

아름다운 동행
함께하는 가치 발견

Discovering value together in everything we do

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COVER STORY

The MOBIS Sustainability Report 2012 is the third such report and covers a wide array of MOBIS’s efforts to become a lifetime partner in automobiles and beyond. For the past year, the company has increased value for all its stakeholders, from customers, shareholders and investors to employees, suppliers and communities. This report contains information about the company’s performance under the theme of Earth, sky and water in harmony with one another, and serves as a reflection of MOBIS’s commitment to sharing with everyone.

SCIENCE TO SUSTAINABILITY

The slogan : ‘SCIENCE TO SUSTAINABILITY’ portrays MOBIS will power and capacity in utilizing “*driving science*” to express a higher level of socially responsible commitments. MOBIS’ “*driving science*” stands for the volition to develop cutting edge automotive parts to a state of science.

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At MOBIS, sustainability management starts from appreciating the value of not only sharing with our stakeholders, but clearly understanding them as well. We consistently heed the thoughts of our customers, reflect shareholders’ opinions, communicate with our employees and suppliers, and do our best to help develop local communities and protect the environment in an effort to find the shared value for the benefit of all engaged. With our world-leading talent and technology, we contribute to the development of society, protect the environment and create greater economic value, which ultimately means that our stakeholders gain even more trust and respect for MOBIS. This is how we believe we can realize greater value for everyone. Indeed, MOBIS is doing everything it can to create greater value for everybody.



MOBIS

in the world

Company Overview

Name

MOBIS Co., Ltd.

Vice Chairman & CEO

Ho-suk Jun

Establishment

June 25, 1977

* Enlisted on the Korea Stock Exchange on September 5, 1989

Headquarters

6F Seoul International Tower, 203 Teheran Road,
Gangnam-gu, Seoul, Korea

2011 Credit Ratings

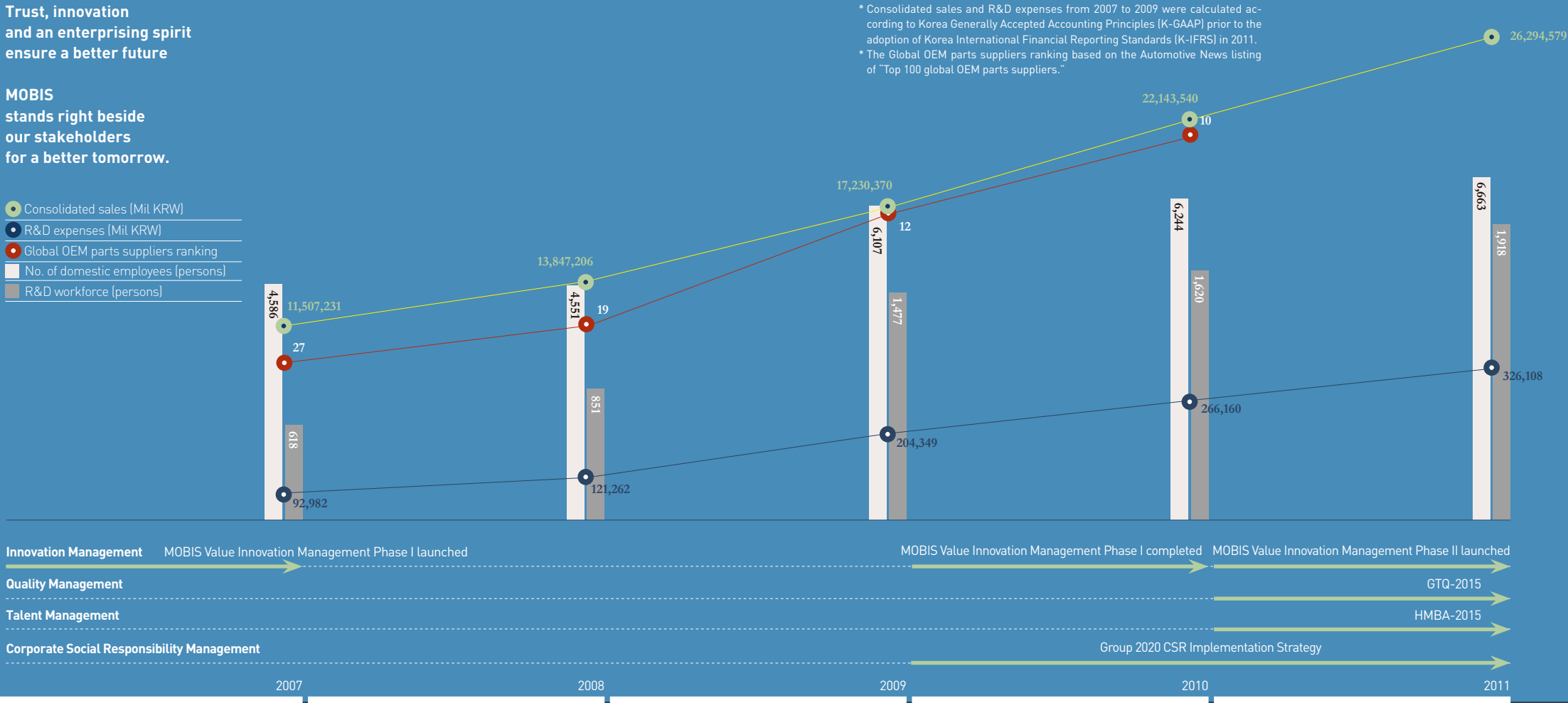
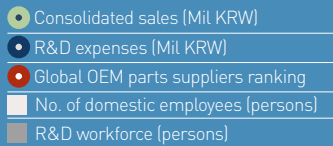
Korea		Overseas	
Korea Ratings	Korea Investors Service (KIS) Rating	Moody's	Standard& Poor's
AA	AA	BAA2 (STABLE)	BBB (POSITIVE)

Business Area

MOBIS' operation span from module business which manufactures and provides customers with three major automotive modules; the chassis module, the cockpit module and the front-end module along with environment friendly · intelligent core parts, to AS parts sales business providing aftermarket service parts for Hyundai and Kia vehicles operational worldwide.

**Trust, innovation
and an enterprising spirit
ensure a better future**

**MOBIS
stands right beside
our stakeholders
for a better tomorrow.**



Module Assembly

MOBIS is a leading company in vehicle parts modularization, a revolutionary field of the automotive industry in the 21st century. MOBIS manufactures and supplies the chassis module, also titled as the three core modules to carmakers through the Just-In-Sequence (JIS) process. From planning to design, simulation and production, MOBIS' advanced module parts are perfected through collaboration with carmakers from the initial stage of development.

Aftermarket Service Parts Sales

As a responsible supplier of aftermarket service parts for Hyundai and Kia vehicles worldwide, including cutting-edge logistics system MOBIS has built a vast infrastructure for liable parts supply. MOBIS manages 1.75 million auto parts in stock for 180 types of automobiles, making swift and exact response whenever needs arise for AS parts, ensuring highest level of satisfaction for Hyundai and Kia vehicle owners.

Core Parts Manufacturing

MOBIS manufactures a number of core parts, including electronic stability control (ESC) systems, anti-lock brake systems (ABS), advanced airbag systems, motor-driven power steering (MDPS), and lamps. In order to take advantage of the growing number of opportunities in the eco-friendly smart car market, we are developing high value-add technologies to combine chassis, safety and electric car system technologies with electronic controlling technologies. We are also actively involved in R&D efforts to develop components for advanced safety vehicles (ASV). To date, we have developed technologies for core parts in eco-friendly vehicles, such as motors and battery systems for hybrid vehicles, and plan on developing technologies for core parts for plug-in hybrid and fuel cell systems. Also for multimedia electronics systems, MOBIS integrates diverse future consumer trends converging information and entertainment functions to create high value-added systems.

Information about the company's organizational structure, including our operations, subsidiaries and joint ventures, legal ownership, or any major changes to the organizational structure or ownership during the reporting period, is available as part of the 35th Business Report at the Korean Financial Supervisory Service's electronic disclosure site at <http://dart.fss.or.kr>

For our business premises and global footprint, please refer to the Network page on our website at www.mobis.co.kr

2015 Goals

Ensuring global top quality (GTQ by 2015)

Lay the foundation for global expansion

Establish a globally integrated HRD system

2020 Goals

Become one of the world's top 5 auto parts manufacturers

MOBIS
“Lifetime partner in automobiles and beyond”

CSR Management
“A sustainable value provider”

Chairman Message

Befitting its global name, MOBIS will recreate social, environmental values upon its economic achievements. Through sharing values with stakeholders, we will uphold faithful commitment to our roles and responsibilities as a corporate citizen.

Under the slogan “Lasting Companionship,” MOBIS has been publishing annual sustainability reports, covering its social, environmental and economic performances since 2010. It is my great pleasure to share this third sustainability report with all our stakeholders.

Opting for a “Selection & Focus” business strategy in 2000, MOBIS repositioned itself as a specialized automotive parts supplier. For the past decade, MOBIS has achieved remarkable growth, becoming one of the world’s top 10 automotive parts manufacturers in 2010. Despite challenging environment in the global automotive industry and global economic downturn via Europe, MOBIS exceeded its management goals while making consistent efforts to discover new growth engines and practice activities for co-prosperity with stakeholders.

In order to sustain such perpetual growth, MOBIS has to put its first priority on people and technology. Creating sustainable value through nurturing future talents and core technology development, sharing the value with our stakeholders, this is the key to MOBIS’ sustainable management. I am certain that the third sustainability report will be another motivation to realize Human and Technology centric MOBIS.

Befitting its global name, MOBIS will recreate social, environmental values upon its economic achievements. Through sharing values with stakeholders, we will uphold faithful commitment to our roles and responsibilities as a corporate citizen. I ask for your continued encouragement and support for our efforts.

Thank you.

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To make growth sustainable we must place “Human” and “Technology” in our heart.



Mong-koo Chung
Chairman & CEO
Hyundai Motor Group

CEO & President Message

Upon firm competitive foundation MOBIS will diligently conduct corporate social responsibility with respect and communication for our stakeholders to share a common goal, a mutual growth.

Such values will contribute to balanced growth and mature corporate culture, providing a fertile ground for a sustainable future for generations to come.

Q - What is the underlying value of sustainability management at MOBIS?
A - Since repositioning itself as a specialized automotive parts manufacturer, MOBIS has achieved remarkable growth over the last decade. Yet this has not tempered our drive to become one of the top five companies in our field by 2020. This vision is proof of our commitment to be a leader in future automotive technology through creative people, the highest quality products and cutting-edge technology. Thus, our sustainability efforts have their origin in our commitment to create sustainable value through our business activities for our stakeholders.

Q - What were the company’s major achievements in 2011?
A - We expanded our production lines both in Korea and overseas, and reinforced our technological competitiveness in electric parts and eco-friendly vehicles. The aftermarket parts business expanded its global service network and mounted aggressive marketing campaigns with car makers around the world. Our highly competitive quality and technology has also been recognized internationally by global car makers, which only increased our order backlog. These achievements culminated in MOBIS receiving the \$8 Billion Export Tower Award from the Korean government and being named one of the world’s top 10 auto parts makers by Automotive News. In terms of our sustainability management activities, we placed a lot of focus on one of the keys to our product competitiveness: our suppliers. Through various win-win partnership programs, we helped many of them increase their global competencies. In recognition of our consistent sustainability management efforts, the Dow Jones Sustainability Index (DJSI) added us to its World Index (DJSI World) 2011. As a result, it is no secret we take great pride that we have made significant progress in our sustainability efforts to generate greater value for our stakeholders.

Q - Human Resources Development (HRD) is an integral part of sustainability management at MOBIS. What was the most important HRD policy you implemented in 2011?
A - HRD is an integral part to the management of every business. MOBIS is no exception. In particular, we develop our HRD system so it is attuned to both the vision of every individual employee and to the corporate vision as a whole, as we believe employees should



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’07

be able to attain their individual goals while the company also realizes its corporate vision. To that effect, we created a new HRD system called Hyundai MOBIS Business Academy (HMBA-2015) to foster creative, self-motivated people with global competencies, while actively communicating with employees to ensure they share the same corporate values as MOBIS does.

Q - One of the goals MOBIS set is becoming a technology-driven company. Can you tell us what MOBIS has done to play a leading role in future automotive technology?
A - We strongly believe that technology in our key businesses will play the determining factor in the sustainable growth of MOBIS. As a result, we are channeling our resources into developing competencies in the creative integration of machinery systems with electronic technology before our competitors. At the same time, we are working on an open technology innovation system that will allow us to better cooperate with our suppliers, academia and all levels of government. In a bid to enhance our product liability to the environment, we are developing low-emission car parts and components for eco-friendly vehicles. At the same time, we are establishing a systematic management framework for greenhouse gas and hazardous chemical substance emissions.

Q - Does MOBIS have any future plans for sustainability management?
A - MOBIS has long been fulfilling its corporate social responsibility and will continue to do so in the future. On top of that, we will continue to communicate openly and honestly with our stakeholders, and always take their point of view into consideration to ensure co-prosperity. By achieving balanced growth and a solid corporate culture, we will be able to hand down a more sustainable world to future generations. I ask for the continued support of all our stakeholders to help us attain this goal.



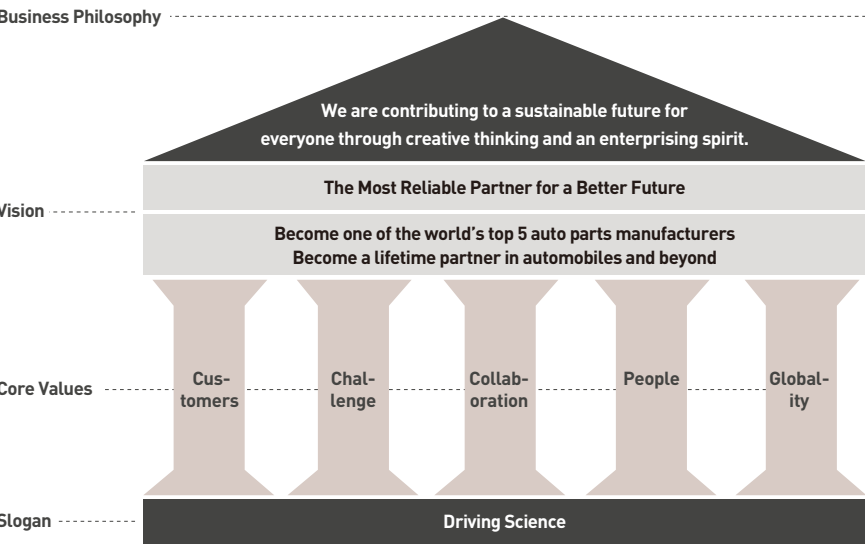
Ho-suk Jun
President & CEO
MOBIS Co., Ltd.

Our sustainability efforts have their origin in our commitment to create sustainable value through our business activities for our stakeholders.

Vision 2020

Global Top 5

In just three years, MOBIS went from the 27th largest global car parts maker in 2007 to 10th in 2010. Since then, it has maintained its position as one of the world's top 10 car part makers. Today, the company has a vision to become one of the world's top 5 auto parts manufacturers by 2020. This vision is proof of our commitment to be a global corporate citizenship leader in future automotive technology through creative people, the highest quality products and cutting-edge technology, which in turn will realize sustainable growth for the company alongside its stakeholders



Vision

At MOBIS, the company's business philosophy is focused on contributing to society through creative thinking and an enterprising spirit in order to bring about a better future for everyone. This is in line with the company's new vision, which is "2020 Global Top 5: A Lifetime Partner in Automobiles and Beyond." MOBIS is dedicated to play a key role in the Hyundai Motor Group's vision, "Together for a Better Future," by providing innovative technologies and top-quality products, as well as services that create innovative spaces beyond automobiles.

Mission

There are three keys to realizing the company's mission

Quality, technology and price competitiveness and globally competitive services for car customers

Electronic control technology for automobiles to help us lead the future auto parts manufacturing industry

Proactive global market pioneering and sustainable growth to become one of the world's top five auto parts manufacturers by 2020

Management Goal

Action Plans
Reinforcing the electronic technology business by increasing the portion of electronic systems to 50 percent by 2020, while also developing a technology-oriented corporate brand image
Increasing the sale of core components to global carmakers other than Hyundai and Kia to 20 percent by 2020 through the development of in-house technologies and the reinforcement of product competitiveness
Focusing on brake/steering safety systems, infotainment, mechatronics, and eco-friendly vehicle components

Core Value

We have come up with five core values as a guideline for all MOBIS employees to help steer their behavior and decision making.

Human Resource Development Philosophy

The HRD philosophy at MOBIS is about cultivating creative global competencies in our employees and building a self-motivated corporate culture where people are continuously learning.

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2020 CSR Implementation Strategy

The 2020 CSR Implementation Strategy's vision is to have MOBIS become a sustainable value provider by 2020. As part of this goal, we aim to become a company that not only creates but shares sustainable value with its stakeholders as well.

We conducted numerous surveys and carried out extensive research to develop the 2020 CSR Implementation Strategy. After benchmarking global best practices, conducting employee surveys, looking at the 2020 automobile industry forecast, and analyzing future trends in CSR, the results indicated that key material issues will be based on an eco-friendly strategy and becoming a globally respected company. The findings and material issues identified from the research have been reviewed against the seven principles of the ISO 26000 guidance on social responsibility. The 2020 CSR Implementation Strategy was then developed to cover all CSR issues and issues that had been identified from a multi-tier review that included management consultation and stakeholder surveys.

