Committed to tackling climate change, MOBIS runs the MOBIS Greenhouse gas Management System (MGMS). In order 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 ISO 14064 (GHG Management System). The company also transparently discloses its GHG emissions control activities as a member of the Carbon Disclosure Project (CDP).

In 2012, we ran an assessment on potential reduction on GHG. Based on the results, we set our mid- to long-term goal for emissions reduction at 264,422 tCO<sub>2</sub>eq, or 7.8 percent lower than business as usual, by 2020. Our 2013 domestic emissions goal was 151,315 tCO<sub>2</sub>eq, and we achieved an 8.1 percent reduction in our emissions for the year.

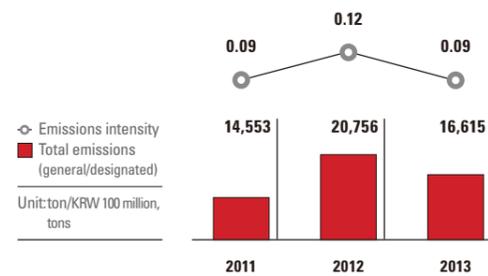
MOBIS also continues to enhance efficiency in logistics, such as improving logistics for exports/imports and CKD air transport, optimizing global transportation and applying logistics systems. As a result, the company saved approximately KRW 23.56 billion in logistics expenses at home and abroad, which also contributed to reducing GHG emissions from our transportation and logistics activities.



**Waste, Recycling, and Reproduction |** MOBIS treats 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. In particular, the company has signed a voluntary agreement with the Korean Ministry of Environment on recovering and recycling of waste plastics in order to raise the recycling rate of its plastic content AS parts, such as bumpers and moldings. Discharging of waste is costly for the company, but recycling plastic wastes can generate economic value of KRW 800-900 per kilogram when sold after pulverized and KRW 1,100 to 1,200 per kilogram when recycled by compressing the pulverized plastics. In 2013, waste from MOBIS domestic operations totaled 16,615 tons, and 37.8 percent of this, or 6,274 tons, was incinerated or landfilled, with 56.3 percent, or 9,356 tons, recycled.

In order to prevent wasting reusable products, the company has installed Multimedia Remanufacturing Centers (MRC) in the U.S., Europe, China, India, Australia and Turkey to collect and reproduce audio and audio video navigation (AVN) products that have trouble in operation. The collected products are examined and repaired before quality tests and then sent back to dealerships as intact as brand-new products.

Domestic Waste Discharge Volume



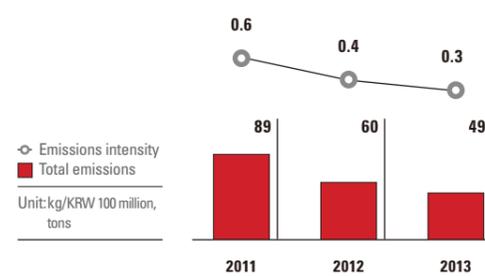
The 2012 and 2013 figures were corrected from previous report errors.

**Pollutant Emissions Control |** In order to reduce its emissions of pollutants, MOBIS has in place pollution prevention facilities and runs regular monitoring to control its pollutant emissions, while preparing for accidental leakage of pollutants through continued facility checks and improvements.

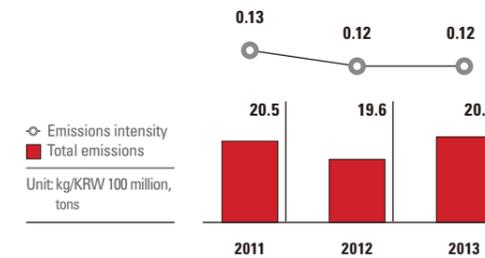
MOBIS plants inevitably generate air pollutants, such as dust from the entire process of manufacturing and volatile organic compounds (VOC) from the painting process. The VOCs are the main culprits to global warming and ozone layer depletion, and the causes of odor in the atmosphere. MOBIS operates a regenerative thermal oxidizer (RTO) to minimize its emission of VOCs. Furthermore, the company applies an advanced RTO to reuse pollutants as heat energy for oxidization and reduces emissions and fuel energy consumption. While applying water-based paints on its painting process to reduce air pollutant emissions, the company is optimizing environmental facilities and replacing old air pollution prevention facilities to minimize its impact on air quality.

With water pollutant control, the company treats all wastewater from washing automotive parts at wastewater treatment facilities at each plant before discharging it to the environment or retreating it at waste sewage treatment plants. In particular, MOBIS applies stricter standards of wastewater treatment to keep within 50 percent of legal requirements.

Domestic Air Pollutant Emissions



Domestic Water Pollutant Emissions



**Hazardous Substance Management |** MOBIS runs a material safety data sheet (MSDS) for the systematic management of chemical substances in response to its legal obligations of reporting chemical substances to governments of the countries where it operates. By synchronizing the system with its automotive parts management system, the company promptly answers stakeholder requests for its products' environmental impact information. Furthermore, the company keeps monitoring the International Material Data System (IMDS) and collects the information on the listed hazardous substances of automotive parts so that it can promptly respond to any significant change to the database.

**Prohibition on Four Heavy Metals and Ozone Destroyers |** MOBIS complies with the Global Standards for Four Heavy Metals, which stipulates the Group-wide use of four heavy metals (lead, cadmium, 6 valent chrome, and mercury) in components or raw materials as part of the Hyundai Motor Group's Compliance Program, meeting standards as outlined in domestic and EU Regulation on Control of End of Life Vehicles. Moreover, the company is developing substitutes to these four heavy metals and recommends its suppliers not to use these substances under its eco-friendly component supply agreement. Ozone Depleting Chemicals are notorious for destroying the ozone layer, which in turn increase ultraviolet rays, causing skin cancer and destroying the ecosystem. Under the Montreal Protocol that was concluded in September 1987 to regulate ozone depleters, the U.S. government has prohibited and charges a tax on the use of these substances since 1989. Starting in 2010, the Korean government banned the use of

CFCs, halons, and CCl<sub>4</sub> and issued a previous notice on the prohibition of 1.1.1-TCE from 2015 as part of its mid- to long-term policies on prohibiting ozone depleters. MOBIS prohibits the use of any ODCs at its domestic plants or the plants of its suppliers and continues to develop eco-friendly substitutes.

**R&D Efforts for Eco-Friendly Materials |** MOBIS monitors the hazardousness of its raw materials and bans the use of hazardous substances. Furthermore, the company continues R&D efforts for substitutes to these substances. For instance, the company has successfully developed a lead-free solder for its electronic devices. From 2016, the EU will enforce the European Union's End-of-Life-Vehicle Directive (ELV) that bans the use of lead in the printed circuit board (PCB) of electronic devices on all vehicles with type approval certificates. MOBIS has successfully developed a lead-free solder that has solved stability concerns, and plans to phase this in to its process from 2014.

Applicable to automotive interiors, the eco-friendly bio plastics are made from a plant-based poly lactic acid. After developing this through joint research with Hyundai Motor Group, MOBIS is now working on a post-development stage of mass production feasibility study and price-lowering of the bio composite to replace conventional plastics.

# Appendix

**MOBIS reports its sustainability management activities and results using key performance indicators for economic, social and environmental performance, and reviews its performance against international reporting guidelines. The company also has the report assured by a third party and listens to the opinions of external experts to enhance the credibility of the report.**

- 65 | Sustainability Management
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## 4-1. Sustainability Management

### UN Global Compact

MOBIS joined the UN Global Compact (UNGC) on July 2, 2008. Designed to encourage businesses worldwide to adopt sustainable and socially responsible policies under the guidance of then-UN Secretary-General Kofi Annan, the UNGC consists of 10 principles in 4 business management areas, including human rights, labor, environment and anti-corruption. MOBIS upholds all 10 UNGC principles in every one of its business activities and provided information about the company's performance in this Report.