Stakeholders	Local Communities 01	Customers 02	Suppliers 03	Government 04	Shareholders, Investors 05	Employees 06	All Stakeholders 07
Future Goals	 A company that advocates co-prosperity	 A company that advocates sustainable mobility	 A trusted partner	 A transparent company	 A trustworthy company	 The top company to work for	 A leader in dealing with climate change
ISO 26000 Core Subjects	Community involvement & development	Consumer issues	Fair operating practices	Corporate governance	Corporate governance	Human rights, labor practices	Environmental management

Social Responsibility Charter

This charter is a codification of our dedication to fulfill our role as a global corporate citizen through balanced growth and distribution based on a corporate culture of respect and trust.

MOBIS has made trust-based management, environmental management, and social contribution activities the underlying principles of its management practices. In addition, we clearly understand the significance of our corporate social responsibility to the sustainable long-term growth of the company, ensuring that all our stakeholders, employees, suppliers, shareholders, customers, local communities and society as a whole benefit from our activities.

We will promote self-realization for all employees, and continually establish mutually beneficial relationships with our suppliers.	We will constantly increase shareholder value and deliver trust and satisfaction to customers.	We will contribute to the co-prosperity of people around the world as a responsible corporate citizen.
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Corporate Governance Structure

A company’s corporate governance structure is a mechanism for protecting shareholder value. Transparent and ethical corporate governance has a significant influence on the company’s long-term sustainability and reputation regarding its business ethics and how it contributes to the environment and local communities.

Promoting a balanced corporate governance structure

The board of directors at MOBIS requires at least three outside director members, who comprise a majority of BOD under the governing regulations and Articles of Incorporation. As of March 30, 2012, the BOD at MOBIS had nine directors, four inside and five outside directors. The BOD operates three subcommittees, an Audit Committee, Ethics Committee, and Outside Director Recommendation Committee. Except for the Outside Director Recommendation Committee, the other two committees are chaired by outside directors to ensure the independence of each committee from management. The Audit Committee audits general management activities and accounting practices and has the authority to have directors report on operations. The Audit Committee convened a total of five meetings from January 1 to December 31, 2011. Audit results and the selection of an independent auditor are reported on at the general shareholders’ meeting (GSM).

Efficiency in selecting directors and operating the BOD

Candidates for inside directors are recommended by the BOD and candidates for outside directors are recommended by the Outside Director Recommendation Committee. The Outside Director Recommendation Committee reviews the qualifications of candidates and passes on its final recommendation at the GSM. As soon as an outside director is appointed at the GSM, this person must submit a Qualification Certificate which describes their independence from corporate interests, their legal qualifications and any other pertinent information to the Korea Exchange. The company publicly discloses each outside director’s additional posts, their attendance rate, BOD meeting agenda and the number of shares they hold in the company.

Evaluation and compensation for the BOD and management

At MOBIS, top management signs a contract with the BOD detailing their management goals and compensation. Performance incentives are paid out according to business results, which are announced at the GSM along with the achievements of the BOD and management. Compensation limits to directors is a major agenda of the GSM. (In 2011, the approved ceiling on compensation to directors stood at 10 Bil KRW.)

Ensuring trust-based management, CSR and environmental management

In 2008, MOBIS established an Ethics Committee under the BOD in order to promote a transparent and ethical corporate culture. As of March 30, 2012, the Ethics Committee consisted of five outside directors who monitor and track corporate compliance with the Monopoly Regulation and Fair Trade Act, Compliance Program practices, arms-length transactions (between affiliates) practices under Korea’s Commercial Law, ethics management and CSR policies, as well as making revisions to ensuring compliance with the company’s Ethics Charter. The Business Coordination Group serves as a bureau of the Ethics Committee to facilitate trust-based management practices and CSR activities approved by the Ethics Committee. The Business Coordination Group is also in charge of company-wide environmental management.

BOD Operation

	2009	2010	2011
Outside directors [as of the end of 2011]	5/9 (56%)	3/7 (43%)	5/8 (62.5%)
Attendance rate [outside directors’ attendance rate]	85.8%	88.4%	93.3%
Ceiling on compensation to directors	7 Bil KRW	7 Bil KRW	10 Bil KRW

BOD Composition

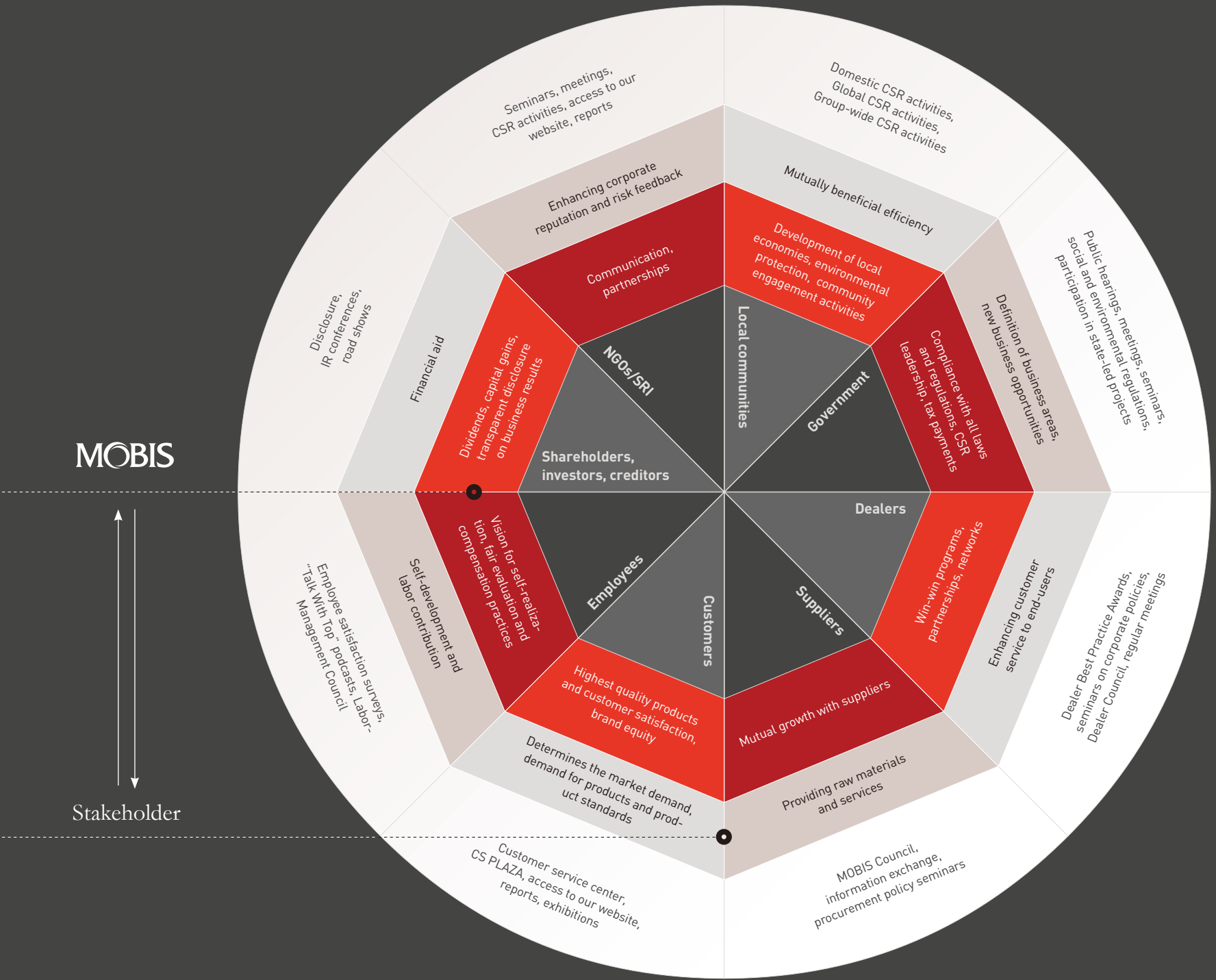
	Name	Position	Responsibility/Additional Job	Audit Committee	Ethics Committee	Outside Director Recommendation Committee
Inside directors	Mong-koo Chung	Chairman	Chief executive officer			
	Ho-suk Jun	President	Chief executive officer			Chair
	Eui-sun Chung	Vice Chairman	Director			Member
	Byung-chul Choi	Vice President	Director			
Outside Directors	Chan-wook Park	Director	CEO, P&B Tax Affairs Consulting	Chair	Member	
	Tae-woon Lee	Director	Chief lawyer, The One Law Firm	Member	Chair	
	Byung-joo Lee	Director	Advisor, Bae, Kim & Lee LLC	Member	Member	Member
	Woo-il Lee	Director	Professor, Department of Mechanical and Aerospace Engineering, Seoul National University	Member	Member	Member
	Ki-chan Kim	Director	Dean of the Business School, The Catholic University of Korea	Member	Member	Member

[as of March 30, 2012]

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Stakeholder Engagement

MOBIS continues to fully cooperate with all its stakeholders to realize the “2020 Global Top 5” vision.



2012 Materiality Analysis

MOBIS listens to the thoughts and suggestions of its stakeholders to identify and effectively deal with material issues of the company and society to ensure the balanced and sustainable growth of both MOBIS and society as a whole. In the future, we will continue to expand communication avenues with stakeholders.

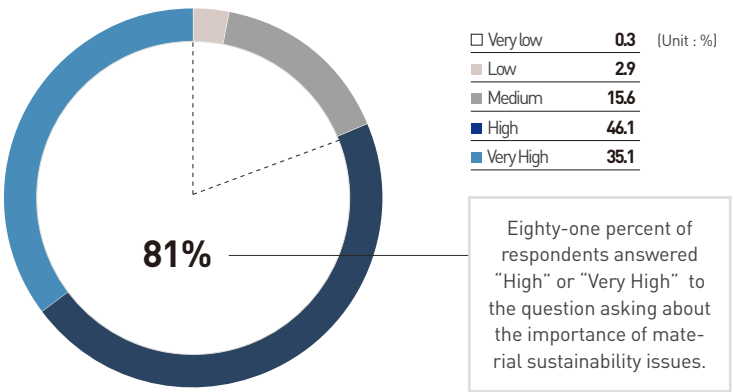
Material Sustainability Management Issues

MOBIS runs a materiality test matrix to identify and analyze material sustainability issues of high concern to stakeholders and which could adversely impact business. For the reporting period, 25 material issues were singled out through media analysis, global benchmarking and best practices review. We then pursued feedback from 1,015 internal and external stakeholders from 10 different stakeholder groups on the above-mentioned issues, ultimately collecting a total of 446 responses.

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2012 Materiality Test Key Findings

Stakeholder awareness of material sustainability issues
Respondents highly evaluated the impact of each issue on sustainability management at MOBIS.



2012 Materiality Analysis Flow

Issue Identification

Criteria review guideline

- Stakeholder engagement
- Correlation to sustainability management trends
- Issues related to business operations and reputation

Issue pool construction

- Global standards (ISO 26000, GRI) review
- CSR material issues (DJSI, CDP)
- Sustainability issues within the industry
- Media analysis results

01

Issue Materiality Test

Priority issues on axis X: strategies, risks, finance

Priority issues on axis Y: media analysis, sustainability issues within the industry, global standards

Issue Assessment

02

Response to issues and reporting issues

Communication with stakeholders

Enhancing response mechanisms to issues

Future plans

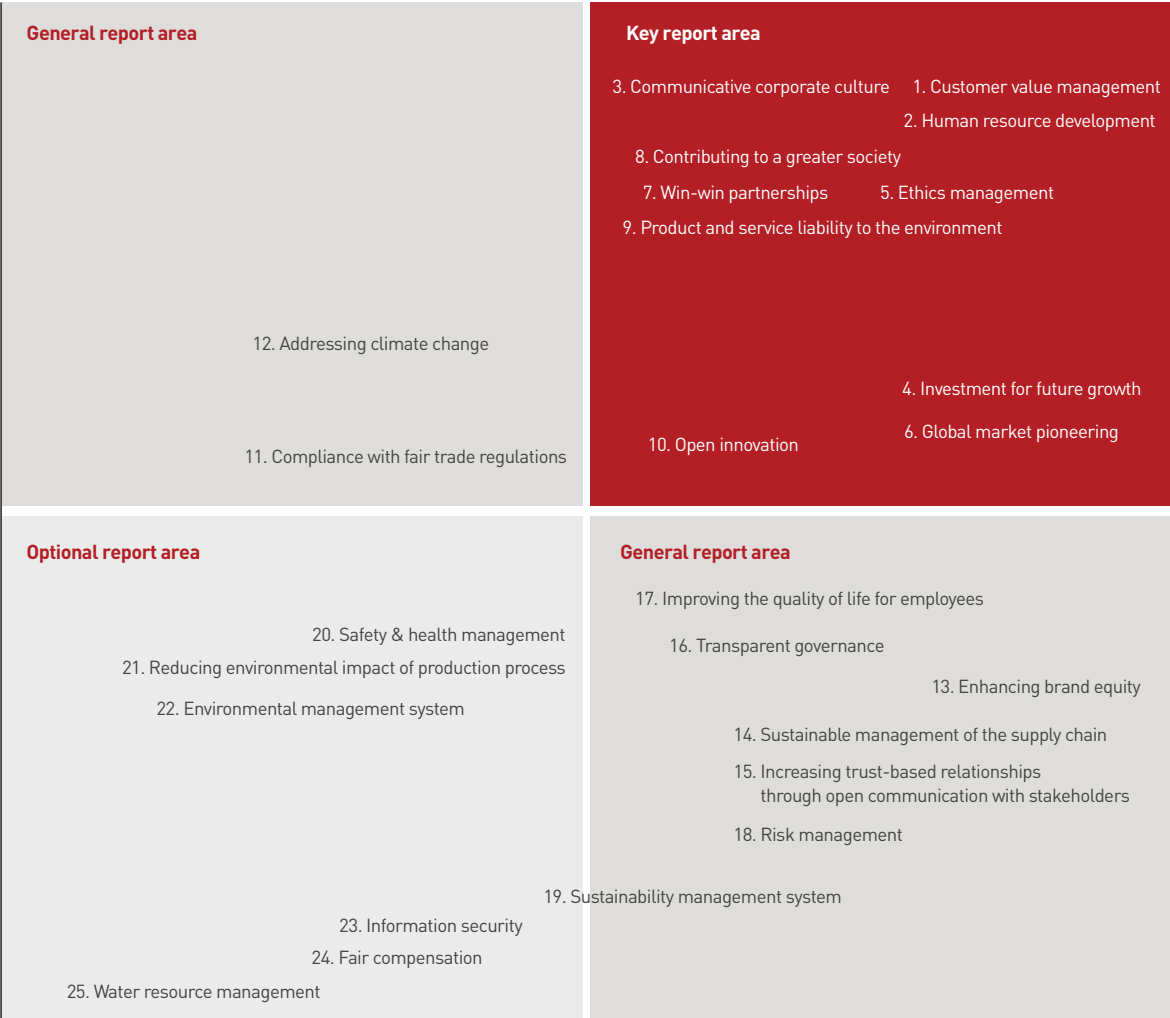
Reflection on management policies

Counter-measures + Planned direction + Previous reporting history

Reporting issues finalized

03

2012 Materiality Test Matrix



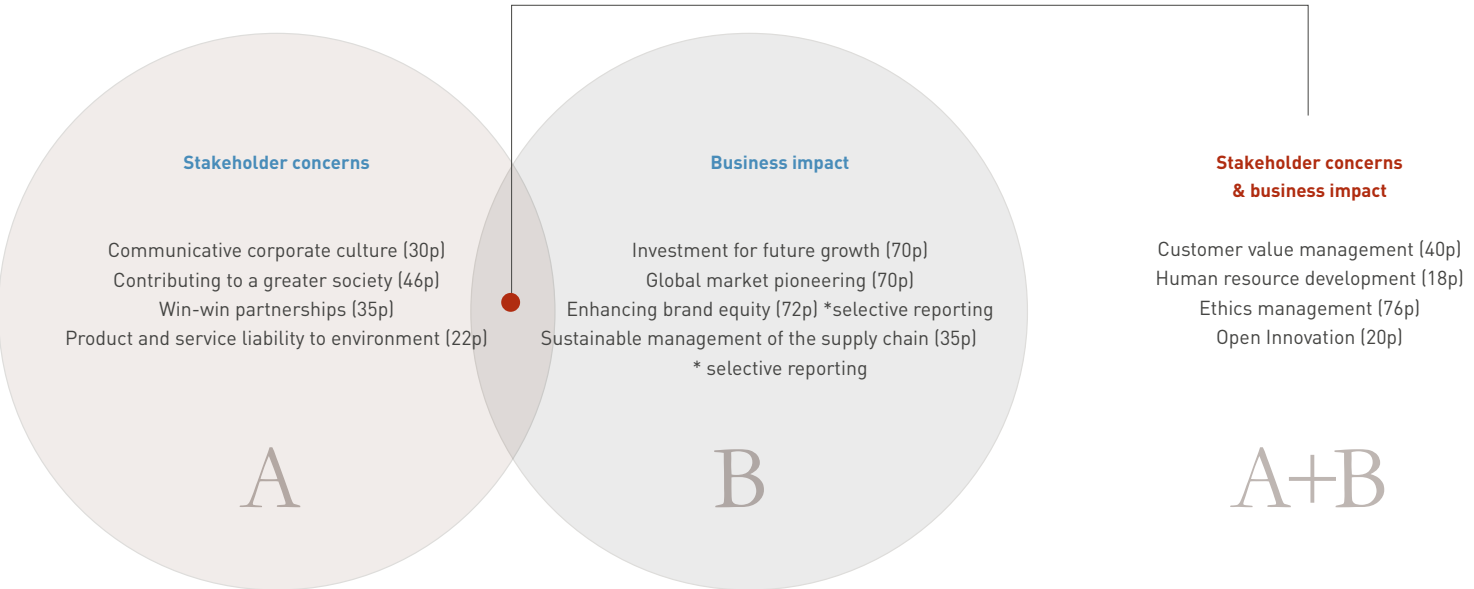
Impact on MOBIS

The findings received from the 10 different groups of stakeholders ranked HRD the most important sustainability issue for MOBIS.