### The 10 principles of UN Global Compact

	Description	Reporting Pages
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	10-11, 54, 56-57
	Principle 2: Businesses should make sure they are not complicit in human rights abuses.	10-11, 54, 56-57
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	56
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.	54
	Principle 5: Businesses should uphold the effective abolition of child labor.	54
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	54, 56
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	59-63
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	59-63
	Principle 9: Businesses should encourage the development and diffusion of environment friendly technologies.	20-21
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	10-11

### Participation in CSR Evaluations

MOBIS participated in a number of socially responsible investment (SRI) review programs for reviewing 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 considered the feedback it was given and compared its CSR practices with those of domestic and overseas best practices to further enhance stakeholder value.

### Awards Received

Awards	Date
Presidential Prize at the 10th Korea New Growth Business Awards	Dec. 20, 2013
Leader of the consumer goods sector at the Carbon Disclosure Project (CDP)	Nov. 4, 2013
Presidential Commendation for Large Corp.-SME Win-Win Partnership	Oct. 21, 2013
Listing to the Dow Jones Sustainability Indexes (DJSI) World	Sep. 13, 2013
Production Partnership Excellence Award by Subaru	Apr. 17, 2013
Minister's Prize by the Ministry of Knowledge Economy at the 3rd Korea Green Car Awards	Jan. 28, 2013

### Punishments and Violations

The Korea Fair Trade Commission (FTC) ordered MOBIS to pay KRW 15 billion in penalty for its automotive parts marketing practices on June 5, 2009 under the Monopoly Regulation and Fair Trade Act, and KRW 2,295 million in penalty for its purchase practices on August 30, 2012 under the Fair Subcontract Transactions Act and imposed correction orders. The company faithfully followed the FTC's orders and improved its internal systems and trained its employees to prevent the same violation from happening again.

### Punishments & Violations

	2011	2012	2013
Cases and amount of hazardous substance leakage	None	None	None
Fines and non-monetary sanctions for violation 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 the regulations and rules on supply of goods and services	None	None	None
Violations of Fair Trade Act	None	1	None

MOBIS complies with the Fair Labeling and Advertising Act (FLAA) in all its advertisement, promotion, sponsorship and other marketing communication activities and its Compliance Program guidebook provides employees with a summary of the FLAA, punishments and behavioral guidelines.

### 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 on relevant technologies
Korean Academy of Motor Industry	Advancement of the automotive industry through seminars and networking between experts

## 4-2. Management Performance

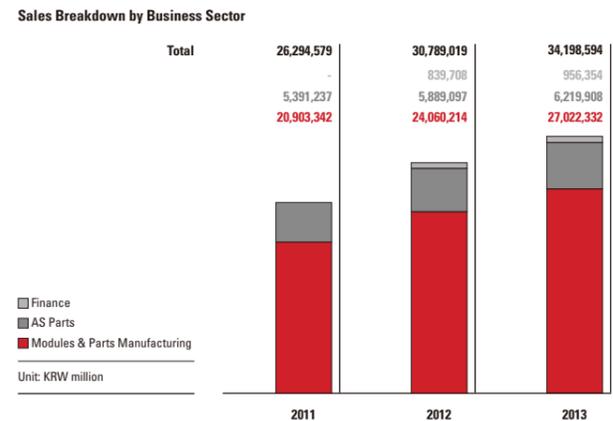
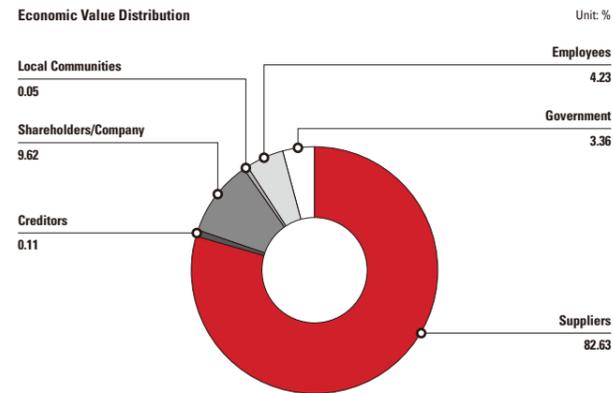
Details on 2013 business results and yearly trends of MOBIS are available on our website at <http://en.mobis.co.kr/Introduction/Investment/Presentations>.

Business Results			
	Unit: KRW million		
	2011	2012	2013
Sales	26,294,579	30,789,019	34,198,594
Gross Profit	4,037,737	4,544,184	4,812,948
Operating Income	2,637,271	2,906,385	2,924,404
Earnings Before Taxes	4,062,985	4,607,272	4,534,545
Net Income	3,026,845	3,542,013	3,396,421

Financial Conditions			
	Unit: KRW million		
	2011	2012	2013
Total Assets	22,575,648	30,046,996	34,430,309
Cash & Equivalents	2,059,211	2,796,229	2,475,832
Liabilities	8,781,092	13,007,282	14,237,123
Borrowings	2,779,825	2,570,920	2,922,307
Equity Capital	13,794,556	17,039,714	20,193,186
Shareholders' Equity	491,096	491,096	491,096
Debt-to-Equity Ratio (%)	63.7	76.3	70.5

Financial Highlights					
	Unit: %				
	Indicator	Description	2011	2012	2013
Growth	Sales Growth	External growth	18.7	17.1	11.1
Profitability	Operating Profit Ratio	Operating performance	10.0	9.4	8.6
	Net Profit Margin	Business activity efficiency and profitability	11.5	11.5	9.9
	Economic Return on Equity	Profits generated from capital investments	21.9	20.8	16.8
Activity	Total Assets Turnover	Effective use of corporate assets	116.5	102.5	99.3
	Inventories Turnover	Turnover ratio of inventories	1,431.4	1,564.1	1,477.8
	Receivables Turnover	Accounts Receivable to Sales Ratio	553.7	588.7	602.3
Safety	Debt Ratio	Financial stability	63.7	76.3	70.5

Creation and Distribution of Economic Value					
	Unit: KRW million				
	Description	2011	2012	2013	Change (%)
Total Value Created	Sales + Other Revenue	27,448,166	32,093,215	35,302,967	10.0
Sales		26,294,579	30,789,019	34,198,594	11.1
Other Revenue		1,153,587	1,304,196	1,104,373	-15.3
Total Value Distributed	Identical to total value created	27,448,166	32,093,215	35,302,967	10.0
Government	Tax Payments	1,063,250	1,115,973	1,185,378	6.2
Employees	Wages and Fringe Benefits Expenses	1,109,851	1,336,639	1,493,311	11.7
Suppliers	Product & Service Bills	22,166,789	26,036,872	29,171,723	12.0
Local Communities	Donations	15,807	13,423	18,769	39.8
Shareholder/Company	Dividends & Retained Earnings	3,026,845	3,542,013	3,396,421	-4.1
Creditors	Interest Expenses	65,624	48,295	37,365	-22.6



**Sales Breakdown by Region** Unit: USD million

Area	2011	2012	2013	Change (%)
<b>Europe</b>				
Modules	2,028	2,442	2,752	12.7
AS Parts	807	848	958	13.0
Total	2,835	3,290	3,710	12.8
<b>Americas</b>				
Modules	3,757	4,688	5,305	13.2
AS Parts	527	1,070	1,140	6.5
Total	4,285	5,758	6,445	11.9
<b>China</b>				
Modules	6,456	7,395	9,073	22.7
AS Parts	456	609	753	23.5
Total	6,912	8,004	9,826	22.8
<b>Others</b>				
Modules	568	622	688	10.6
AS Parts	552	638	664	4.1
Total	1,120	1,260	1,352	7.3

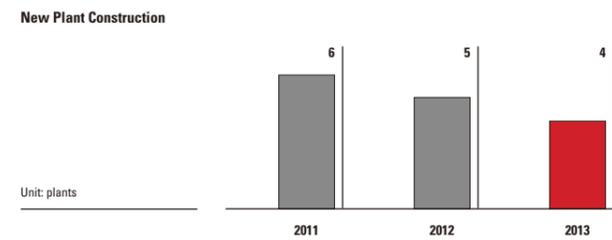
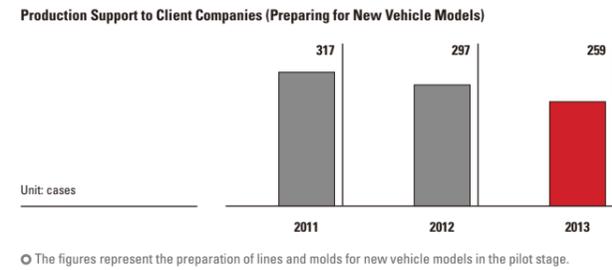
○ Sales of each subsidiary from the same region were summed up and the others refer to the subsidiaries in India, the Middle East, and Australia.