Type	Investors	Customers (car makers)	Suppliers	Dealers	Korean government, associations	Local communities	CSR issues within the same industry	Media, academia	Employees
Material issues*	HRD	HRD	Mutual growth	Mutual growth	HRD	A better society for everyone	Environmental management system	HRD	HRD

* The table shows the results of materiality assessments concerning CSR material issues: HRD, mutual growth, a better society for everyone, environmental management system, customer value management and business ethics.

Material issues in focus areas (Material issues in the top 67% of priority)



Dialogue

Voice of our Stakeholders

A close, trust-based relationship with stakeholders is imperative for the long-term sustainable growth of a business. As a result, MOBIS actively engages in communication with stakeholders, sharing opinions on management issues and activities.

Involvement & Concerns

Q.1

Stakeholder Interview 1.
Sam-A Corporation_CEO, Woon-seok Lee

In terms of the bigger picture, dealers who sell legitimate AS components to end users are the direct clients of MOBIS. The computerized logistics system at MOBIS escalates the speed of the process from a request for components to delivery and inventory check. More importantly, the computerized system has allowed us to provide components for cars no longer in production and the cross-selling of components with dealers across different regions in Korea.

MOBIS provides Sam-A Corporation with dealer consulting assistance, access to a business academy, leadership training, warehouse standardization, and training on organizational communication. Due in no small measure to this assistance, we are improving our employee benefit programs, warehouse operations and working conditions, which in turn has helped us reduce the previously high turnover rate. In addition, we have established a communicative corporate culture, which has led to enhanced customer service and, consequently, higher sales records. In the future, we hope MOBIS will sustain its policy and actions with dealers for mutually sustained growth.

What do you feel is the most important policy for MOBIS to implement for future growth alongside its stakeholders?

Effective HRD is imperative for MOBIS to maintain sustained growth in the future. As a matter of fact, MOBIS has recently adopted a new HRD system called Hyundai MOBIS Business Academy (HMBA-2015) to foster creative and Self-motivated talents.

See 16-17p A. 1



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'15

Q.2

Stakeholder Interview 2.
Namyang Industries__Vice president, Byung-heon Hong

MOBIS accounts for 63 percent of our sales. MOBIS and Namyang are closely connected with each other in all business areas. As a supplier, the MOBIS mutual growth programs have had a significant impact on us, as we are building on our competencies thanks to some of these programs. Suppliers can improve their product quality so it meets the highest global standards, resulting in sales growth, job creation and product R&D investment. Learning from this experience with MOBIS, Namyang is also working hard to grow alongside our own subcontractors. I believe this will lead to economic growth for all parties involved and eventually enhance Namyang's global competencies.

No company is an island. Both MOBIS and Namyang can move forward only when they cooperate with their suppliers. To that effect, I urge MOBIS to expand the scope of its cooperation efforts from just mutual growth programs to the entire value chain. That would have a significant impact on subcontractors and their subcontractors as well.

In that regard, what do you think is required for further mutual growth between MOBIS and its suppliers?

MOBIS will expand the number of beneficiaries of our mutual growth programs to subcontractors and their subcontractors as well.

See 16-17p A. 2



Q.3

Stakeholder Interview 3.
The National Nature Trust_President, Jae-kyung Jeon

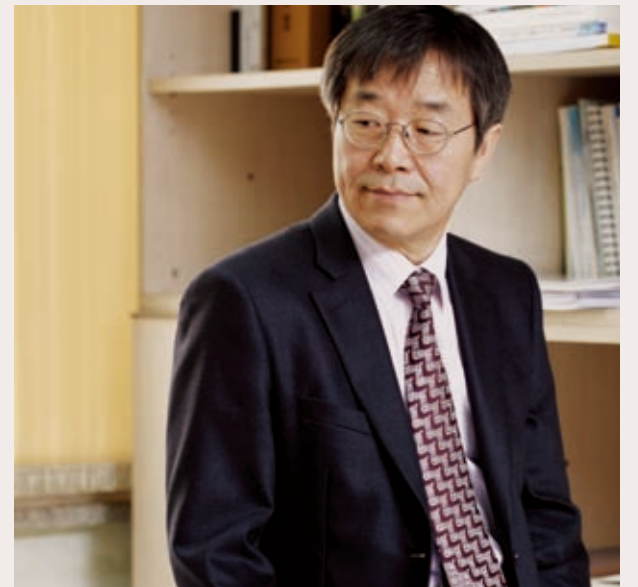
The National Nature Trust, MOBIS and Jincheon City have joined forces to build the MOBIS Forest together. I believe this new forest will contribute to protecting nature and keeping it beautiful, while also creating economic value for local communities through urban-rural exchanges and eco-tour programs. At the same time, MOBIS will be able to enhance its brand equity. Although this single forest will not be enough to offset all of the carbon emissions MOBIS produces, I do believe it sets a good example for manufacturers in how to deal with climate change.

If MOBIS wants to make reforestation a sustainable social contribution program, I strongly recommend that the program be based on mutual trust and a cooperative network with local communities and other related stakeholders, as reforestation takes more than just planting trees. Local residents, MOBIS employees and visitors to the forest should all learn to establish a system for preserving all forests. I think MOBIS should establish more CSR initiatives that can contribute to the development of both the company and society.

What other steps has MOBIS taken to promote a sustainable environment?

In addition to the reforestation project, MOBIS has heightened its product liability to the environment, reduced its carbon dioxide, nitrogen oxide and other particulate emissions.

See 16-17p A. 3



Dialogue

Our Ideas for Sustainability

A.1

HRD Group
Director, Dong-rok Ko

MOBIS Business Academy-2015

MOBIS Business Academy-2015 A long-term HRD system for MOBIS

People are the real driving engine for the sustainable growth of a business. In order to foster talented people who can flexibly respond to global trends and live up to the company's management goals, we have established an HRD philosophy where we foster creative global talent and encourage a self-motivated learning culture. As such, we have created three fields of learning: performance-oriented, field-oriented and self-motivated lifelong learning. We also set our HRD goals in line with the company's five core values: Customers first, Challenge, Collaboration, (respect for) People and Globality.

The HRD system at MOBIS, called Hyundai MOBIS Business Academy (HMBA-2015), aims at maximizing individual competencies through consistent change and innovation, while also maximizing organizational capacity through interactive communication and collaboration. To that effect, we are internalizing the company's core values and strengthening our corporate culture through various training programs in addition to those for reinforcing expertise in our employees. All these efforts will contribute to sustainable growth for the company and all its stakeholders.

to be continued to 18-19p

Human & Technology
centric MOBIS



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A.2

R&D Planning Team
General Manager, Jeong-pyo Lee

Open Innovation

Open innovation drive at MOBIS

In the future, there will be a creative compatibility of convergence and divergence with respect to knowledge, giving rise to an open network where a monopoly of knowledge technologies collapses. Collective knowledge will become more popular, shifting the source of innovation and drive from within the company to outside it. Diverse ideas will also accelerate technology convergence and diversification. In step with this trend, MOBIS is promoting open innovation in its technology network to keep up with the development of future vehicles. Today, we are in R&D collaboration with suppliers, academia and governments. In addition, we are actively adopting new technology resources in eco-friendly and smart businesses and increasing investment in these same areas. We encourage our internal and external stakeholders to incorporate the open innovation drive into our corporate culture.

to be continued in 20-21p

A.3

Eco Technology Group
Director, Joong-lok Kwon

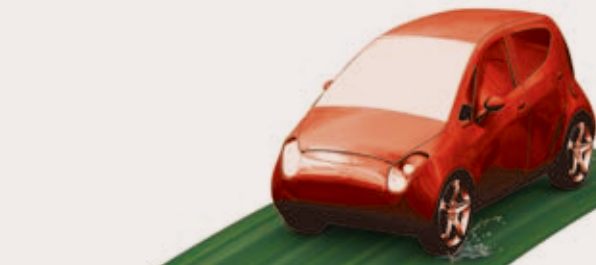
Enhancing product liability to the environment

Low-emission MOBIS parts to mitigate climate change

Automobiles have evolved beyond being a mere vehicle to become one's life partner. However, it is often cited as the main culprit of climate change and rising sea levels because of their high carbon emissions. Governments around the world are heightening their fuel efficiency regulations and offer benefits to eco-friendly vehicles in promotion of eco-friendly mobility, not to mention the legitimization of carbon regulations. As a result, technology R&D for eco-friendly vehicle components has become imperative and is no longer an option. We have developed advanced technologies for enhanced fuel efficiency in our internal combustion engines and applied it to smart components, optimizing green driving. To be more specific, we are phasing in electric device units to replace internal combustion engines.

MOBIS produces electric device units such as electric motors, invertors and converters, as well as battery packs for electric power supply and hydrogen supply devices. We have company-wide organizations that closely collaborate to enhance the reliability and quality of these new components. As a result of our years of R&D efforts, we have enhanced our product and quality control along with the necessary R&D to cultivate independent design capacity and the standardization process. In the future, we are confident that we will be equipped with world-leading technological competitiveness.

to be continued in 22-23p



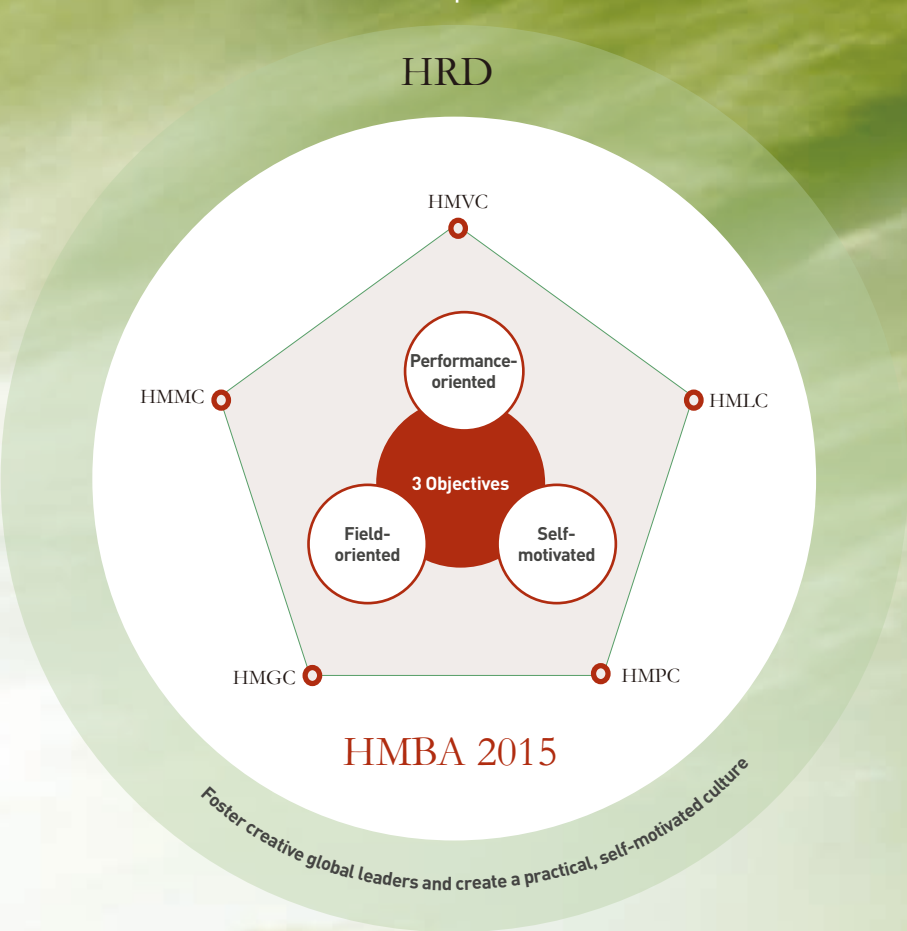
HMBA-2015

HMBA-2015
Long-term
HRD system

Special

MOBIS established Human Resources Development (HRD) Group in December 2010 and declared 2011 as “The Year of the MOBIS HRD’s Structural Foundation.” That same year, we developed Hyundai MOBIS Business Academy (HMBA-2015). HMBA-2015 takes a competency modeling approach to identify the required core competencies for performance, with a competency-building scheme subsequently designed accordingly. HMBA-2015 is strengthening individual competencies and promoting communication and collaboration within the organization, maximizing all corporate competencies. In line with the corporate vision of becoming one of the world’s top auto components makers, HMBA-2015 will foster global talent and future leaders, who will then be able to put into action the imperatives of value innovation management, global top quality (GTQ)-2015, technology competencies and market competitiveness.

Qualitative goals (by 2015)	Quantitative goals (by 2015)
Become one of Korea’s 10 best companies to work for Become one of Korea’s 10 best companies university graduates want to work for	Foster global leaders (retaining more than 1,200 global talents) Increase annual training hours (by more than 35%) Raise the rate of in-house training courses (from 30% to 50%)



HMVC(Hyundai MOBIS Value Center) · HMLC(Hyundai MOBIS Leadership Center) ·
HMPC(Hyundai MOBIS Professional Center) · HMGC(Hyundai MOBIS Global Center) · HMMC(Hyundai MOBIS Management Center)

By 2011	2012~2014	2015 onwards
Develop HRD long-term roadmap: foundation work, creation of roadmap	Realize a globally integrated HRD management system	Achieve HRD standards at the highest global level

’18
’19

A.1

HMBA-2015 Features

To begin, HMBA-2015 is bringing about a communicative corporate culture through a wide array of programs that will internalize core values and invigorate the organization. • **Second**, it singles out the most competent employees to realize leadership dynamics, fostering them as global leaders through language programs and MBA courses. • **Third**, systematic training programs by sector and job position help employees enhance their expertise, which is creating a self-motivated learning culture. • **Fourth**, the Global HRD Council will support employees to reinforce their global communication competencies and provide localized programs to global subsidiaries, realizing a global HRD system in the process. • **Fifth**, the Learning Support Management System and HRD network will enable company-wide HRD management and provide systematic support to HMBA-2015. In addition, briefings and presentations were given on HRD goals and strategies in 2011 for HMBA-2015 and five HMBA action plans to 2,803 employees in Korea and 286 overseas subsidiary employees.

MOBIS Business Academy (HMBA-2015)

HMVC	MOBIS value course to ensure a value-oriented corporate culture, internalizing core values and invigorating the organization
HMLC	MOBIS leadership course to realize leadership dynamics, develop a leadership pipeline and cultivate team leadership
HMPC	MOBIS professional course to reinforce performance-oriented job competencies and realize a self-directed learning infrastructure in pursuit of professional excellence
HMGC	MOBIS globalization course to help establish a global HRD management system as part of a global HRD roadmap, while reinforcing HRD management at overseas subsidiaries
HMMC	MOBIS management course to enhance company-wide HRD management practices, build a learning support management system and reinforce HRD organization

Mission & Role

HRD Philosophy	to foster creative global talent and create a practical, self-learning culture
HRD Mission	The Best Business Partner leading MOBIS Vision 2020: Global System Supplier Top 5
HRD Roles	to support employee performance through individual development, career development and organizational development programs in line with the company’s business strategies

Overseas training in China for new employees in 2012 →

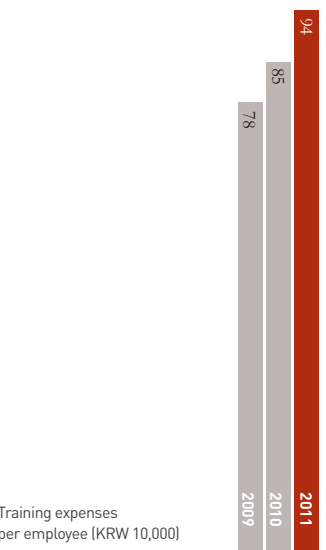
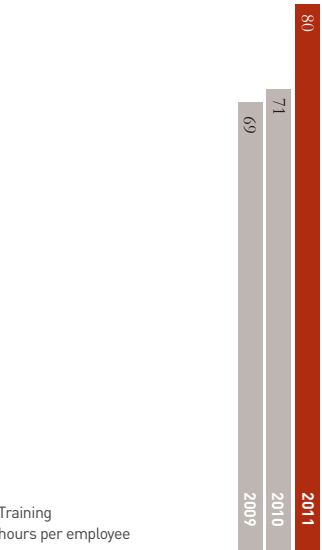
We strengthened our new employee orientation programs in 2012 to internalize our HMBA-2015 HRD missions and roles. For instance, new employees were asked to sign a document pledging to abide by the corporate vision. In a bid to ensure that our new employees are well aware of the company’s global business strategy, we sent them for overseas training in China. By engaging in training programs like this, new employees to MOBIS can also cultivate a self-directed learning attitude.