## 4-3. Customers

**External Quality Indexes**

Region (Unit)	2011	2012	2013	Change (%)
<b>CS10000</b>				
Korea (cases)	168.8	110.8	83.8	24
Overseas (cases)	126.3	90.6	63.5	30
<b>RS10000</b>				
Korea (cases)	243.4	203.9	180.5	11
Overseas (cases)	192.9	145.2	117.4	19
<b>IQS</b>				
North America (points)	32.5	33.2	32.3	3
Competitors (points)	20.6	19.9	24.7	-
<b>VDS</b>				
North America (points)	42.2	54.6	47.0	13
Competitors (points)	40.4	35.5	36.9	-

○ CS10000 and RS 10000 are market quality indexes that represent the number of claims per 10,000 vehicles in the first three months and 10-12 months of ownership, respectively.  
 ○ The IQS shows the number of problems per 100 vehicles experienced in the first 90 days of ownership, while the VDS indicates the rate of problems per 100 vehicles experienced in the first three years aftermarket. MOBIS performance results are compared with competitors' performances to show the current level.



**Customer Consultation Performance Results by Category** Unit: cases

	Specification, Modification	Part Number	Auto Parts Treatment	Inventory Prices	Complaints	Supplies	Others	Total
2011	426,435	23,571	79,481	29,683	25,322	2,645	3,710	590,847
2012	379,442	18,318	54,112	29,521	15,370	1,558	23,955	522,276
2013	424,109	22,357	61,463	44,003	22,618	3,507	32,944	611,001

### Customer Satisfaction by Type

Customer Satisfaction Index (CSI) refers to the retail customer satisfaction level of those who have visited MOBIS repair shops. Through online and face-to-face questionnaires, we asked 53 questions on employee customer service attitudes and their level of service, as well as customer satisfaction with products in general. The Dealer Satisfaction Index refers to the AS part dealers' satisfaction as wholesale customers. We asked 52 questions on their staffs' attitudes in customer service, company's support and their satisfaction with MOBIS products in general through an online questionnaire. The Repair shop Satisfaction Index (RSI) refers to the repair shops' satisfaction with dealerships. We survey suppliers and other repair shops in general with 41 questions on dealers' customer service attitude, dealers' service, and satisfaction with MOBIS products in general.

**2013 Customer Satisfaction Indexes** Unit: points

Index	Category	Score
CSI	Hyundai-Kia Service Centers	64.0
	Designated Repair Shops (Blue Hands/Auto Q)	73.3
	Other Repair Shops in General	73.8
	Customers	71.3
	Total	69.5
DSI	AS Parts Dealers	77.1
RSI	Repair Shops	72.9

○ Scores are on a scale of 100 points

### CS Training Performance Results

	Subjects	No. of Trainees	Training Hours
<b>Offline</b>	Head Office CS Special Lecture, Phone-based Training,	3,237	8,076
<b>Training</b>	New Employee Orientation		
	Auto Parts Dealers Dealers Business Academy, CS Special Lecture, CS Heart Key	1,460	5,010
	Parts Sales Business CS Special Lecture, CS Clinic, Customer Response Skills, CS Leadership	1,025	3,331
	Centers and Repair Shops CS Mindset, Communication	61	122
	Supplier CS Mindset, Phone Call Reception, Communication	621	828
	Others		
<b>Online</b>	Head Office CS Mindset, Phone Call Reception	499	499
<b>Training</b>	Parts Sales Business Customer Response Manuals, CS Mindset,	801	726
	Centers and Repair Shops Win-Win Partnership/Cooperative Mindset		
<b>Total</b>		7,704	18,592

## 4-4. Employees

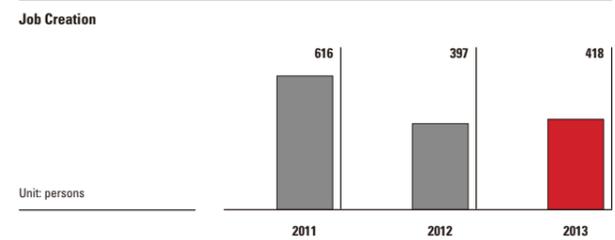
All data in the table below, except for the number of overseas employees, covers only domestic operations as of Dec. 31, 2013

Workforce			Unit: persons		
	Remarks	2011	2012	2013	
<b>Executives &amp; Employees</b>	Employees	Excluding stationed staff/advisors/consultants	6,935	7,085	7,615
<b>(including overseas dispatched staff)</b>	Executives	Including Chairman/Vice Chairman/Outside Directors	92	96	96
<b>By Age</b>	18-19	Full Year	12	11	18
	20-29		1,091	1,039	1,124
	30-39		2,648	2,617	2,562
	40-49		2,507	2,579	2,715
	50 and above		769	935	1,292
<b>By Position</b>	Executives		92	96	96
	Administrative	Department Managers and managers of fifth to sixth grades	2,805	2,869	2,964
	Researchers	R&D Center, Production Research Center, Quality Research Institute	1,880	1,884	2,243
	Production Operators	Production Operators/Technicians	2,177	2,205	2,183
	Others	Contract-based/privileged staff	73	127	225
<b>By Gender</b>	Female		637	682	813
	Male		6,390	6,499	6,898
	Percentage of Female Employees (%)		9.1	9.5	10.5
<b>Total</b>			7,027	7,181	7,711

○ Number of domestic employees is based on the MOBIS disclosure on the FSS electronic disclosure at <http://dart.fss.or.kr>.

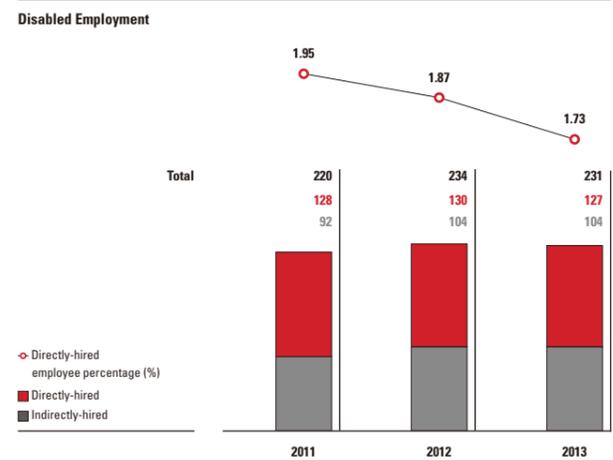
Overseas Employees	Unit: persons		
	2011	2012	2013
<b>The Americas</b>	2,320	3,140	3,439
<b>Europe</b>	2,597	3,334	3,615
<b>Asia-Pacific/Others</b>	617	1,170	906
<b>China</b>	4,025	4,307	4,863
<b>Total</b>	9,559	11,951	12,823

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



○ Data corrected from the previous reports. The figures above include only job positions of above fourth grade at the point of recruitment.

Overseas Managerial Staff	Unit: persons			
	2011	2012	2013	Percentage (%)
<b>The Americas</b>	517	635	725	21.1
<b>Europe</b>	648	705	833	23.0
<b>Asia-Pacific/Others</b>	462	548	658	72.6
<b>China</b>	1,087	1,251	1,438	29.6
<b>Total</b>	2,714	3,139	3,654	28.5



○ Indirect hiring means that the company obliged to hire the disabled and has entered into privileged contracting with a sheltered-workplace 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.