Employee training hours and expenses

Type	2009	2010	2011
Training hours per employee	69	71	80
Training expenses per employee (KRW 10,000)	78	85	94
Total training expenses (100 Mil KRW)	35	53	66

Education Program

Type	2009	2010	2011
Job skills	268	435	465
Skills specific to each job level_leadership	16	14	16
Global courses	31	34	40
Other skills_corporate culture, labor education, etc.	5	7	8
Total	320	490	529

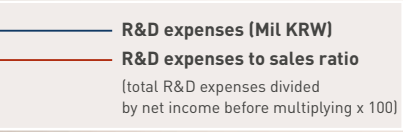


Open Innovation

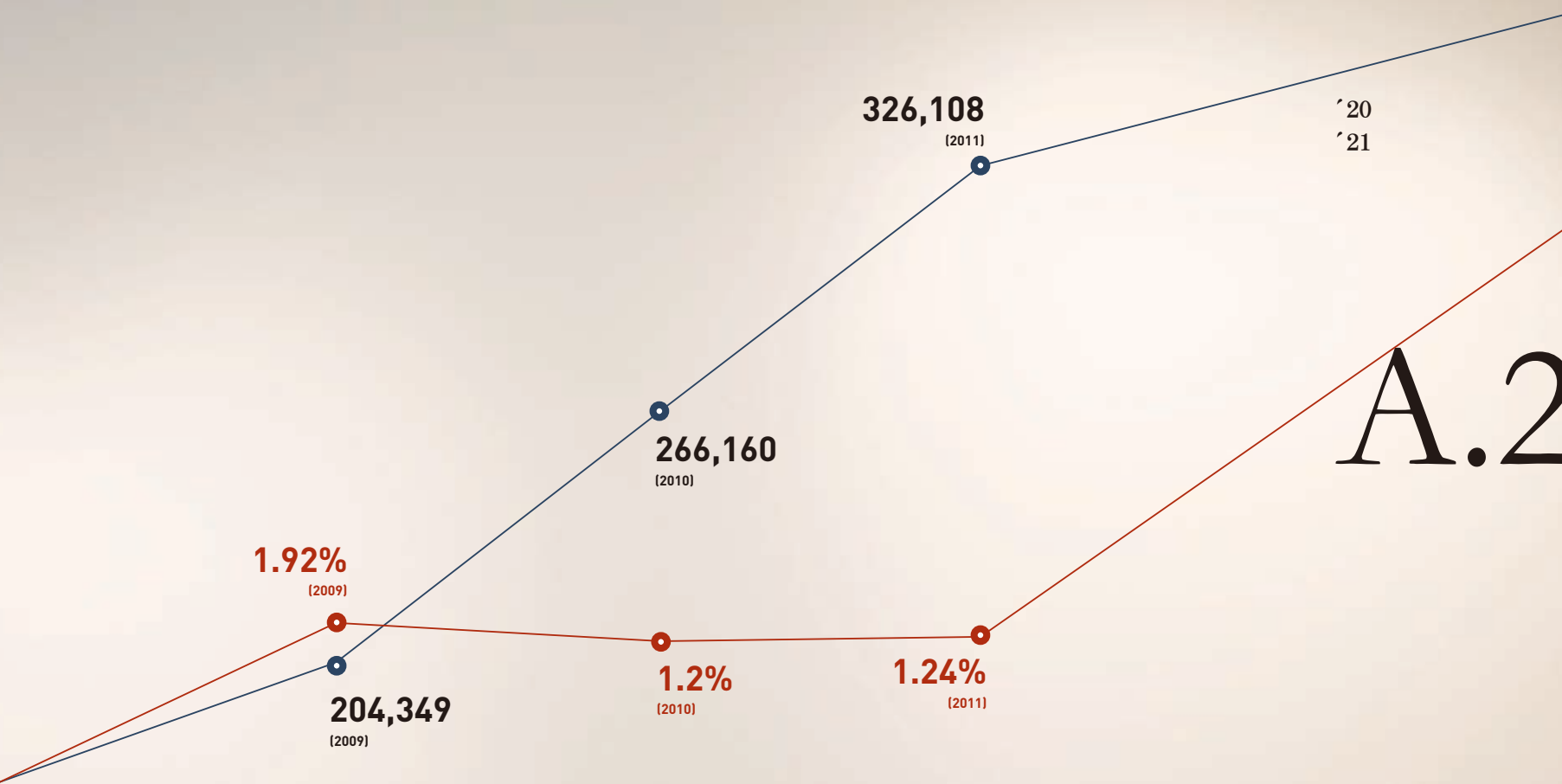
Open technology innovation at MOBIS

Special

MOBIS is strengthening its open technology innovation network in step with the development of future vehicles. In collaboration with suppliers, academia and governments, we continue to carry out R&D, while ceaselessly adopting new knowledge and technology and increasing investments through the acquisition of eco-friendly and smart businesses as well as joint ventures. Encouraging internal and external stakeholder engagement, we systematically manage intellectual property rights and incorporate open technology innovation into our corporate culture.



* Expenses for 2009 followed Korean Generally Accepted Accounting Principles (K-GAAP) prior to the introduction of the Korean International Financial Reporting Standards (K-IFRS).



~2015

Annual R&D Expenses
650 Bil KRW
Increasing investment

R&D staff
3,000
researchers retained

Open technology innovation at MOBIS

Joint R&D and the sharing of information and technology to help suppliers build technology competencies

The MOBIS CTO Forum consists of 60 Chief Technology Officers (CTO) who form seven subcommittees that specialize in technologies including eco-friendly vehicles, electronic systems and brake/steering. For the joint R&D of advanced technology development, we have also established a separate R&D subcommittee with 40 of these members.

Technical cooperation and joint R&D with suppliers

CTO Forum R&D forum for 40 suppliers from 7 subcommittees

Patent rights Sharing and free licensing of 155 patents

State-led projects/Joint R&D on new technology 8 suppliers

Consulting with experts on solutions to important issues and future technical competency-building

The MOBIS Technology forum is organized by 34 advisors from some of Korea's most prominent engineering colleges, including KAIST and Seoul National University. These advisors are today members of seven technology subcommittees dealing with eco-friendly vehicles and advanced safety vehicles (ASV). These advisors, along with MOBIS researchers, get together for two to five seminars per committee every year. In 2011, the forum referred 234 cases to the committees for advice. A total of five items were then chosen to be carried out as new technology R&D projects in 2012.

Proactively responding to state-led projects for the development of national competencies

In 2011, MOBIS participated in a total of 31 projects sponsored by different Korean ministries, most of which concerned technology development for future vehicles. Of the eight projects we completed, five were related to advanced technology for eco-friendly vehicles. Our leading efforts and performance on R&D for eco-friendly parts won the Green Innovation Prize at the 1st Korea Green Car Awards in January 2011.

Internalizing external knowledge and technology resources to generate synergies for future growth

MOBIS acquired Hybrid Electric Vehicle (HEV) parts business in 2008, merged with Hyundai Autonet in 2009, and established HL Green Power as a joint venture with LG Chem, Ltd. in February 2010. This series of mergers and acquisitions allowed us to internalize key technologies of the smart system, and green vehicle and IT convergence parts businesses, all of which are expected to generate significant synergies for sustainable growth in the near future.

Robust R&D mechanisms

The MOBIS R&D Center runs a technology strategy meeting chaired by the CEO to draw up a technology and product roadmap, while also choosing advanced technology R&D projects to pursue. These help the center reinforce its R&D management efficiency and develop new products and technologies both on its own and through alliances. Furthermore, the patent database, called MPASYS (MOBIS Patent System), facilitates a highly organized ap-

proach to controlling our intellectual property rights. Through consistent R&D activities, we are increasing the number of patents we file annually. We also offer incentives to employees who write technology theses and file for patents depending on how significant their achievement is.

Inspiring a corporate culture open to innovation

MOBIS defines suggestions that lead to improvement as those which can be implemented to lower costs and improve the quality of products, while also increasing productivity at work, the quality of information available for employees and the quality of services we offer. Any employee, from bottom to top, including suppliers, can offer an idea, which is then reviewed for feasibility and rewarded accordingly.

No. of ideas suggested			
Type	2009	2010	2011
No. of suggestions	194,263	299,880	329,039
No. of suggestions per employee	32	48	49
Annual tangible effects (100 Mil KRW)	277.5	546.5	1,125

	2009	2010	2011
Technology Forum Consulting Operations			(Unit : No. of cases)
	17	94	234
Change in the number of advisors			(Unit : No. of persons)
	8	26	34

MOBIS R&D Forum →



Creative technology R&D through open communication & Lunchtime meetings at the R&D Center

MOBIS holds meetings over packed lunches between the Head of the R&D Center and researchers. In promotion of top-down communication, which is meant to inspire creativity in all the research staff, a total of 83 meetings were held every Thursday in 2011, with a total of 1,500 researchers participating. During the meetings, the director shared information on management issues and policies with employees, reiterating the importance of creative thinking for innovation and change at the R&D Center. He also reiterated his commitment to building a communicative and creative atmosphere within the center. The lunchtime meetings functioned as an effective channel for both top-down and bottom-up communication.

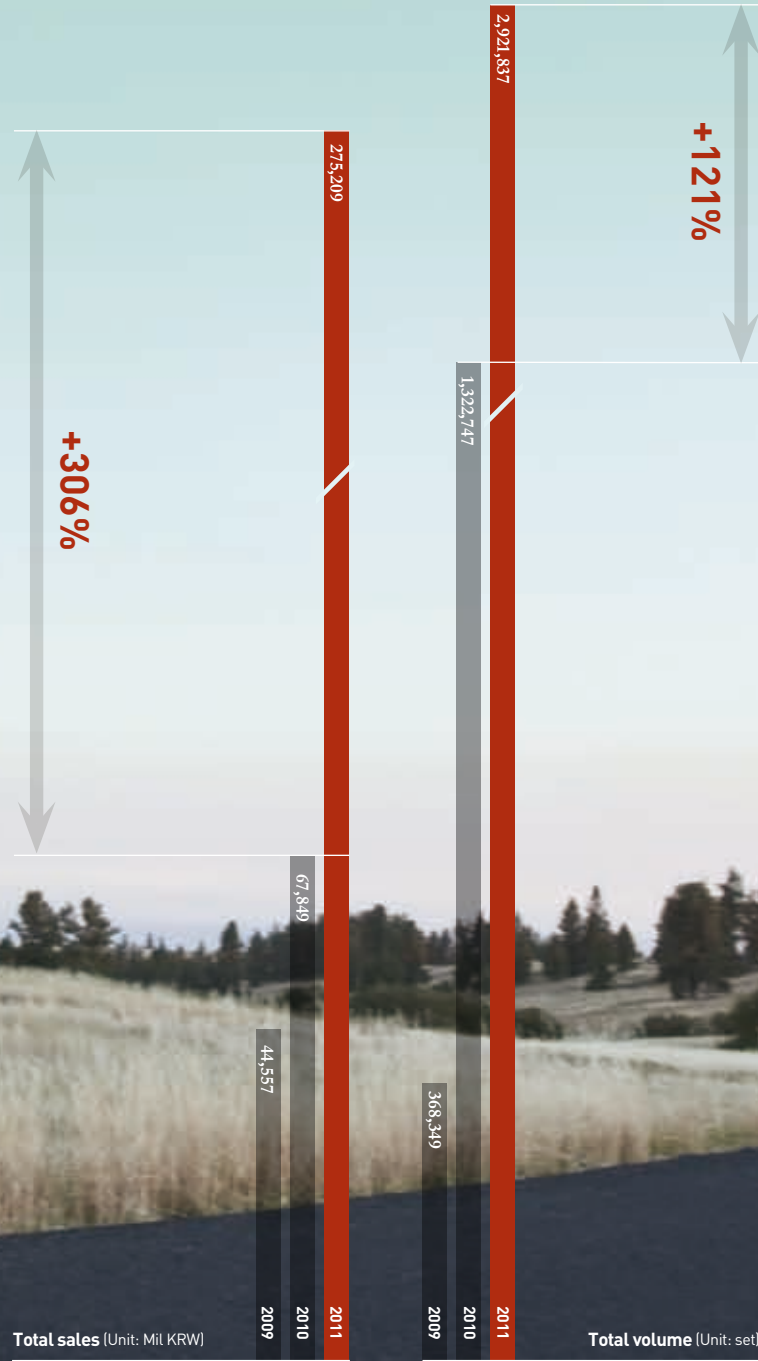
Low Emission Products

Mitigating climate change with low emission products

Special

Low emission products refer to auto parts that contribute to reducing atmospheric emissions such as carbon dioxides, nitrogen oxides and particulate matter (PM). MOBIS manufactures HEV parts, high-efficiency controllers and lamps, electronic parts and lightweight parts. The global movement to address climate change has gained momentum, which is influencing the future of the auto industry. In dealing with this development, MOBIS is diversifying its product portfolios to ensure sustainable growth.

Low emission parts sales amount and volume: motors, HPCU, BPA, HSG, IBS, TPMS, ETCS



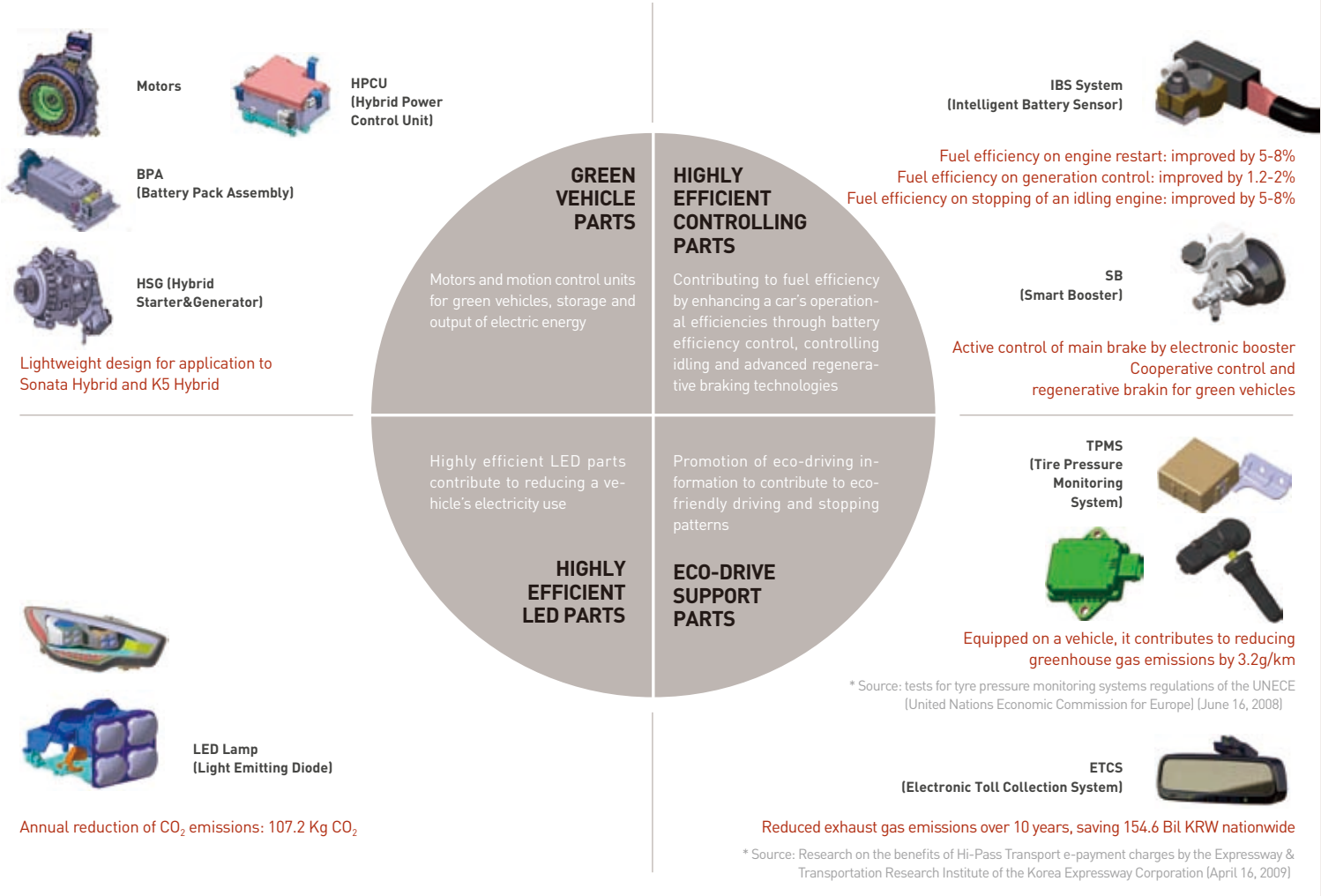
A.3

Low emission product R&D at MOBIS

MOBIS develops, designs and verifies eco-friendly, low emission products. Along with efforts to reinforce each supplier's competitiveness and a stable supply chain of components and raw materials, we launched a proactive marketing campaign with our high-quality, low emission products to expand our customer base.

Eco-friendly smart technology roadmap MOBIS added eco-friendly smart products to its product & technology roadmap in 2009, which is in step with our clients' technology strategies involving eco-friendly vehicles.

Verification framework for eco-friendly parts performance review, quality improvement and eco-friendliness analysis We have been adopting analyzing instruments for HEV part quality properties and clarity and the properties of raw materials, reinforcing our verification competencies when it comes to unit product quality. In addition, we are strengthening the verification system



Building a better society for customers and employees Achieving mutual growth along with partners and local communities Ensuring a healthier future for the planet through environmental preservation and greenhouse gas reduction initiatives Leading the industry with core competencies and global competitiveness These were only part of our strenuous endeavors towards ensuring a sustainable future for all our stakeholders throughout 2011. As we continue to discover the shared benefit for all, we will continue to be every stakeholder’s greatest companion well into the future.