Average Years of Service and Retirees	2011	2012	2013
<b>Average Years of Service</b>	12.4	12.9	12.6
<b>No. of Retirees (including the retiree by age)</b>	144	182	186
<b>No. of Retiree by Age</b>	6	30	27
<b>Early severance rate within third year in service (%)</b>	4.4	5.7	4.9

○ The number of retirees was changed from previous reports to include the number of those by age and for other reasons.

Unionshop	2011	2012	2013
<b>No. of Employees Qualified for Union Membership</b>	4,778	4,674	4,892
<b>Percentage of Membership to Total Workforce (%)</b>	68.0	65.1	63.4

○ New employees become members of the labor union as soon as they join the company and the Collective Agreement disqualifies employees of above managerial level, labor relations staff, accounting staff, executives and their secretaries and chauffeurs, stationed staff for Korean Workplace Reserve Forces and Civil Defense, Production Control Tower, interns, temporary workers, part-timers, privileged staff, senior fellow and above level, guards, communication staff, general affairs staff, legal affairs staff and other employees whom labor and management agreed to disqualify.

○ Issues subject to advanced notification as stipulated in Articles 39 and 40 of the Collective Agreement are: merger, conveyance, spin-off of the company should be notified to the union 90 days prior to the event/ outsourcing or contracting of all or part of production, research and/or auto parts business should be notified to the union 60 days prior to preparing such plans/ reassignment or retraining of personnel due to business and/or technical reasons should be immediately notified to the union.

Wages and Fringe Benefits Expenses	Unit: KRW million		
	2011	2012	2013
<b>Total Annual Wages</b>	522,221	594,001	636,460
<b>Per-employee Average Wages</b>	83	85	87
<b>Retirement Benefits</b>	42,108	45,280	24,691
<b>Fringe Benefits Expenses</b>	96,375	108,775	113,278

○ Wages and fringe benefit expenses were prepared from the sales and administrative expenses and other accounts from the unconsolidated financial statements.

○ New employee wages are higher than the legal minimum wages and MOBIS employee wages are discriminated only based on job grades and work conditions, not by gender.

○ MOBIS adopts the defined benefits type of the corporate pension fund for employees. They can choose a payment method from a lump-sum payment or pension. The company plans are gradually increasing their share of the pension so that the benefits to employees can grow in the future.

Health Check-ups	2011			2012			2013		
<b>Basic</b>	No. of eligible recipients	5,745	6,125	6,125	6,617				
	No. of actual recipients	5,519	5,889	5,889	6,478				
	Rate of reception (%)	96	96	96	98				
<b>Optional</b>	No. of eligible recipients	6,289	6,710	6,710	7,144				
	No. of actual recipients	5,657	6,218	6,218	6,311				
	Rate of reception (%)	90	93	93	88				

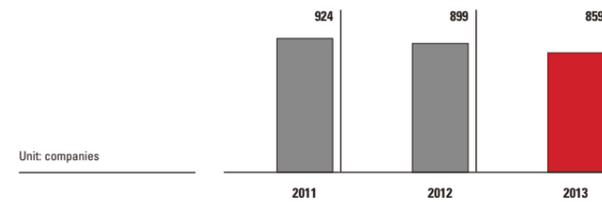
Occupational Accidents	2011	2012	2013
<b>No. of injuries (persons)</b>	8	10	7
<b>No. of days off</b>	3,002	3,326	2,700
<b>Absence loss per 10,000 employees (%)</b>	11.4	12.0	9.6

○ Absences loss per 10,000 employees refers to the number of annual days of loss to work per 10,000 employees.

Percentage of Applicable Employees by Evaluation Method	Unit: %	
	Remarks	2013
<b>Employees qualified for compensation based on KPI results</b>		100
<b>Employees eligible for compensation based on multi-layered performance evaluation (leadership)</b>	Executives (excluding head of business divisions and above level) and managers above team manager levels	5
<b>Employees eligible for compensation based on a relative scale</b>	Executives (excluding head of business divisions and above level) and employees above fourth grade	40

## 4-5. Win-Win Partnerships/Social Contribution

### Number of Domestic Suppliers

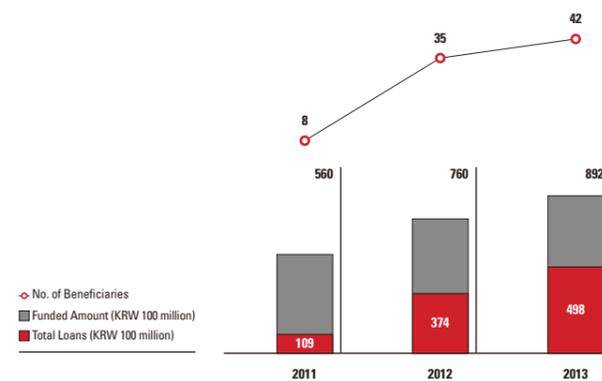


### Seven Beautiful Pledge Performance Results

	Unit	2011	2012	2013	
<b>Loan support to suppliers</b>	Loan guarantees	KRW 100 million	109	374	498
	Suppliers	No. of companies	8	35	42
<b>R&amp;D Collaboration</b>	Sharing Shanghai Test Center	Cases	15,532	15,098	18,598
	CTO Forums	No. of companies	40	138	159
	Royalty-free Intellectual Property Rights Sharing	Cases	155	160	160
	Subcontractor support	Supporting the MSQ evaluation	No. of companies / No. of employees	274/323	166/179
<b>Supporting training programs</b>	Subcontracting	No. of companies	100	202	403
	Supporting training programs	No. of companies	1,014	901	1,710
<b>Communication with Suppliers</b>	No. of trainees	No. of employees	1,511	1,924	2,251
	Cooperation meetings	No. of companies	164	164	163
<b>Promotion of ethics management and fair transactions with suppliers</b>	CP evaluation results	Grade	BB	BBB	A
	Paying to SME suppliers	Cash	Settlement	Settlement	Settlement
<b>Performance-sharing and other mutually beneficial cooperation</b>	in all cash	in cash	in cash	in cash	
	Paid customer supply & unit cost raise	KRW 100 million	8,199	7,885	14,551
	PMI	KRW 100 million	73	81	85

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

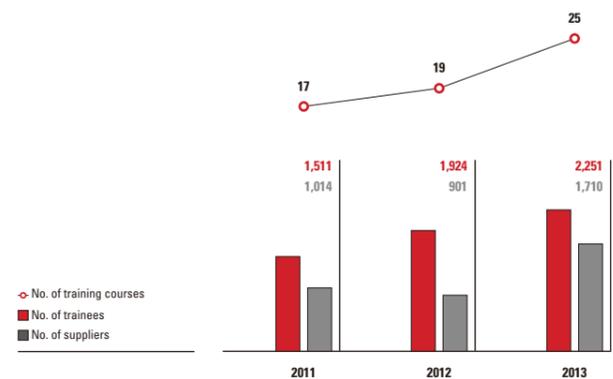
### Supplier Loans Performance



### Fair Trade Agreement & Mutual Growth Program

	1st	2nd	3rd	4th	5th
Period	2008.9.1	2010.6.8	2011.4.1	2012.1.31	2013.1.1
	~2009.8.31	~2011.3.28	~2012.1.30	~2013.1.30	~2013.12.31
No. of beneficiaries	586	629	615	559	555
Purchase Amount (KRW 100 million)	22,111	30,210	33,522	30,790	51,434

### Yearly Training Support for Suppliers



### No. of Trainees Completed the Dealer Training Support Program

Course	Description	2011	2012	2013
<b>Business Academy for Chief Dealers</b>	Three-day course for chief dealers	299	273	226
<b>Leadership building for Employees</b>	Fostering opinion leaders who can set the vision for dealerships	32	32	-
	Job competency-building for the staff working at dealerships	330	330	109

Unit: persons

### Overseas Dealership/Dealer Training

Descriptions	2011	2012	2013	
<b>Online</b>	On demand training course on the website	155	456	356
<b>Offline</b>	Training dealerships/dealers as auto part specialists	195	87	250

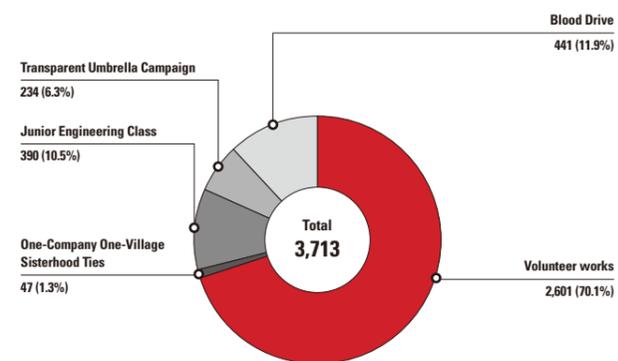
Unit: persons

○ Online course details for overseas dealerships and dealers are provided in seven training subjects and eight modules via the Kia Motors Cyber Academy since 2010. Data in the previous reports were based on the IDs registered by trainees and this report includes updated data based on the number of trainees who completed and obtained certificates.

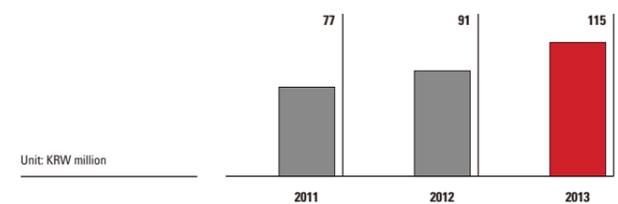
### 2013 Employees' Volunteer Work

No. of participants	3,713
Participation Rate (%)	48.2
No. of Volunteer Corps	101
Volunteer Hours	11,697
Per-employee Volunteer Hours	1.5

### No. of Participants by Volunteer Work



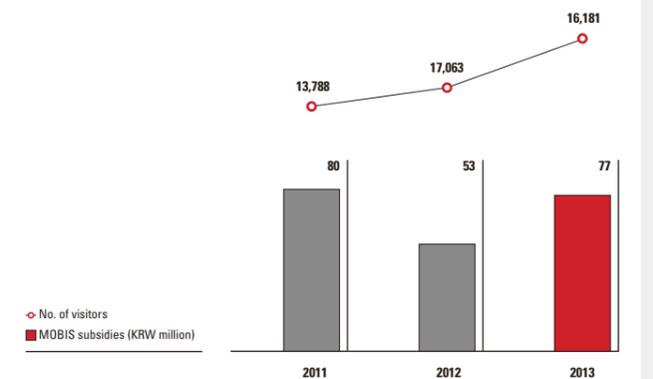
### Total Value of Direct Purchase from Farms



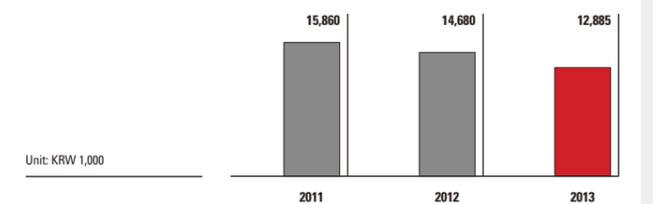
### Smile Microcredit Foundation

	2011	2012	2013
MOBIS contribution (KRW million)	4,500	4,500	4,500
Loans (cases)	1,927	1,455	1,452
Loans Value (KRW million)	33,755	19,300	16,277
No. of Loan Products	18	18	18

### Kids Auto Park



### Basketball Team Donations



## 4-6. Environment

### ISO 14001 Certification on Domestic Operations

	Subject Operation	Certified Operation	Certification Rate (%)
Plants	19	18	95
Parts Sales Offices	27	27	100
<b>Total</b>	<b>46</b>	<b>45</b>	<b>98</b>

○ Most of MOBIS operations are located within industrial complexes and have no direct influence on biodiversity or ecosystems.

### Resources & Raw Material Input

#### Raw Materials

Region	Raw Materials	Use	Unit	2011	2012	2013	Change (%)
Korea	Metals	Total Amount	Tons	261,464	344,235	361,312	5.0
		Unit Cost	Ton/KRW 100 million	1.6	2.0	2.1	1.1
	Plastic-Rubbers	Total Amount	Tons	33,789	35,790	38,491	7.5
		Unit Cost	Ton/KRW 100 million	0.21	0.21	0.22	3.6
	Solvents	Total Amount	Tons	3,843	4,404	4,520	2.6
		Unit Cost	Ton/KRW 100 million	0.02	0.03	0.03	-

○ Plastic-Rubbers and solvents figures for 2011 and 2012 were corrected from the incorrect data in previous reports.

#### Energy

Region	Raw Materials	Use Amount	Unit	2011	2012	2013	Change (%)
Domestic	Energy	Total Volume	TJ	2,478	2,660	2,688	1.1
		Unit Cost	TJ/KRW 100 million	0.020	0.017	0.017	-
Overseas				2,818	2,560	3,023	18.0
<b>Total</b>				<b>5,296</b>	<b>5,220</b>	<b>5,711</b>	<b>9.4</b>
Domestic	Electricity	Total Volume	TJ	1,920	2,191	2,274	3.8
Overseas				2,363	2,167	2,609	20.4
Domestic	Gas			531	429	375	-12.6
Overseas				363	302	311	3.1
Domestic	Fuel			27	40	39	-2.0
Overseas				36	30	44	46.7
Overseas	Others (steam)			56	61	59	-4.3

#### Water Resource

Region	Raw Material	Use Amount	Unit	2011	2012	2013	Change (%)
Domestic	Water Resource	Total Volume	1,000 tons	1,483	1,115	1,126	1.0
		Unit Cost	Ton/KRW 100 million	9.3	6.6	6.4	-2.7

### GHG, Wastes/Wastewater, Pollutant Emissions

#### Greenhouse Gas (GHG)

Region	Emitted Substance	Emission Volume	Unit	2011	2012	2013	Change (%)
Domestic	GHG	Total Volume	tCO <sub>2</sub> eq	128,686	138,043	140,032	1.4
		Unit Cost	tCO <sub>2</sub> eq/KRW 100 million	228,441	194,881	237,212	21.7
Overseas				357,127	332,924	377,244	13.3
<b>Total</b>				<b>1.4</b>	<b>1.1</b>	<b>1.1</b>	<b>-</b>

#### Wastes & Recycling

Region	Emitted Substance	Emission Volume	Unit	2011	2012	2013	Change (%)
Korea	Waste Emission Volume	Total Volume	Tons	14,553	20,756	16,615	-19.9
		(designated/general)	Unit Cost	Ton/KRW 100 million	0.09	0.12	0.09
	Recycled Amount	Total Volume	Tons	8,964	12,036	9,356	-22.3
	Recycling Rate	Percentage	%	62	58	56	-2.9
	Landfill Rate			6	6	6	1.5
	Incineration Rate			32	36	38	4.4

○ 2012 waste emission volume was corrected from the previous year.