’24
’25

Discovering Values in 2011

Working Together towards Better Tomorrow



28	VALUE CREATION FOR SOCIETY
	Fostering Sustainable Employment
30	Communicative Corporate Culture & HRD system
32	From employment to lifelong learning and retirement
33	Strengthening Global Competencies
	Sustainable Growth on our Supply Chain
35	Seven Beautiful Pledges
38	Dealer Assistance Programs
	Customer Value Management
40	GTQ-2015: MOBIS Quality Management Scheme
42	Product safety for customers
44	Supply of AS parts & CS practices
45	Information security system for a safe business environment
	Social Contribution Activities
46	MOBIS CSR strategies
47	Strategic CSR activities at MOBIS
48	Domestic social contribution activities
49	Global social contribution activities
49	Collective social contribution activities with other Hyundai Motor Group affiliates
50	2011 social contribution activities by photos

Implementing Eco-efficiency Today for a Better Tomorrow of Coexistence

54	BALANCING OUR IMPACT ON THE ENVIRONMENT
	Environment Management System
56	MOBIS Environment Management System in line with the company's long-term CSR vision for 2020
56	Environment Management System
56	Lifecycle process of products
	Response to Climate Change
58	Reducing greenhouse gas emissions
59	Developing eco-friendly products to reduce GHG emissions
60	Operational energy efficiency
61	Efficient logistics to help save energy
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63	MOBIS Chemicals Management System

Achieving Balanced Growth for a Better Tomorrow



66	ECONOMIC VALUE CREATION & DISTRIBUTION
	Economic Performance
68	Economic Performance
	Growth with Global Customers
70	Strategies for global expansion and customized product development
70	Global market expansion
	Innovation Management
72	MOBIS Value Innovation Management
	Risk Management
74	Risk Management
	Corporate Ethics
76	Business ethics organization and guidelines
76	Countermeasures and follow-up activities to unethical practices
77	Programs for the Practice of Business Ethics

Communication, Collaboration & Win-Win Partnership

RISK

Uncertainties that have arisen from the global financial crisis are here to stay, heightening concerns in day-to-day business activities. As a characteristically capital-intensive industry, the automotive industry is vulnerable to economic crises, so market players are faced with challenging market conditions in order to survive intensifying market competition. As a result, they have to develop more attractive products at lower prices. Economic growth-oriented competition will harm balanced value distribution, which could potentially undermine our corporate image with our stakeholders.

Working together

OPPORTUNITIES

In social aspect MOBIS conducts corporate social responsibility activities stakeholders including employees (HMBA-2015), customers (GTQ-2015), suppliers (seven commitments) and local communities (MOBIS Forest and Sharing MOBIS Transparent Umbrellas) for balanced growth. Also while fulfilling our product liability for the safety of our customers and end users, we also strive to protect customer information and value through the highest levels of customer satisfaction.

'26
'27

CEO's Commitment to Social Contribution

Social Leadership

Employees

In line with global HRD trends, we have completed work on a learning support system and reinforced our HRD capacity to foster our employees in step with the company's management goals. In the future, we will continue investing in HRD programs.
From the CEO's message on the MOBIS HRD system

Suppliers & Dealers

The competencies of our suppliers are what constitute our product competitiveness, which is why we have initiated mutual growth initiatives to help them upgrade their global competencies. I ask for your continued hard work as we increase the competencies of our suppliers. To accomplish this, we need to implement programs to help more of our suppliers strengthen their competencies.
From the CEO's New Year's Greetings

The best globalization strategy lies in earning the trust and respect of local communities it operates in, not in sales growth or profitability. MOBIS will continue to fulfill its corporate social responsibilities and strive to establish fair trade practices.
From the CEO's message about the company's Compliance Program (CP)

Customers

In order to attain our GTQ-2015 goal, we need to ensure quality control at all worksites. After specifying quality improvement targets by sector, we need to then create a system for prompt improvements on the spot, preventing any quality issues at source. At the same time, we need to pursue quality management at the highest global standards, with equal quality products at every worksite in Korea and overseas.
From the CEO's New Year's Greetings

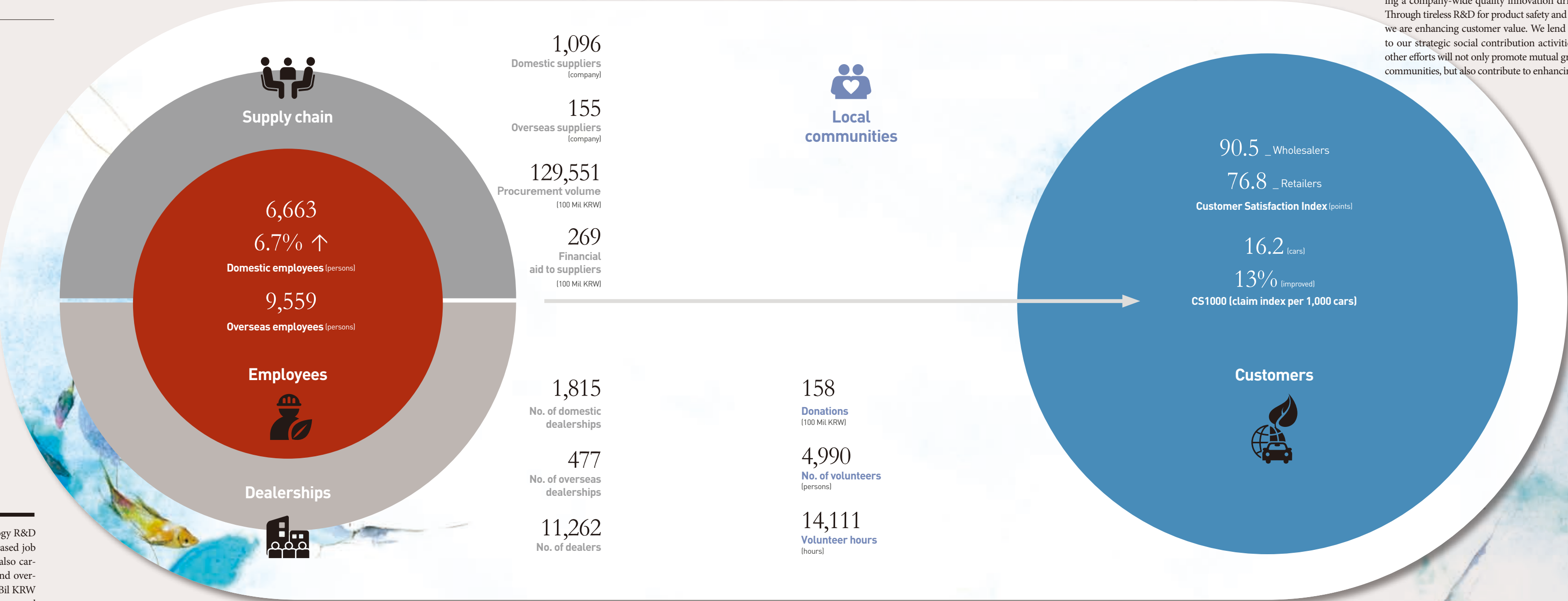
Local Communities

It is our responsibility as adults to ensure safe roads for our children, as they represent our future. It is also our responsibility to keep our children safe and sound. Even though this small umbrella is not shielding them from every risk out there, I hope it can inspire people to take their small concern for child safety and turn it into a nationwide social concern.
From the CEO's speech upon delivering transparent umbrellas to school children

towards better tomorrow

Value
Creation for
Society

In order to support our eco-friendly and smart technology R&D as well as our global business operations, MOBIS increased job positions for researchers and bilingual employees. We also carried out our “Seven Beautiful Pledges” with domestic and overseas suppliers. In 2011, we made a commitment of 26.9 Bil KRW for mutual growth with suppliers and continued with our mutual growth initiatives through R&D support, training and communications programs. We also expanded the scope of beneficiaries to subcontractors in promotion of our mutual growth initiatives.



As an auto parts specialist, MOBIS makes every effort possible to manufacture top-quality products for customers. Dedicated to making only the very finest products, MOBIS has been promoting a company-wide quality innovation drive called GTQ-2015. Through tireless R&D for product safety and customer satisfaction, we are enhancing customer value. We lend our business acumen to our strategic social contribution activities as well. These and other efforts will not only promote mutual growth along with local communities, but also contribute to enhancing our reputation.



SOCIAL VALUE
ENVIRONMENTAL VALUE
ECONOMIC VALUE

People grow through change and innovation, and this leads to growth for a company as well. MOBIS maintains communication with all its employees to help shape the company’s future plans. For instance, our new HRD system HMBA-2015 was the result of active communication with MOBIS employees. In the future, we will continue updating our HRD strategies to reflect employee needs, motivating them to achieve self-realization and self-development. MOBIS established its human resource management system based on communication and respect for its employees so as to foster future leaders with profound expertise and a real sense of humanity.

Communicative Corporate Culture & HRD system

- MOBIS culture to foster global leaders

A well-grounded business philosophy provides employees with behavioral and judgment guidelines when they carry out action plans, strategies and missions, helping them realize our corporate vision. A company should provide employees with fair evaluations and compensation as well as the optimal environment where they can work with a long-term vision in mind. An established corporate culture helps employees from different backgrounds quickly adapt to the organization. As a result, it has become imperative for companies to define their corporate culture and their notion of the ideal employee.

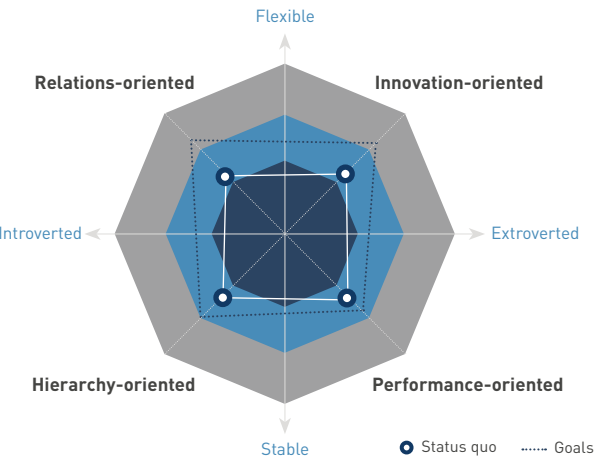
Before developing the new HRD system in 2011, MOBIS conducted a company-wide Corporate Culture Assessment survey in September 2010 to better understand where it stood at the time and to set a new direction to create a better corporate culture within the company. With characteristics such as leadership, unity and morale, and success factors, we categorized our corporate culture into four fields: relations-oriented, innovation-oriented, hierarchy-oriented and performance-oriented. The findings indicated that MOBIS had a corporate culture that took all of these fields into consideration quite well, with a slight focus on the performance-oriented field. The findings also suggested that our employees wanted to see the company’s corporate culture become more innovation-oriented and relations-oriented.

The ideal corporate culture at MOBIS

Type	Key words	Characteristics
Innovation-oriented corporate culture	Adaptability and promptness	- Prompt responses to market environments and embracing challenges - Easy-to-change work process - Looking for better ways of job fulfillment
	Growth and support	- Organizational competencies - Individual vision in line with long-term corporate vision - Corporate vision that is inspiring and motivating - A free atmosphere for suggesting ideas and offering opportunities to creative individuals
Relations-oriented corporate culture	Respect for and development of human resources	- Consistent investment in competency building and career development - Responsive to employee opinions and suggestions - Healthy work-life balance - Satisfaction with competency building and growth potential, achieving self-development in fulfilling one’s job - Discussing goals and opportunities of career development, listening to the opinions of employees
	Unity and morale of employees	- Cultivating solidarity - Organic cooperation among business divisions, with business plans and goals shared among them - Encouraging employees to participate in decision making - Establishing an active communication channel among employees

FOSTERING
SUSTAINABLE
EMPLOYMENT

01



’30
’31

- 2011 Employee Satisfaction Survey

MOBIS runs annual employee satisfaction surveys and uses the results as the basis for updating and improving human resource and organizational management. The 2011 survey results showed that employees were satisfied with evaluations, compensation/promotions, working conditions and HRM practices. Also, according to the findings, organizational communication remained similar to that of the previous year, though employees were less satisfied with their job duties, training and relations/team work than in 2010. These findings point to the need for a more systematic and consistent approach to ensure improvement.

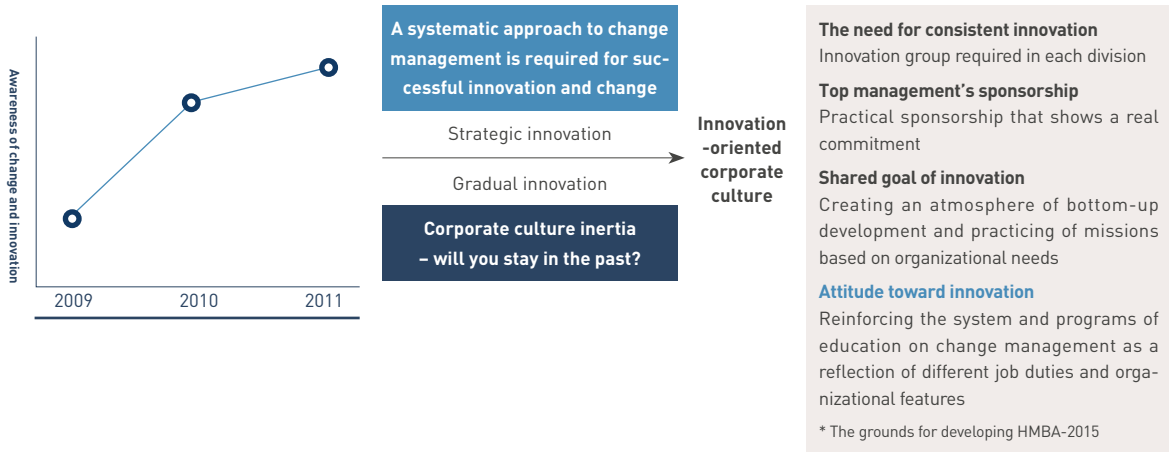
- Corporate culture and HRD for innovation and change

We survey our employees on their awareness of innovation and change every year to identify issues for changes in management. The survey results showed that employee awareness gradually improved between 2008 and 2011. In particular, they see the need for a more systematic approach to change management for the successful implementation of innovation and change. As a result, the Business Innovation office came up with four approaches to change management in order to create a more innovation-oriented corporate culture. In particular, the results found education was necessary to instill a positive attitude towards innovation in our employees. These findings became the basis for HMBA-2015.

- HMBA-2015 : Organizational and human resource development in support of all MOBIS business plans

HMBA-2015 was developed based on employees’ ideal corporate culture, employee satisfaction indicators, strategies for managing and dealing with innovation & change, and current trends in fostering global leaders.

HMBA-2015 for change management



“With HMBA-2015, we aim to maximize individual competencies through continued innovation and change, while reinforcing communication and collaboration within the organization to maximize corporate competitiveness, thereby achieving our ultimate goal of becoming one of the world’s top five auto parts makers.”

- Director of Business Support Division, MOBIS, Managing Director Gi-joon Kim





SOCIAL VALUE
ENVIRONMENTAL VALUE
ECONOMIC VALUE

2011, from employment to lifelong learning and retirement

- Employment

With a focus on R&D for electronic components, we have increased the number of employees who specialize in electric/electronic engineering. We have also hired a number of people who hold bachelors, masters and Pd.D. degrees from some of the world's most prominent universities for high technology development. In addition, we have increased the recruit of bilingual men and women who can speak English, Portuguese, Czech, and Russian to spearhead our global business expansion.

- Human Resources Development

HMBA-2015 takes a competency modeling approach to identify the required core competencies for performance after which a competency-building scheme was designed accordingly. It sets forth five key tasks in fostering global leaders. (see pages 18-19)

- Fair evaluations and transparent compensation

Organizational and individual performances are evaluated and compensated in line with the company's HRD goals and the three human resource management principles: performance-based, job-based, and operating excellence. The evaluation process is essentially founded on interactive communication between the evaluators and those who are evaluated. Also, MOBIS uses a dual compensation scheme. One is performance-based annual pay and the other is a conventional salary system. The performance-based annual pay system is run in a pay band approach, providing mechanism for variable compensation which supports talent attraction and retention.

- Listening to our employees

Every year, the company completes employee satisfaction surveys to learn what employees have to say. These employee satisfaction surveys are an important channel for reflecting employee opinions in our human resource management policies. In addition, we conduct a corporate culture diagnosis and surveys on employee awareness of change management so we can then adjust the future direction of human resource management and human resource development policies.

- Employee welfare and grievance resolution

MOBIS offers generous welfare benefits to employees in a number of different areas, ranging from living subsidies/allowances, housing loans and retirement allowances to safety/health/hygiene, culture, recreational and travel allowances. We also operate a grievances handling protocol, where material issues are brought before the Ombudsman Committee. Matters out of the committee's responsibility are referred to the Labor-Management Council to deal with employee grievances.

- Employee retirement and lifelong learning

In order to help ensure employees have a secure retirement, we adopted a pension plan system in 2011. Employees who have worked at MOBIS for a certain length of time are fairly compensated with some form of commendation and bonuses. In 2012, we also adopted a job-related certificate preparation program, motivating a sense of self-development in employees and reinforcing their expertise.



* 2011 welfare expenses include selling & administrative expenses, cost of sales and special accounts (following the K-IFRS)
* Wages do not include retirement allowances. Also, there is no gender discrimination in the wage scheme.



32
33



MOBIS runs various programs to promote employee devotion and loyalty to the company and solidarity among themselves. For example, our Changwon Plant invites the wives of all its employees to cultural lectures by celebrities. On May 11, 2011, roughly 250 wives of our employees attended a lecture on the subject of "Happy Communication Makes for a Happy Life."

Strengthening Global Competencies

- Promoting diversity in employment, global expansion plans and global talent

To ensure we can flexibly respond to the changing global business environment, it is imperative that all our employees around the world are on the same page when it comes to sharing the same goals concerning the company's corporate vision and values. To that end, we are strengthening our communicative corporate culture, one which respects diversity. Respect for diversity means a respect for differences based on culture, gender, nationality, race and religion. Upholding the ten principles of the UN Global Compact and the UN's Universal Declaration of Human Rights, MOBIS respects and promotes diversity within its business premises both inside and outside Korea. In addition, child labor and forced labor practices are strictly prohibited. In compliance with related labor regulations, we abide by health & safety regulations at all our workplaces, uphold legal minimum wage laws, follow through with labor-management collaboration, ensure weekly working hour limits, respect legally mandated holidays and practice fair treatment.