#### Air Pollutants

Region	Emitted Substance	Emission Volume	Unit	2011	2012	2013	Change (%)
Korea	Air Pollutants	Total Volume	Tons	89.0	60.0	49.0	-18.1
		Unit Cost	kg/KRW 100 million	0.6	0.4	0.3	-21.2
	NO <sub>x</sub>	Concentration	ppm	3.5	0.7	2.8	279.5
	SO <sub>x</sub>		ppm	4.5	1.7	2.9	70.9
	Dusts		mg/m <sup>3</sup>	4.6	9.7	2.7	-71.8

#### Water Pollutants

Region	Emitted Substance	Emission Volume	Unit	2011	2012	2013	Change (%)
Korea	Water Pollutants	Total Volume	Tons	20.5	19.6	20.7	5.9
		Unit Cost	kg/KRW 100 million	0.13	0.12	0.12	-

#### Water Quality at Wastewater Treatment Facilities

Region	Emitted Substance	Emission Volume	Unit	2011	2012	2013	Change (%)
Korea	BOD	Concentration	ppm	11.5	16.5	24.7	49.5
	COD			16.5	19.7	34.5	75.1
	TN			7.4	11.7	8.5	-27.6
	SS			8.8	11.3	22.7	100.8

## 4-7. GHG Assurance Report

### Terms of Engagement

This Assurance Statement has been prepared for Hyundai MOBIS, Korea

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by Hyundai MOBIS to assure its GHG Inventory Report for the calendar year in 2013 and summarized in Table 1 below (hereafter referred to as "the Report"). The Hyundai MOBIS data as presented in the Report have been prepared in accordance with GHG Target Management Scheme for quantification and reporting of greenhouse gas emissions in Korea. The report relates to direct GHG emissions and energy indirect GHG emissions.

### Management Responsibility

The management of Hyundai MOBIS was responsible for preparing the Report and for maintaining effective internal controls over the data and information disclosed. LRQA's responsibility was to carry out an assurance engagement on the Report in accordance with out contract with Hyundai MOBIS.

Ultimately, the Report has been approved by, and remains the responsibility of Hyundai MOBIS.

### LRQA's Approach

Our verification on Hyundai MOBIS's the Report has been conducted in accordance with GHG Target Management Scheme in Korea: Specification with guidance for verification of greenhouse gas assertions to 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, and
- Verified the historical data and information at an aggregated level for the calendar year 2013.

### Level of Assurance & Materiality

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

### LRQA's Opinion

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

- The emissions of contracted corporations located in the Hyundai MOBIS Corporation's premises have been included within the GHG data.

Dated: 20 March 2014

Yoo Sangkeun



On behalf of Lloyd's Register Quality Assurance Ltd.

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

LRQA Reference: SE06014771

**Table1. GHG emissions reported in the Hyundai MOBIS GHG Inventory Report for the calendar year 2013.**

Scope (as defined within GHG Target Management Scheme in Korea)	Year 2013
Direct GHG Emissions	22,238
Energy Indirect GHG Emissions	117,794
Total GHG Emissions	140,032

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

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

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 and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.

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

The English version of this statement is the only valid version. The Lloyd's Register Group assumes no responsibility for versions translated into other languages.

## 4-8. Third Party Assurance Statement

### To the Stakeholders of Hyundai MOBIS:

Hyundai MOBIS commissioned the Korea Productivity Center (the "Assurer") to provide an independent assurance of its 2013 Sustainability Report (the "Report").

### Responsibility and Integrity

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

### Assurance Standard and Objectives

The independent verification process was planned and performed in accordance with the AA1000 Assurance Standard (2008) Assurance Standard 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. Additionally, the 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 for 2013, and partially verified the data from 2011 and 2012 as well as the plan for 2014. The scope of our procedures did not include verification of the reliability of data related to Hyundai MOBIS' financial and environmental performance (including GHG emissions) and information linked with Hyundai MOBIS' websites. Site inspection was performed, in a limited scope, on Hyundai MOBIS' Headquarters in Seoul. Therefore, the Assurer clearly states that any future verification may produce varied results.

### Assurance Methodology

The assurance was undertaken with the methodology specified below:

1. Verified if the Report satisfies requirements for GRI Application level A by reviewing the coverage rate of and presentation method for economic, environmental and social indicators specified in the GRI G3.1 Guidelines.
2. Verified consistency with the principles dictating the content and quality of sustainability reports based on the GRI G3.1 Guidelines.
3. Verified objectivity and appropriateness of key issues selected and content in the Report by reviewing media reports and performing benchmark analysis.
4. Verified errors in conformity and the information presented in the Report by comparing and analyzing the same information from different sources.
5. Verified the basis of data and information by performing site inspection at Hyundai MOBIS' Headquarters in Seoul, and verified the internal process and systems.

### Findings and Conclusions

It is the Assurer's opinion that the Report presents the sustainability efforts and performance of Hyundai MOBIS in a fair and accurate way. Also, the assurance verified that the self-declared requirements claimed by Hyundai MOBIS for the GRI Application Level A have been met. The following is the Assurer's findings and recommendations based on the AA1000 Accountability Principles (2008) of Inclusivity, Materiality and Responsiveness.

#### 1. Principle of Inclusivity: Stakeholder Engagement

The principle of inclusivity articulates that organizations should include stakeholders in the development and achievement of accountable and strategic responses to sustainability. The Assurer verified that Hyundai MOBIS defines its stakeholders into 8 groups according to their mutual influence and approachability, including investors, customers, government, institutes, and business partners. The company clearly identifies each stakeholder group's expectations through various communication channels and actively communicates with stakeholders to collect their opinions. In particular, the Assurer highly thinks that Hyundai MOBIS provides diverse communication channels for stakeholders, including not only offline channels—e.g. a forum for partnership companies' top managers on technology and a policy seminar on branch management—but also online ones such as satisfaction measurements for customers and employees. We suggest Hyundai MOBIS to come up with more comprehensive communication structure where the collected stakeholders' opinions are passed onto executives to reflect them in their management practices and to inform the results back to stakeholders.

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

The principle of materiality articulates that organizations should focus on issues relevant and material to both the organization and their major stakeholders. The Assurer found that Hyundai MOBIS successfully identified issues relevant and material to the company and its major stakeholders based on a logical materiality analysis process. Hyundai MOBIS exerts strong effort to draw material issues on sustainability through various measures including regulations, dialogues with stakeholders, media research, and benchmarking analysis on companies of the same industry. In particular, the Assurer highly values that Hyundai MOBIS constantly advances the related processes to secure higher accurateness in identifying material issues, and reports them to executives in order to reflect them in management activities. In the Report, Hyundai MOBIS presents its activities and performances in detail related to 10 key issues drawn by materiality assessment, which fairly shows the company's commitment to pay attention on the issues and make an improvement. Regarding this, we suggest Hyundai MOBIS to make up their future reports to cover further changes in its activities or performances on the major issues so as to strengthen the connection between sustainability strategies and key issues or performances. We also suggest the company to extend the process to deal with sustainability issues at overseas branches as well.

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

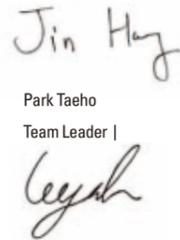
The principle of responsiveness articulates that organizations should be responsive to issues that may impact the performance of their stakeholders. The Assurer found that Hyundai MOBIS successfully identified issues that may impact stakeholders' performance, implemented measures to address them and adequately presented relevant information in the Report. The Assurer also verified that Hyundai MOBIS presents responsive measures and performances on key issues in the Report. In particular, Hyundai MOBIS illustrates their sustainability information from various perspectives such as technology roadmap for technological advancement, CSV activities on environment and safety, and constant investment. We suggest the company to provide in future reports on specific and creative approaches to deal with key issues and value-driven performance drawn by the approaches. In addition, by establishing a responsive system to each issue in connection with the 2020 CSR strategies, Hyundai MOBIS will be able to approach them in a constant manner instead of making short-term responses.

## Recommendations

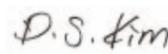
The Assurer commends Hyundai MOBIS for making a variety of efforts to enhance sustainability and for the resulting performances, and presents the following recommendations for improving future sustainability reports and sustainability management.

- Advancing sustainability data management system: we suggest Hyundai MOBIS to improve their data management system to extend and advance sustainability activities in terms of range, boundary, management structure, and process. This task may include the work on the current level of the system which focuses on the range of activity such as domestic and overseas partners plus the establishment of a new roadmap according to a stage.
- Enhancing connection with the 2020 CSR strategies: most of the sustainability issues require constant monitoring and improvement efforts. By making connection with mid- and long-term strategies of the company, the quality of their social activity as well as performance can be further enhanced.
- Communicating major activities to strengthen brand power: considering the industrial nature of Hyundai MOBIS, communication targets and channels on its values and management philosophy can be limited. Thus, we suggest Hyundai MOBIS to make proactive efforts to consolidate its brand image. To that end, the company needs to communicate their representative social activities in a clear and constant manner to their stakeholders, including eco-friendly car parts, the transparent umbrella campaign, and engineering class for students, in a bid to help people easily recognize Hyundai MOBIS' brand image.

May 2014  
Korea Productivity Center CEO  
Jin Hong



Kim Dongsoo  
Head of Center |



Lee Kihwan  
Team Leader |

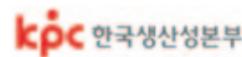


Park Taeho  
Team Leader |



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

- AA1000AS (2008): AA1000 Assurance Standard (2008) is an international assurance standard, set by AccountAbility, that provides method of reporting sustainability management issues by evaluating the organization management on performances, compliance with principles, and reliability of performance information
- AA1000APS (2008): AA1000 AccountAbility Principles Standard (2008) is an international assurance standard set by AccountAbility that provides principles of AA1000 standards.



## 4-9. GRI Index

● : Fully reported ○ : Partially reported ○ : Not reported N/A : Not Applicable

Indicators	Managerial Issues Report Contents	Reporting Level	Page	Note
<b>Corporate Overview</b>				
Strategy and Analysis	1.1 Statement from most senior decision-maker in organization	●	4-5	
	1.2 Description of key impacts, risks, and opportunities	●	4-5	
Organizational Profile	2.1 Name of organization	●	3	
	2.2 Primary brands, products, and/or services	●	2-3	
	2.3 Operational structure	●	2	<a href="http://en.mobis.co.kr/">http://en.mobis.co.kr/</a> , <a href="http://dart.fss.or.kr/">http://dart.fss.or.kr/</a>
	2.4 Location of organization's headquarters	●	3	
	2.5 Location of overseas branch offices and sites	●	2-3	<a href="http://en.mobis.co.kr/">http://en.mobis.co.kr/</a> , <a href="http://dart.fss.or.kr/">http://dart.fss.or.kr/</a>
	2.6 Nature of ownership and legal form	●	2-3	<a href="http://en.mobis.co.kr/">http://en.mobis.co.kr/</a> , <a href="http://dart.fss.or.kr/">http://dart.fss.or.kr/</a>
	2.7 Markets served	●	3	
	2.8 Scale of the reporting organization	●	2-3, 15, 38-41, 66, 68-69	
	2.9 Significant changes during reporting period regarding size, structure, or ownership	●	2	<a href="http://en.mobis.co.kr/">http://en.mobis.co.kr/</a> , <a href="http://dart.fss.or.kr/">http://dart.fss.or.kr/</a>
	2.10 Awards received in reporting period	●	65	
Report Parameters	3.1 Reporting period (e.g., fiscal/calendar year) for information provided	●	80	
	3.2 Date of most recent previous report (if any)	●	80	
	3.3 Reporting cycle (annual, biennial, etc.)	●	80	
	3.4 Contact point for questions regarding the report or its contents	●	80	
	3.5 Process for defining report content	●	15-16	
	3.6 Boundaries of report	●	80	
	3.7 State any specific limitations on the scope or boundary of report	●	80	
	3.8 Basis for reporting on comparability from period to period and/or between organizations	●	80	
	3.9 Data measurement techniques and bases of calculations for data, including performance index	●	74-76, 80	
	3.10 Explanation of the effects of & reasons for any re-statements of information provided in earlier reports	●	55, 68, 70, 72	Domestic Recruitment, Loans to Suppliers, Raw Materials
	3.11 Significant changes from previous reporting periods applied in the report	●	80	
	3.12 Table identifying the location of the Standard Disclosures in the report	●	77-79	
	3.13 Policy and current practices with regard to seeking external assurances for the report	○	45, 57, 65, 74-76	Insufficient report content was reinforced, Third Party Assurance Statement
Governance	4.1 Governance structure of organization	●	8-9	
	4.2 Indicate whether the Chair of the highest governance body is also an executive officer	●	9	
	4.3 Number of members of highest governance body that are independent and/or non-executive members	●	9	
	4.4 Mechanisms for shareholders and employees to provide recommendations or directions to highest governance body	●	8-9	
	4.5 Compensation for members of highest governance body, senior managers, and executives	●	8	Performance-based remunerations to directors as reported to the general meeting of shareholders
	4.6 Processes in place for highest governance body to ensure conflicts of interest are avoided	●	8-9	Audit Committee, Ethics Committee
	4.7 Process for determining the qualifications and expertise of the members of the highest governance body	●	8-9	The company has subcommittees and appoints directors in consideration of their respective expertise.
	4.8 Internally developed statements of mission or values, codes of conduct, and principles	●	6-7	Management Scheme
	4.9 Procedures of highest governance body for management of economic, environmental, and social performances	○	9	Audit Committee, Ethics Committee
	4.10 Processes for evaluating highest governance body's own performance	○	9	Audit Committee, Ethics Committee
	4.11 Whether and how the precautionary approach or principle is addressed by the organization	●	10-14	Business Ethics, Risk Management
	4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives	●	65	UN Global Compact
	4.13 Membership in associations and/or national/international advocacy organizations	●	65	Associations Membership Status
	4.14 List of stakeholder groups engaged by the organization	●	15	Communication Channels by Stakeholder Group
	4.15 Basis for identification and selection of stakeholders with whom to engage	●	15-16	Stakeholder Engagement and Materiality Test
	4.16 Approaches to stakeholder engagement, including frequency of engagement by type and stakeholder group	●	15-16	Stakeholder Engagement and Materiality Test
	4.17 Key topics and concerns raised through stakeholder engagement, and responses to them	●	15-16	Stakeholder Engagement and Materiality Test
<b>Economic Performance Indicators</b>				
EC	Disclosure on Management Approach	●	38-41	
Economic Performance	EC1 Direct economic value generated and distributed	●	38, 66	Management Performance, Appendix-Management Performance
	EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change	○	20-21	Eco-friendly Technologies
	EC3 Coverage of the organization's defined benefit plan obligations	●	69	MOBIS runs corporate pension plans (defined benefits type).
	EC4 Significant financial assistance received from government	●	32	MOBIS received government subsidies worth KRW 5,328 million in 2013 for national projects.
Market Presence	EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	●	69	MOBIS new employee wages are higher than the legal minimum wages.

Market Presence	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	●	38, 42-43, 45	Creation and Distribution of Economic Value, Win-Win Partnerships
	EC7	Procedures for local hiring and proportion of senior management hired from the local community	●	68	Overseas Workforce
Indirect Economic Impacts	EC8	Infrastructure investments and services provided primarily for public benefit	●	34-36, 42-43, 52-53, 70-71	Social Contribution, Win-Win Partnerships
	EC9	Understanding and describing significant indirect economic impacts	●	38	Creation and Distribution of Economic Value