- Female employment and promotion

There are 637 female employees working at MOBIS. While that number is not very high, it is common in our industry to have an imbalanced male/female ratio, though at MOBIS female employee figure is on the rise. To promote greater respect and advancement for female employees in the workplace, we have been running a special training course to foster female managers since 2008. At the same time, we are improving working conditions for female employees utilizing feminine strength in job characteristics.

Gender equality and maternity protection

In 2011, 68 female employees took maternity leave, totaling 4,754 days. The per-employee days of maternity leave stood at 70 days on average. In addition, 41 employees used a total of 4,991 days of leave to take care of their children, or an average of 122 days per employee. In order to protect the safety of young workers and female employees, we do not assign them to carry out dangerous tasks as prescribed in Article 37 of the Labor Standards Act's Enforcement Decree. Under Article 12 of the Sexual Equality Employment Act, we prohibit every form of sexual harassment in the workplace. There is an official protocol for people who are found guilty of sexual harassment, with accompanying sanctions and punishment. To prevent such violations, we offer regular training to all employees at least once a year on this subject.

- Job creation for minority groups

Under the Act on Employment Promotion and Vocational Rehabilitation for Disabled Persons, MOBIS gets a number of contracts every year exclusively from subcontractors that hire disabled people to promote disability employment within society.

* Designated subcontractor with disability employment opportunities: the standard workplace for the disabled, Vehicle system/Total number of employees: 47/supply items: MMU (multi media unit), multi-terminals, etc.

- Promoting cooperative labor-management relations

MOBIS guarantees job security and the right to form unions, representative bodies and collective bargaining under all related laws and regulations in Korea and internationally. The quarterly labor-management council meetings and collective bargaining sessions are for bilateral constructive collaboration. At each of our business premises that has a labor union, labor-management meetings are held annually to promote mutual understanding and cooperation through close communication. As a company, MOBIS strictly abides by all obligations as stipulated in the laws and regulations regarding human rights and labor. We also set internal guidelines for mutual respect and understanding of labor and management in accordance with the company's collective bargaining agreement. In most cases, the collective bargaining agreement sets forth better conditions and supplementary terms than related laws and regulations, not to mention our leading working conditions within the industry and generous benefit package programs.

MOBIS also collects integrity pacts from suppliers before entering into any business agreements across our entire supply chain to encourage a respect for human rights and to guarantee compliance with local and international labor laws. The terms and conditions of the agreements articulate that our suppliers faithfully abide by the Occupational Safety and Health Act and fulfill all necessary obligations to ensure the safety of their employees. MOBIS respects the autonomy of all its suppliers, but they are still legally obliged to abide by the laws and regulations governing human rights and labor.



SOCIAL VALUE
ENVIRONMENTAL VALUE
ECONOMIC VALUE

- Safety management

To ensure the safety of its employees, MOBIS has in place a safety control system at all its business premises that strictly adhere to all related laws and regulations and our collective bargaining agreement. In 2011, we adopted a company-wide safety operation system under four themes: establish a safe organizational system; establish a safety operational scheme; promote a safety-oriented corporate culture; and set up a company-wide safety management system for vulnerable parts of the workplaces. Following the introduction of this safety operation system in 2011, we plan to establish and reinforce the operation of this system in 2012 with the aim of expanding the scope of safety management to our global network by 2014. We also operate an Occupational Safety & Health Committee at each of our plants and workplaces. In addition, we realigned the Group-wide hotline to develop Group-level countermeasures for severe safety accidents. As for site-level activities we are making improvements at all our facilities and working conditions across the board, including ventilation systems, lighting and floor conditions.

In fact, the Jincheon Plant operates special programs to prevent musculoskeletal disorders and neurovascular and cardiovascular diseases, while also helping relieve the stress of employees. In promotion of safety and health management practices with our suppliers, we plan regular joint physicals under an agreement with the Korea Occupational Safety & Health Agency (KOSHA). We also plan to introduce safety management practices at all our global subsidiaries, heightening our control of major safety indicators.

- Health care management

We have an established protocol for employee physicals under Article 43 of the Korea Occupational Safety & Health Act and Article 90 of the MOBIS Collective Bargaining Agreement. All employees have access to other medical benefits as well. As part of our benefits package, the company subsidizes 50 percent of all physicals for its employees 35 years of age and older and their families once a year. Employees can receive a physical at any of the 65 hospitals we are partnered with across the nation. The physicals include 50 different services, including the right to consult a physician, a thorough check up, and an eye examination.

In addition, we offer various other health options for employees and their families. In 2011, 5,344 employees and 13,793 family members received medical subsidies worth a total of 3.3 Bil KRW in physicals and other medical bills. In addition to the legally mandated terms, our medical subsidies include abdominal ultrasounds, tumor checkups, breast exams and mammography screenings, and cervical cancer screenings.

Employees receiving a physical						
Type		No. of eligible recipients (persons)	No. of actual recipients (persons)	Rate of reception (%)	Expenditures (Mil KRW)	Remarks
Basic physical	2010	4,118	3,577	87	-	Government
	2011	5,745	5,519	96	-	contribution-
Optional physical	2010	6,029	5,305	88	362	Company
	2011	6,289	5,657	90	433	contribution

No. of days missed due to industrial accidents				
	2009	2010	2011	Remarks
No. of employees who missed work due to an industrial accident	13	10	8	Continued decreasing over the past 8 years
No. of days on leave	4,155	3,673	3,002	
Rate of injury leaves	23.4	15.3	11.4	No. of days lost annually per 10,000 employees

Occupational Accident Prevention Rally at the Jincheon Plant



’34
’35

SUSTAINABLE
GROWTH ON OUR
SUPPLY CHAIN

02

Seven Beautiful Pledges

First Pledge – Financial assistance
though aid funds for suppliers

Supporting suppliers with working capital, facility investments and R&D expenses through a mutually beneficial cooperation fund, a win-win growth fund, and working capital loans

Also provided Payment guarantee for suppliers to receive low-interest loans

Second Pledge – R&D cooperation to foster self-growth of small & medium-sized companies

Transfer of technical analysis expertise, guest engineering, supplying test equipment, joint R&D and other customized R&D collaborations

Lending test facility to suppliers at the Shanghai Technology Support Center, saving suppliers 30 percent in costs

Also provided Patent rights offers and R&D forums

In 2010, MOBIS launched a win-win growth program called the “Seven Beautiful Pledges,” a program designed to improve the company’s competitiveness, while also resolving the polarization between SMEs (small and medium enterprises) and large companies. This win-win growth program is not a short-term strategy, but one aimed at bringing about a consistent cooperation system between SMEs and large companies to promote mutual competitiveness. In addition, to help improve the AS parts industry and customer satisfaction, we have been supporting our parts dealerships on a consistent basis. As such, MOBIS always continue to practice these social responsibilities based on a shared harmony and symbiosis with our subcontractors.

Seven Beautiful Pledges

To provide practical help to our subcontractors, MOBIS declared its “Seven Beautiful Pledges” in September 2010, systematizing win-win growth programs into seven categories of activities. In 2011, MOBIS expanded financial aid to subcontractors while also trying to initiate win-win growth At the same time, we are also looking for better ways to increase mutual benefits and growth through communication programs. Furthermore, to establish fair transactions with our subcontractors, we are fulfilling our roles and responsibilities as a reliable corporate partner.

Third Pledge – Provide continued assistance to subcontractors

Employees of subcontractors that are supplying our suppliers

Seminars for sharing procurement, quality and R&D policies

Rewards to suppliers with a strong performance record in mutual growth programs, Financial and technical support to subcontractors

Also provided MSQ (MOBIS Supplier Quality) program to improve suppliers’ quality control

Fourth Pledge – Providing education and training support

Sponsored education and quality control through the Foundation of Korea Automotive Parts Industry Promotion

Education in four areas, including quality competency and business academy programs

Expanding practical onsite education to reinforce suppliers’ competencies in HRD and quality control

Fifth Pledge – Operating a program to strengthen communication with suppliers

Operation of conferences and various events to exchange information

Holding local seminars with overseas subsidiaries and inviting overseas employees to domestic events to promote communication with our suppliers who have advanced into global markets with us

Providing seasonal fruits and cultural benefits to suppliers

Sixth Pledge – Promoting ethical business management standards and fostering a culture of fair trade with suppliers

Strengthening the practices of our three guidelines for subcontractors through a monthly review of subcontracting practices

Encouraging the adoption of the MOBIS fair trade program and mutual agreements with suppliers and subcontractors

Instilling ethics awareness in supplier employees by having them adhere to the Ethics Codes at the PROWEB website (<http://proweb.mobis.co.kr>)

Transparent procurement system: supplier selection progressed through the MOBIS Sourcing And Price Tracking Unified Robust Network (MSAPTUN)

Seventh Pledge – Performance sharing and other mutually beneficial cooperation support

Supporting suppliers’ exports by accompanying suppliers to international exhibits for global car makers

(Purchasing raw materials at relatively lower prices for suppliers and being supplied with components in return), which also reduces risk exposure to raw material price fluctuation.

Supporting overseas studies for supplier employees and their children

SOCIAL VALUE

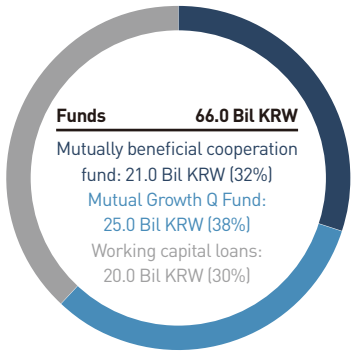
ENVIRONMENTAL VALUE

ECONOMIC VALUE

MOBIS Seven Beautiful Pledges Performance

		2010 achievements	2011 achievements	2012 (goals)
01	First Pledge Financial aid to suppliers	1.1 Bil KRW in financial aid to 3 suppliers	26.9 Bil KRW in financial aid to 18 suppliers	17.2 Bil KRW in financial aid to 20 suppliers
02	Second Pledge R&D cooperation for suppliers' competency-building	Test support to the Shanghai Technology Support Center: 15,360 tests CTO Forum: 30 suppliers	Test support to the Shanghai Technology Support Center: 15,532 tests CTO Forum: 40 suppliers Sharing exclusive patents: 155 patents	Expanding tests by suppliers and the number of patents that are shared
03	Third Pledge Subcontractor support	Educational support to 482 suppliers No. of recipients: 627 people	Educational support to 441 suppliers No. of recipients: 561 people Subcontracting agreements between suppliers and subcontractors: 100 suppliers	Educational support to 463 suppliers No. of recipients: 590 people Subcontracting agreements between suppliers and subcontractors : 200 suppliers
04	Fourth Pledge Education and training support	Educational support to 726 suppliers No. of recipients: 1,290 people	Educational support to 1,014 suppliers No. of recipients: 1,511 people	Educational support to 1,080 suppliers No. of recipients : 1,600 people
05	Fifth Pledge Promotion of communication with suppliers	14 communication programs 22 times annually Cooperation meetings with 110 suppliers	20 communication programs 34 times annually Cooperation meetings with 164 suppliers	22 communication programs 39 times annually Cooperation meetings with 164 suppliers
06	Sixth Pledge Promotion of ethics management and fair transactions with suppliers	CP ratings: A grade Payment terms - 120-day bills	CP ratings: BB grade Payment term - 60-day bills	CP ratings: A grade (as of February 2012)
07	Seventh Pledge Performance-sharing and other mutually beneficial cooperation	Paid customer supply & unit cost raise: 615.5 Bil KRW	Paid customer supply & unit cost raise: 827.2 Bil KRW No. of participants in co-exhibitions - 53 suppliers	Paid customer supply & unit cost raise : 920.0 Bil KRW No. of participants in co-exhibitions - 55 suppliers

Financial aid to suppliers



MSQ Best Practice Benchmarking



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Guidance and education for suppliers and subcontractors



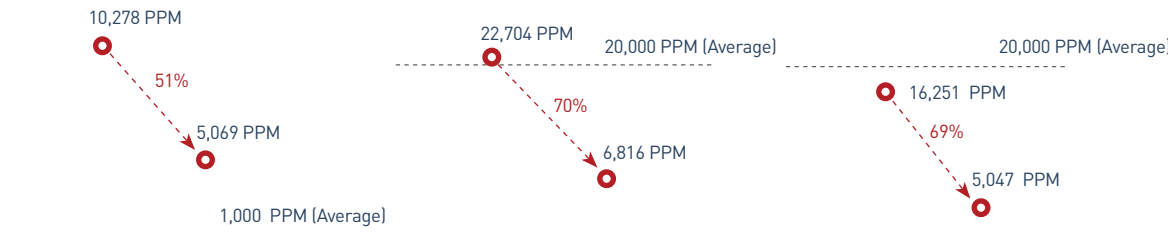
573 suppliers (57%)

441 subcontractors (43%)

Total 1,014 suppliers

Onsite technical training performance : 10 suppliers in three categories who improved 65% in general

--- Average



Before	After	Press	Before	After	Injection	Before	After	Electric/Electronic
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* PPM(Parts per Million) : Defective rate of parts per million

2011 Performance & 2012 Education Plans for Overseas Subsidiaries

	2011 performance		2012 plans	
	Seminars	Quality education	Seminars	Quality education
China	●	●	●	●
United States	-	●	-	●
Europe	-	-	●	●
India	●	●	●	●

Supplier communication programs

Event	No. of events (annually)	Description
Cooperation conferences (general meetings)	1	Inspiring business management thinking among member suppliers and laying out the MOBIS procurement policy
Cooperation conferences (executive meetings)	2	Approval of cooperation conference budgets and operational standing issues by the executive board
AS parts sales policy seminars	3	Providing instructions on the MOBIS AS parts sales policy and supplier support plans
CEO meetings for suppliers	3	Awarding top performing suppliers (module, AS parts sales) and sharing business performance results
CEO meetings for subcontractors	3	Providing details on shared growth programs, policies and the MOBIS vision to subcontractors
Team-building hiking events for suppliers	1	Identifying difficulties faced by suppliers and exploring possible methods to resolve them
Fruit baskets to top performing suppliers	1	Providing fruit baskets to suppliers
Overseas suppliers invitational seminars	2	Presentation on sharing of information on overseas quality standards, business ethics, technology, laws and regulations
Overseas suppliers seminars (India, China)	1	Presenting MOBIS policy and awarding top performing suppliers for shared growth
Regional suppliers workshops	3	Exchanging information and proposals among 3 regional (central, east and west) suppliers
MIP suppliers workshops	1	Strengthening automotive (Ulsan, Sohari, Gwangju, Hwaseong plants) MIP cooperation
Logistics seminars for suppliers	1	Reducing import costs by sharing logistics information and training
CTO cooperation conferences	1	Sharing MOBIS R&D policy and TRM information
CTO Forums	3	Identifying business difficulties in product/technology development in 6 sectors
Culture events	7 in total for 205 suppliers	Cultural events for suppliers and the underprivileged



SOCIAL VALUE
ENVIRONMENTAL VALUE
ECONOMIC VALUE

Dealer Assistance Programs

MOBIS strives to reinforce our dealers’ competencies in order to improve customer service and strengthen our business competency. In addition to training programs which help them reinforce their business and HRD capacity, we provide management consulting and other assistance that help improve our overall performance. Moreover, conferences and various policy seminars with our dealers are regularly held to maintain and develop communication with them. We firmly believe that a mutually beneficial relationship with our dealers will contribute to our market-oriented and customer-oriented service strategy in the auto parts, insurance-supported repairs and complete car industries.

Communication with AS parts sales dealers

Event	No. of events	Description
Dealer policy seminars	1/year	Sharing business plans and policies for dealers
Dealer’s Council Executives meetings	2/year	Discussing current issues
Regional sales promotion meetings	1/year at regional headquarters	Discussing promotional plans Listening to business difficulties and suggestions
Dealers’ Council annual meeting	1/year	Discussing plans for operating Dealer’s Councils and setting major issues Annual closing and appointment of new officers

Educational support to AS parts sales dealers

Program	Description	2009	2010	2011
Business Academy for Dealers	Three-day Business Academy for Dealers Courses on leadership • taxation • labor management, inventory • logistics control	44	192	299
Leaders’ course	Fostering opinion leaders who can establish effective roles and vision statements for auto parts dealers/Job competency-building education for employees of dealers		30	32
Job competency-building education for employees	Auto part technology information & inventory/logistics control, IT systems, customer service, etc.			330

Business Academy for Dealers



Seminars Featuring CEOs from the Best Performing Dealers



2011 European Parts Conference



No. of participants in the Business Academy for Dealers



’38
’39

M-SSP : MOBIS Sales Stimulation Program

Starting in 2010, MOBIS began providing management consulting for dealers to improve their managing skills and to strengthen their sales capacity. MOBIS employees who have completed management consultant training courses diagnose dealer management practices in general, including the business acumen of managers, operations and marketing, inventory/logistics control and other vital areas of management. They design improvement projects based on diagnostic results and implement appropriate improvement activities. We completed consulting services for 60 dealers in 2011 and plan on carrying out consulting services for 40 dealers in 2012.

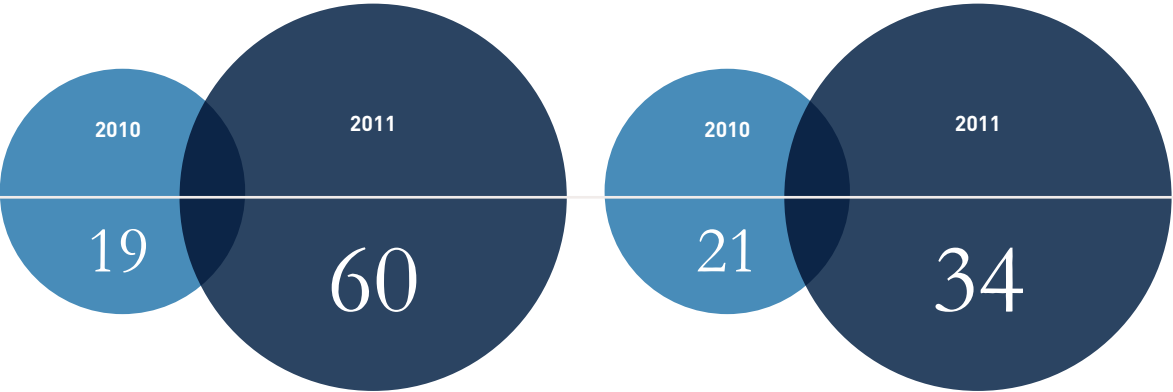
01 Dealer sales record analysis	02 Best Practices Competition for Dealers	03 Dealer mentoring program	04 Improving dealers’ inventory control
We provide sales record analysis data to dealers for the efficient and systematic supply of components.	We select the four best performers from our “Making a Number One Trading Area” project and another four from management consulting, presenting each of them with an award at our annual Dealers’ Sales Innovation Awards.	This mentorship program provides the necessary assistance to dealers who wish to improve their business practices, with financial assistance being offered to mentors. The president of the 2011 Best Dealers completed their mentor training courses before providing a mentoring service to other mentees.	We partially subsidize product defects arising in the course of warehousing or transporting goods to help dealers improve inventory control expenses and quality control with their distribution network.

Management consulting performance

[Unit : dealers]

Subsidies for inventory defects

[Unit : 100 Mil KRW]



Overseas dealerships/Dealer education

	Description	Performance
WBT	Web-based on-demand training, basic fundamentals, auto parts information and control processes	250 trainees in 2011
TTT	Fostering auto parts experts at dealerships APEX I: Sales/Marketing APEX II: Parts Management (Inventory/Logistics)	APEX I: 191 trainees in 2009 and 2010 APEX II: 195 trainees in 2011
CBT	Distributing DVDs to dealers (who have no access to the Internet)	

* WBT : Web Based Training
* TTT : Train The Trainer
* CBT : Computer Based Training
* APEX : Achieve Parts Excellence

SOCIAL VALUE
ENVIRONMENTAL VALUE
ECONOMIC VALUE

We believe our growth has been the result of customer-oriented quality management practices begun in 2002. Our quality management begins with heeding the advice and suggestions of our customers. By doing this, we can produce flawless products and top-quality services that follow a prompt and systematic internal process.

GTQ-2015: MOBIS Quality Management Scheme

MOBIS has made every effort to ensure the highest customer satisfaction in its quality management. In proactive response to expected advancements in future automobile technology, we are developing system technologies for module and core parts, while reinforcing our competencies with electric vehicle control systems and electronic control technology. By renewing our quality and safety awareness and completing a quality issue prevention system, we are now able to have near-perfect control over every core part's quality. Providing products promptly and accurately to our clients, we always strive to be our customers' most reliable partner.

- GTQ-2015

Safety issues for both drivers and pedestrians arose with the explosive increase in demand for electric vehicle control systems. Today, many major manufacturers around the world are suffering from risks associated with quality. As a result, MOBIS mounted a company-wide quality innovation drive to preemptively avert quality risks and provide our customers with flawless products. As part of our long-term strategy, we are taking a systematic approach to improve our company-wide quality control practices, which will then allow us to secure the highest level of product quality anywhere in the world by 2015. Specifically, we aim to reduce field claims by 50 percent within three years and to achieve the world's highest quality products within five years. In 2011, the first year of the initiative, we identified and subsequently completed work on 52 improvement projects for the preemptive prevention of quality issues. We also implemented a "qualitivity" (quality + productivity) initiative to improve both quality and productivity on all our production lines, while also establishing a customer-oriented quality improvement system. In the second year, 2012, we plan to advance this quality innovation throughout the company, reinforcing improvement capabilities onsite as we realign all our improvement projects with precise quality targets.

- Quality management through communication with customers

With the aim of realizing flawless quality products, MOBIS has a system in place for the real-time monitoring of claims from OEM, AS parts sales dealers and end users, allowing for instant improvement to any issue. As such, we operate various channels to communicate with customers and to report operational performance to top management on a regular basis. This procedure is meant to effectively deal with customer complaints in the shortest duration of time and to minimize risks arising from such complaints. Our VOC channels include J.D. Power and Associates' consumer satisfaction surveys for the automobile market, namely the Initial Quality Study (IQS) and Vehicle Dependability Study (VDS), quality feedback from customers, competitor and user communities, and customer satisfaction indexes on business management, technology, delivery, price and quality. Other channels include an AS parts sales dealer satisfaction survey and consumer complaints received via our website or made by phone. In the future, we will add more VOS channels so that we can increase our ability even more to communicate directly with our customers and realize the highest level of customer-oriented quality management practices.

CUSTOMER
VALUE
MANAGEMENT

03

GTQ-2015 Launch Ceremony

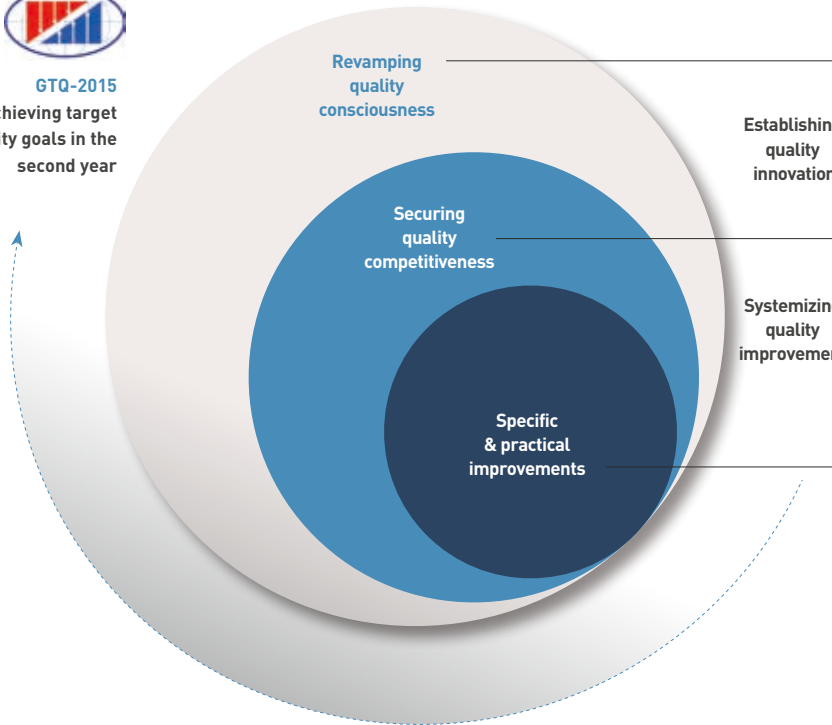


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GTQ-2015 strategies & goals for the second year



GTQ-2015
Achieving target
quality goals in the
second year



Promoting quality consciousness

A company-wide initiative for quality innovation: introducing prevention quality indicators [strategic mission + mass production quality + RS 1000]
Securing leadership in quality innovation : quality target management by unit
Education to enhance quality consciousness: quality consciousness innovation and customized education

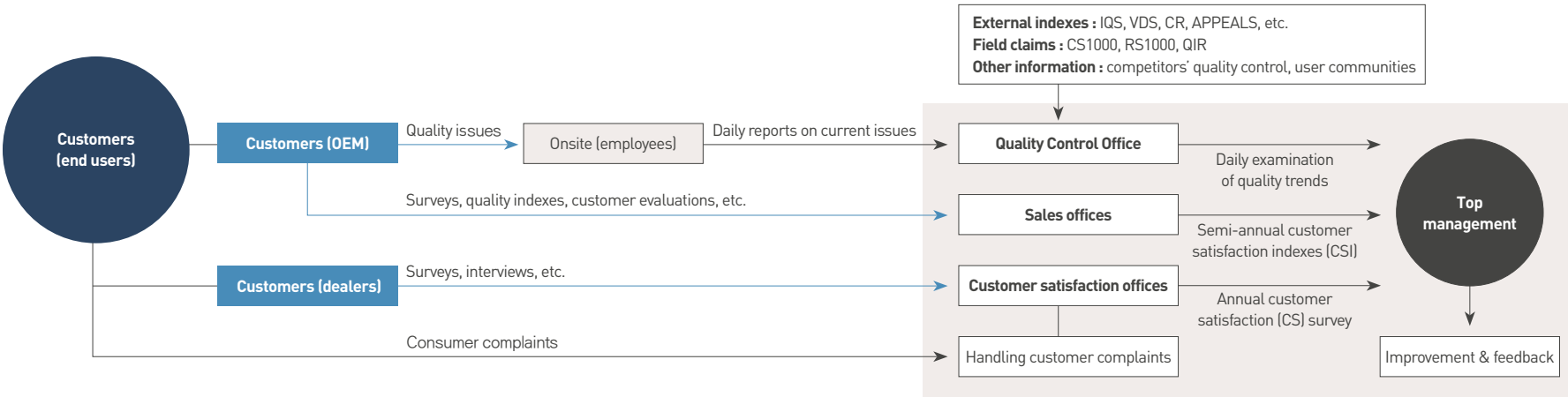
Raising our production capacity to improve the work process at worksites

Onsite basic quality improvements: activities to increase quality at plants and with suppliers
Qualitivity initiatives at domestic and overseas plants: establishing a protocol for daily check-ups on 6M practices at worksites and quality management system improvement activities
GTQ-2015 quality innovation with major suppliers: sending staff to support their quality innovation efforts

Raising our production capacity to improve the work process at worksites

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Quality VOC Handling Flowchart





SOCIAL VALUE
ENVIRONMENTAL VALUE
ECONOMIC VALUE

Product safety for customers

Automobiles have become more than a mere vehicle in today’s world. The automobile has evolved into something where quality of life now matters. As a result, product liability when it comes to safety has become the top priority in automobile technology.

- R&D technology for customer safety

Far Side Airbag (FSAB): saving people’s lives

MOBIS carried out a special R&D project to develop FSABs for the Hyundai Avante in an effort to enhance people’s safety with this model, while also increasing our own technological competitiveness. FSABs pop out from the far side of passengers in the event of a collision, reducing the chance of a fatal wound to passengers’ heads and necks. The R&D goal was to minimize the movement of one’s head in the event of a head-on crash, while also minimizing the chance of passengers hitting each other’s head in an accident. After 10 months of constant R&D, we met all the target requirements in individual performance, collision performance, and reliability.

Headlamp spot lighting control technology to reduce collisions with pedestrians

The headlamp spot lighting control technology uses infrared cameras to detect pedestrians before sending a signal to the driver. The technology uses a spot module to cast a light on pedestrians, allowing drivers to safely avert them. Combining image processing, lamp control logic and optic module technologies, MOBIS filed for six patents for this lighting-based driver assistance system in 2011.

FSAB’s collision prevention ability verified with dummies [scene after a 90-degree collision]

	120ms	123ms	140ms	160ms	180ms
Non-FSAB					
FSAB-aided					

Spot lighting control system’s pedestrian detection

Pedestrian undetected		Spot lighting control system initiated		Pedestrian detected and lighting initiated	
	IR LAMP Infrared lamp illumination	IR camera detects a pedestrian	Spot-control ECU spotlight initiated	Spot Light Spot light on	

FSAB layout and position within the vehicle



Avante layout



FSAB blueprint

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’43

Strategic alliance with Takata



Active Seatbelt System (ASB)

In November 2011, MOBIS entered into a strategic alliance with Takata, Japan’s world-renowned automobile safety system developer, on developing next-generation safety auto parts. Under the joint development, the two companies will create a next-generation automated seatbelt called an active seatbelt system (ASB). Connected to the vehicle, the brakes and the steering system, the system reacts to potential risks in advance, sending signals to the driver’s seatbelt. Today, the ASB is a piece of high technology equipped only in luxury cars. MOBIS plans on developing a new in-house technology by the end of 2012 for the mass production of the ASB.

- Simulation and analysis for customer safety

MOBIS is involved in a number of collision and safety analysis programs to minimize any damage to passengers in the event of a collision and to meet the legal requirements for passenger safety.

Standardization process for safe products

With the electronization and complexity of automobiles nowadays, safety regulations are only growing stricter. MOBIS obtained the CMMI’s Level 3 certification, a software development process, in December 2011. We are now working to acquire the ISO 26262 certificate for functional safety to further enhance the reliability of our components. In a bid to minimize all risk factors to customer safety arising from component reliability issues, we have also established an organization for software quality assessment (SQA) and run vehicle simulations at the system evaluation stage to complement our reliability assessment capacity.

Simulations for customer safety

01

Head & knee collisions

to minimize damage to a passenger’s head and knees when colliding with another vehicle

02

Pedestrian protection

to evaluate the safety function of protecting pedestrians by hitting the lower/upper leg of a dummy against the front of cars

03

Column collapse

an energy absorption structure to prevent the column from pressing against the chest of occupants in the event of a head-on car crash

04

Frontal occupant response

analyzing the damage to passengers when the vehicle is equipped with safety features such as airbags in front of the driver’s seat and the passenger seat

05

Side passenger response

damage to a passenger in the event of car body deformation, embedded with a curtain/side airbag

06

Individual/Optimization analysis

an analysis to optimize the safety of products in the event it is slightly displaced due to the shock following a collision



SOCIAL VALUE
ENVIRONMENTAL VALUE
ECONOMIC VALUE

Supply of AS parts & CS practices

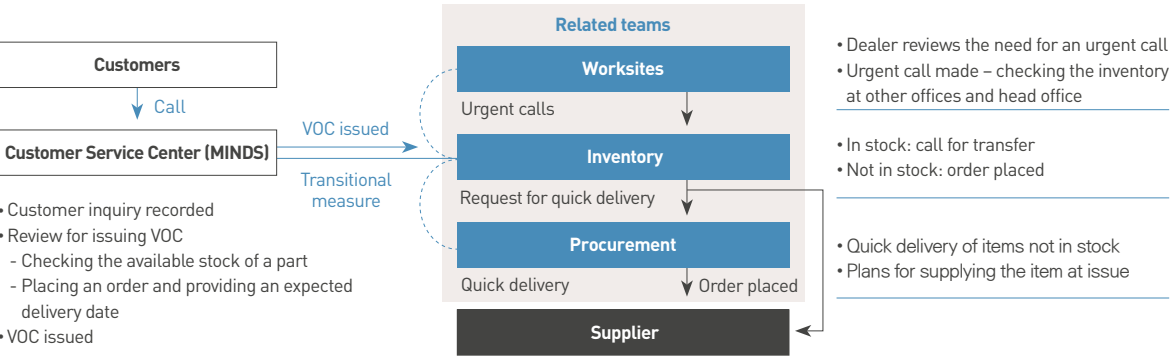
We initiated a “CS Boom-Up” campaign company-wide to enhance our customer-oriented corporate culture and global service infrastructure. To date, we have already completed an efficient global network for logistics and a computerized inventory control process, providing our customers with access to 1.75 million AS parts for 180 types of cars that are both in and out of production. MOBIS will continue investing in its supply network to guarantee we have a stable supply of parts for customers of Hyundai and Kia Motors.

- Communication with customers

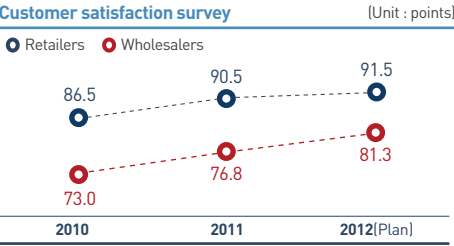
We have many different channels in place to allow for direct communication with customers for their complaints and questions. Our Customer Service Center system, called MINDS, allows for a prompt response to customer needs with respect to AS parts. If a specific part is not in stock, the system instantly places an order with the supplier. We also run customer satisfaction surveys on a regular basis, sending the feedback and results to top management and all related departments for future improvement.

For CS management, we offer CS training to MOBIS employees working at customer contact points. Dealers also receive education through a Dealers’ CS Master Key course. In 2011 alone, 958 dealers completed the course. In addition, we give special lectures to each dealer to enhance their CS mindset. MOBIS employees also go through a Parts Sales Office CS Leadership course and a Worksite Job-Specific Skill Trainers course to help reinforce their job skills and customer service practices.

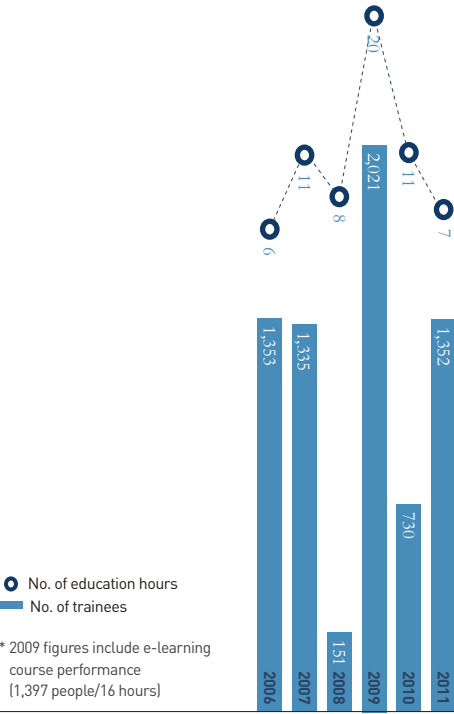
MINDS-based AS parts VOC issuance process



* MINDS(MOBIS Intelligent Network and Data-processing System for Customer Satisfaction)



Dealer customer satisfaction management and CS training



’44
’45

ISO 27001 certificate



Security education at Jincheon plant



Establishing secure environment to ensure business activity

In compliance with Korean and international security standards, MOBIS has developed information security strategies and policies in line with its business strategies to ensure safe business environments for both the company and its customers. Under the Personal Data Protection Act, which went into effect in 2012, we put top priority on protecting our customers’ information. To ensure efficient responses to internal and external risk factors to information security, we have established a dedicated team to information security control, set up a cooperative network with specialized external agencies, became a member of the Korean Association for Industrial Technology Security (KAITS), amended our information security policies, improved the company-wide information security process control, trained employees in security-related matters, and established a collaborative framework for information security with providers. In addition, we run regular checks and diagnostic tests of information security practices to promote secure business environment at all our business premises at home and abroad.