### Environmental Performance Indicators

EN	Disclosure on Management Approach		●	59-63	
Materials	EN1	Materials used by weight or volume	●	59, 72	
	EN2	Percentage of materials used that are recycled input materials	○	60, 62	Paint sampling and recycling, MOBIS Reproduction Center
Energy	EN3	Direct energy consumption by primary energy source	●	59, 72	Manufactured gas, fuel
	EN4	Indirect energy consumption by primary source	●	59, 72	Electricity, steam
	EN5	Energy saved due to conservation and efficiency improvements	○	60	Maintained the intensity-based energy consumption similar to the previous year level
Water	EN6	Reductions in energy requirements as a result of energy-efficient or renewable energy-based products and services	●	22-23	Eco-friendly Technologies
	EN7	Indirect energy conservation businesses and achievements	○	60	Energy Efficiency Initiatives
	EN8	Total water withdrawal by source	○	61, 72	Water Use
Biodiversity	EN9	Water sources significantly affected by withdrawal of water	●	61	
	EN10	Percentage and total volume of water recycled and reused	○	61	
	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity	N/A	-	
	EN12	Description of significant impacts of activities, products, and services on biodiversity	●	72	
	EN13	Habitats protected or restored	●	35-36	MOBIS Forest
Emissions, Effluents, and Waste	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	●	35-36	MOBIS Forest
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	N/A	-	
	EN16	Total direct and indirect greenhouse gas emissions by weight	●	61	
Compliance	EN17	Other relevant indirect greenhouse gas emissions by weight	○	61	
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	60-61	
	EN19	Emissions of ozone-depleting substances by weight	●	63	
	EN20	NOx, SOx, and other significant air emissions by type and weight	●	62, 73	
	EN21	Total water discharge by quality and destination	●	73	
	EN22	Total weight of waste by type and disposal method	●	73	
	EN23	Total number and volume of significant spills	●	65	
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII	N/A	-	
	EN25	Name of water bodies significantly affected by the reporting organization's discharges of water and runoff	●	62	
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	22-23	Eco-friendly Technologies
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	○	62	MOBIS Reproduction Center	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	●	65		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	○	61		
Overall	EN30	Total environmental protection expenditures and investments by type	○	35-36, 60	MOBIS Forest, Energy Efficiency Projects

### Labor Practices and Decent Work Performance Indicators

LA	Disclosure on Management Approach		●	54-58	
Employment	LA1	Total workforce by employment type, employment contract, and region	●	26, 28, 68-69	Researchers, Workforce
	LA2	Total number and rate of employee turnover by age group, gender, and region	●	68-69	
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	●	69	
Labor/Management Relations	LA4	Percentage of employees covered by collective bargaining agreements	●	56, 69	
	LA5	Minimum notice period(s) regarding operational changes	●	69	
Occupational Health and Safety	LA6	Percentage of total workforce represented in formal joint management worker-health and safety committees	●	56, 69	
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	●	69	
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members	●	57-58, 69	
	LA9	Health and safety topics covered in formal agreements with trade unions	●	57-58, 69	
Training and Education	LA10	Average hours of training per year per employee	●	28, 55	
	LA11	Programs for skills management and lifelong learning and assistance in managing career endings	●	55	
	LA12	Percentage of employees receiving regular performance and career development reviews	●	54, 69	

Diversity and Equal Opportunity	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	●	9	
	LA14	Ratio of basic salary of men to women by employee category	●	69	MOBIS employee wages are not discriminated by gender.
Equal Remuneration for Women and Men	LA15	Return to work and retention rates after parental leave, by gender	●	57	

### Human Rights Performance Indicators

HR	Disclosure on Management Approach		●	56-57	
Investment and Procurement Practices, Non-Discrimination	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	●	42	
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights	○	42	
Freedom of Association and Collective Bargaining	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including percentage of employees trained	●	10, 45	
	HR4	Total number of incidents of discrimination and actions taken	○	-	
Child Labor	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk	○	10-11	
	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken	●	65	
Forced and Compulsory Labor	HR7	Operations identified as having significant risk for incidents of forced or labor, and measures taken	●	65	
	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning human rights relevant to operations	●	10	
Security Practices	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	N/A	-	
Indigenous Rights	HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessment	○	10-11, 56	
Assessment	HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	○	-	
Remediation					

### Society Performance Indicators

S0	Disclosure on Management Approach		●	42-45, 52-53	
Local Communities	S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	○	34-36, 52-53, 71	
Corruption	S02	Percentage and total number of business units analyzed for risks related to corruption	○	10	Companywide ethics indicator performance results evaluation
	S03	Percentage of employees trained in organization's anti-corruption policies and procedures	●	10	
Public Policy	S04	Actions taken in response to incidents of corruption	○	10	
	S05	Public policy positions and participation in public policy development and lobbying	●	65	
Anti-Competitive Behavior	S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	N/A	-	Prohibited by Law
Unfair Competitive Behavior	S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices, and outcomes	●	65	
Compliance	S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	●	65	
Local Communities	S09	Operations with significant potential or actual negative impacts on local communities	N/A	-	There are no such operations.
	S10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	N/A	-	There are no such operations.

### Responsibility Performance Indicators

PR	Disclosure on Management Approach		●	20-23	
Customer Health and Safety	PR1	Life cycle stages in which health and safety impacts of products and services are assessed, and percentage of significant products and services categories subject to such procedures	○	22-23, 63	
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	●	65	
Product and Service Labeling	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	○	-	
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling	●	65	
Marketing Communications	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	67	
	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	●	65	
Customer	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	●	65	
	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	○	16	Confidential information on new car model was leaked by a supplier employee.
Privacy	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	●	65	

## 4-10. About This Report

### Introduction

MOBIS is an auto parts manufacturer which specializes in the sale of after-sales service parts, module parts production, and the export of parts. This is our fifth report to provide detailed information on our social contribution activities, environmental management, and economic achievements in all our business operations. Based on a materiality test that included the participation of various stakeholders, we identified priority issues and assessed the potential impact of each issue on operations at MOBIS.

### Reporting Structure

This report is organized into five parts: Corporate Profile, Materiality Analysis, Social Performance, Environmental Performance, and Economic Performance, which is the prioritized order according to materiality and stakeholder interest level. Additional details and information on relevant issues and the GRI Index are also included in the Appendix section.

### Reporting Standards

Global Reporting Initiative (GRI) G3.1 Guidelines were used as the reporting standard for the MOBIS 2014 sustainability report.

### Reporting Period

The reporting period is the calendar year for 2013, from January 1 to December 31. Quantitative data covers the three-year trend from 2011 to 2013. Some data regarding material issues highlight the first half of the company's 2014 performance. Financial data was prepared on a consolidated basis.

### Reporting Scope

Information regarding MOBIS HQ, manufacturing sites, its R&D center and regional offices is included in this year's report, with limited coverage on greenhouse gas emissions, locally hired employees and sales breakdown by region. We plan to expand our reporting scope in the future.

### Major Changes to Performance Measurement

Energy use and greenhouse gas emissions data are based on verification results. Financial data, with some exception, were prepared based on the Korea International Financial Reporting Standards since the 2012 Sustainability Report. See the remarks of the GRI Index 3.10 section as for the data restated in the report.

### Report Assurance

The report received third party review for assurance. The assurance report prepared by the Korea Productivity Center, a specialized sustainability report assurance company, is included in the Appendix.

### Additional Information

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

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

### Credits

Kwon Daewon, Kim Kunwoo, Kim Kyungho, Kim Kwangchan, Kim Dongjin, Kim Munsung, Kim Sehyun, Kim Seungho, Kim Youngkwang, Kim Wonseok, Kim Jongpil, Kim Jonghyeon, Kim Junoo, Kim Jieun, Kim Jina, Nam Minwoo, Ro Jinwoo, Ma Sheungho, Moon Seungki, Park Soomin, Park Jungeun, Park Jongchan, Park Joonyoung, Park Jinhong, Park Hoon, Baik Sanghoon, Seo Jongin, Shin Kichul, Eum Dongsu, Oh Yejun, Oh Juseok, Ok Sungmin, Yoo Kyungsuk, Yoon Jungin, Lee Daewook, Lee Byoungwook, Lee Sangmin, Lee Seoho, Lee Wonkyung, Lee Jaesung, Lee Jeongwoo, Lee Hyukmin, Lee Hyungjong, Lim Seongjae, Chun Yongjin, Chon Changhoon, Jeong Jaesang, Chung Chongshick, Cho Sanghee, Ju Seongkyu, Cheon Jongin, Choi Eunyeong, Choi Homin, Choo Jaehyun, Ha Jiyeon, Han Kwanghak, Han Sunghoon, Heo Lyangsik, Hong Yeongki, Hong Jiin



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