- Reinforcing security of customer information

Protecting personal information is the ultimate goal of our security implementation. In order to protect customer’s information with all business activities, MOBIS named a chief privacy officer (CPO) who is responsible for managing the risks and business impacts of privacy issues. Along with the CPO’s leadership, MOBIS encrypts sensitive information restored in the database, posts warnings on CCTV installations, notifies customers to agree to providing personal information to the company, legally uses and disposes of personal information, and strictly controls who has access to the information without approval. After assigning CPOs to every plant, we have been providing regular education to all employees and carry out strong monitoring to make sure no customer information is disclosed by the company or abused in any way.

- Supporting secure business activity

Information security risk has grown more complex and specialized over time. In response to these risks, MOBIS hires security experts to reinforce its information security implementation. In addition, to prevent unauthorized disclosure of sensitive and confidential business information, we operate an airtight internal control system and have established a cooperative network with public agencies and academic groups, ensuring absolutely safe business environment.

In addition, MOBIS has completed work on an integrated information security system dealing with administrative, physical and technical security to protect whole information assets against any kinds of threats. We also set targets for each of the three critical factors involved in security management – Human, System and Technology – for more effective prevention of such risks. Furthermore, we operate an Emergency Team, a specific detection system and a security control system such as CSIRT. For preventing internal threats, we run an early detection system, digital rights management (DRM) system and an encryption system. At the same time, we have put in place security protocols for all employees during employment. Furthermore, we have developed our own security education program and give regular security education to enhance SETA(Security Education Training Awareness) among all our employees. In particular, we try to improve security controls in preparation for the advent of a smart workstation environment. Under the goal of safely protecting customer information and business information assets, MOBIS will implement information security management to its risk management protocol. This security management plan for 2012 is as follows:

Revision to security policy	Stricter security controls	Prevention of security accident	Security certificate
revisions to 21 provisions, including the customer information protection regulation	D-DOS response system, malicious code analysis, around-the-clock security control and other activities against vulnerabilities and threats	employee education on security control, DRM system and other preventative measures	preparing to certificate new ISO 27001 at the key sites.

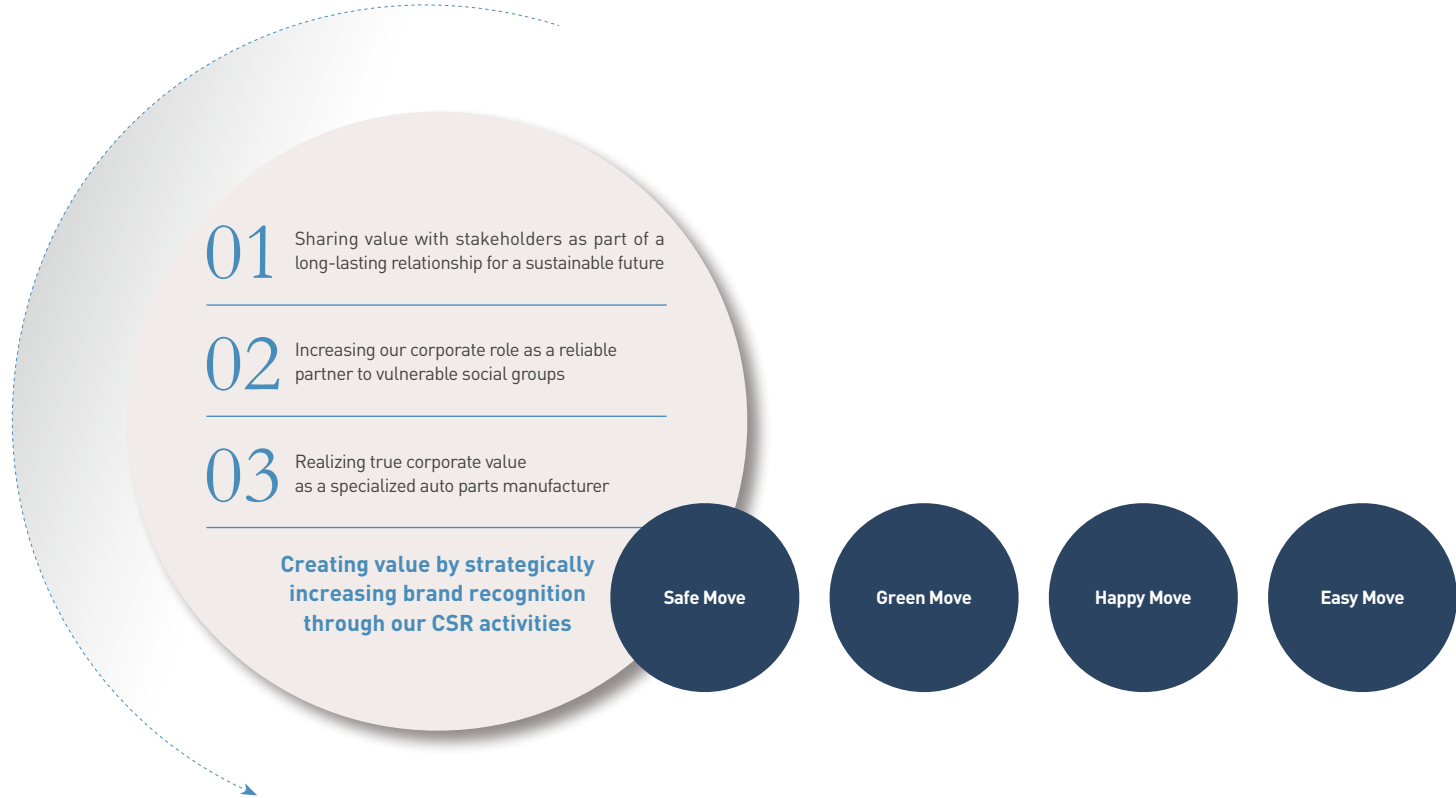


SOCIAL VALUE
ENVIRONMENTAL VALUE
ECONOMIC VALUE

MOBIS is fulfilling its corporate philosophy, one based on love and sharing. Under the slogan “MOBIS believes in sharing and making the world a better place,” we build long-lasting relationships with our stakeholders. MOBIS is constantly expanding strategic CSR programs, and is involved with CSR programs domestically and internationally, as well as taking part in Group-wide CSR activities.

MOBIS CSR strategies

Participating in social contribution activities is of course part of corporate citizenship. At the same time, a company should consistently be enhancing its corporate value and promptly addressing prominent social issues. At MOBIS, we aim to alleviate social disparity and promote the rights of vulnerable social groups through strategic CSR activities. We firmly believe this will help us realize a sustainable future for all stakeholders. Eventually, it will also make the world a better place for everyone.



SOCIAL
CONTRIBUTION
ACTIVITIES

04

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Strategic CSR activities at MOBIS

MOBIS declared 2011 “The Foundation Year for Strategic CSR programs.” Since then, we have worked hard to provide a sustainable future for all stakeholders. Our strategic CSR programs mirror our business, with a focus on four major areas: Safe Move (traffic safety promotion); Green Move (environmental protection programs); Happy Move (volunteer work); and Easy Move (mobility enhancement for the disabled). After the successful launch of the “Sharing MOBIS Transparent Umbrellas” program, which was part of our Safe Move campaign in 2010, we took our first step towards the Green Move campaign with the MOBIS Forest project in 2012. In the future, we plan to launch projects for the Happy Move and Easy Move campaigns as well.

- Sharing MOBIS Transparent Umbrellas

The “Sharing MOBIS Transparent Umbrellas” is our signature CSR program to prevent car accidents involving children. Utilizing our business acumen as Korea’s leading auto parts maker, we began the campaign in 2010 to contribute to raising awareness among the public about the horror of child-related car accidents. As part of this initiative, we distribute transparent umbrellas to elementary school students. These umbrellas are made of transparent canopy and reflect light very well, allowing users to better see traffic all around them, while drivers with an impaired view caused by rain or fog, for example, find it easier than usual to notice this umbrella. This helps prevent car accidents and collisions on slippery, rain-soaked roads. Our slogan “Kids First” is our pledge to protect the safety of our children. In 2012, we plan on making this program public and taking in applications for the umbrellas, which will help raise awareness and participation in the campaign.

- MOBIS Forest

In an effort to fulfill our corporate social responsibility as a global auto parts manufacturer and to heed global concern over climate change, MOBIS unveiled plans for a reforestation project called MOBIS Forest in 2012. With a pledge to invest a total of 10.0 Bil KRW over the next decade, MOBIS is creating a 108 ha forest in the vicinity of Hwasan-ri, North Chungcheong Province. On January 19, 2012, we signed an agreement with Jincheon-gun and the National Nature Trust. MOBIS Forest will bring about an eco-friendly culture in the local community. We will continue expanding the scope of these projects in the future, while leading eco-friendly business activities within the auto parts industry with our low-emission, eco-friendly products.

Sharing Transparent Umbrellas

Year	No. of umbrellas	Beneficiaries	Description	Period
2010	100,000	219 elementary schools	Distributing transparent umbrellas, traffic safety education for children	September 10 ~ October 28
2011	100,000	179 elementary schools	Distributing transparent umbrellas, traffic safety picture contest (5 regions) Social pledge to traffic safety, awards given to people of merit	June 2 ~ July 5
2012 (planned)	100,000	Call for receiving applications	Distributing transparent umbrellas and traffic safety guidebooks, onsite traffic safety education	For a month in May



SOCIAL VALUE
ENVIRONMENTAL VALUE
ECONOMIC VALUE

Domestic social contribution activities

Under the slogan of “The Joy of Sharing,” MOBIS has launched a number of social contribution programs since 2003. To name but just a few, the “One Company-One Village Sisterhood Ties” program promotes urban-rural exchanges and support of rural economies; the volunteer corps at each of our plants maintains sisterhood ties with local charities and provides volunteer services on a regular basis; the “Nobel Project (Junior Engineering Academy)” keeps us close to local communities through education; we provide financial assistance to the families of traffic accident victims; and we run blood drives.

Domestic CSR programs

One Company-One Village Sisterhood Ties

Contributing to the development of rural economies
Providing a helping hand on farms and a venue to host farmers' markets

Plant-based volunteerism

Visits to sister charities for volunteer purposes
In-kind sponsorship and various volunteer activities at sister charities

Blood drives

Giving blood and saving lives
Blood drives at all our worksites in the first half of every year since 2000

Volunteer activities on national holidays

Volunteering at sister charities before national holidays and at the end of the year
Volunteer activities, in-kind donations and gift certificates

Nobel Project (Junior Engineering Academy)

Building solidarity with local communities and cultivating an aspiration for science in the next generation
MOBIS employees volunteer as teachers, carrying out fun and creative experiments in elementary schools located nearby MOBIS worksites

MOBIS basketball players' volunteer work

Members of the MOBIS professional basketball team volunteer in local communities
Basket of Love & Donation of Love programs, donating basketball nets and hosting basketball competitions for students

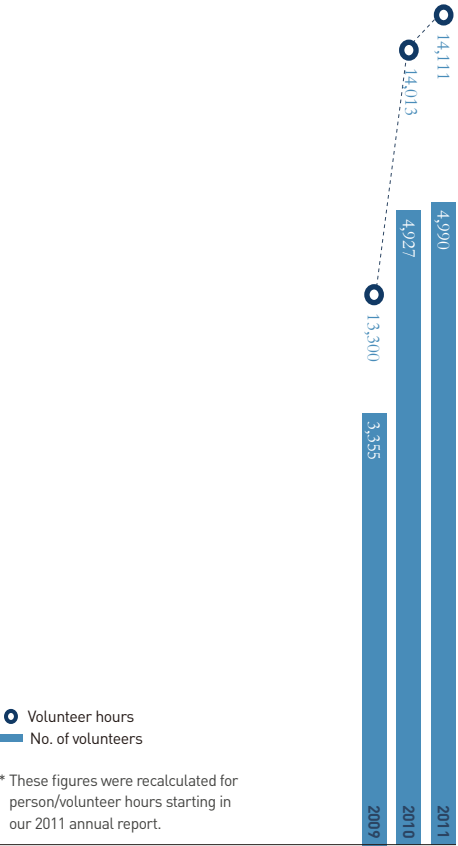
Social Contribution Awards

Since 2008, we have been singling out exemplary social contribution programs both for groups and for individuals on an annual basis.

One Company-One Village Sisterhood			(Unit : 100 Mil KRW)			
	Sister village	Date of sisterhood ties	Specialty produce	2009	2010	2011
HQ	Deongnyeon-ri, Chungju-si	Sep. 28, 2006	Apples	27	11	14
R&D Center	Yulhyun-ri, Icheon-si	Jun. 08, 2007	Rice	8	1	5
Ulsan	Yong-ri, Ulju-gun	Jun. 08, 2007	Pears	32	43	45
Gyeongin	Goseong-ri, Gongju-si	Jun. 08, 2007	Chestnuts	6	6	-
Changwon	Mosan-ri, Changwon-si	Nov. 18, 2008	Persimmons	18	5	13
Total				91	66	77

Volunteer performance

No. of volunteer corps	(Unit: groups)		
	2009	2010	2011
	51	81	95



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Global social contribution activities

MOBIS aspires to have its CSR activities span the globe. As Korea's leading auto parts maker, we are on track to become one of the world's leading auto parts manufacturers. Thus, we have broadened the scope of our social contribution activities to all our global operations. Under the belief that our overseas subsidiaries contribute to mutual growth through long-lasting relationships with local communities, we run a number of programs depending on the different needs of each region we operate in. For instance, the Global MOBIS Fund, launched in 2008, has expanded to 13 of our overseas subsidiaries. Both Korean employees and those hired from the country in question contribute a small part of their salary to a matching gift fund, one in which MOBIS matches all contributions. We plan to expand the scope of our global social contribution programs in 2012 and live up to the growing reputation we have made for ourselves as a leading global company.

Collective social contribution activities with other Hyundai Motor Group affiliates

The Hyundai Motor Group is helping families in need under the motto of “Moving the World Together.” MOBIS is also making a concerted effort to create social contribution programs that serve as a reliable partner.

Group-wide social contribution activities

Happy Move Global Youth Volunteer Corps

Fostering future global leaders

Korea's largest overseas volunteer corps in the private sector (1,000 volunteers per year)

Offering advantages to low-income university students

Global Poverty Eradication Campaign (White Band Campaign)

The UN-sponsored International Day for the Eradication of Poverty (October 17)

Wearing a white band at all our worksites

Erecting placards at all our worksites

Making voluntary donations to help children suffering from poverty

Hyundai Motor Group Smile Microcredit Bank Foundation

Financial aid to financially distressed, low-income bracket people

Hyundai Motor Group contributed 20.0 Bil KRW in 2011 through this foundation

MOBIS contributed:
4.5 Bil KRW in 2009
4.5 Bil KRW in 2010
4.5 Bil KRW in 2011

Social Enterprise: Easy Move

A social enterprise that produces assistive devices for the mobility challenged

Investments made by MOBIS, Hyundai Motor Company and Kia Motors

MOBIS invested:
221 Mil KRW in 2010
397 Mil KRW in 2011
630 Mil KRW in 2012

An exemplary social enterprise recommended by Korea's Ministry of Labor

Traffic Safety School for Children: Kids Auto Park

Public campaign aimed at traffic safety for children

Firsthand traffic safety experiences, allowing kids to sit in the driver's seat

MOBIS contributed:
40 Mil KRW in 2009
50 Mil KRW in 2010
80 Mil KRW in 2011

No. of beneficiaries:
4,538 children in 2009
12,849 children in 2010
13,788 children in 2011



MOBIS
Social Contributions

- 01-02 Sharing Transparent Umbrellas
03 MOBIS Forest MOU signing ceremony

01	
02	03

Domestic
Social Contributions

- 01 One Company-One Village Sisterhood ties
02 Nobel Project (Junior Engineering Academy)
03 Basketball team volunteerism
04 Distribution of farm produce and gift certificates
05 Santa Clause event at the end of the year

01	02
03	04
05	



Global
Social Contributions

- 01 Subsidiary volunteerism – MOBIS India
02 Subsidiary volunteerism – MOBIS Slovakia
03 Scholarships for children of traffic accident victims

01	
02	03

Social Contributions with
Hyundai Motor Group

- 01 Global blood drive
02 Hyundai Motor Group Smile Microfinance Bank Foundation signing ceremony
03 A puppet show at Kids Auto Park
04 Happy Move
05 Easy Move
06 Donation of Free Vehicles to the Needy

01	02
03	04
05	06

Communication, Collaboration for Sustainable Environment

RISK

The automobile industry has shifted its R&D focus in recent years to minimizing pollution emissions and fuel consumption. In step with this trend, auto parts makers are also required to develop eco-friendly smart components and reduce energy waste through the entire product life cycle, adhering to all international environmental regulations, while also maintaining high product competitiveness.

Implementing eco-efficiency today

OPPORTUNITIES

In light of stricter environmental regulations and future auto technologies, MOBIS is quickly shifting its R&D policy concerning technology to the electronization and intellectualization of automobile technologies. At the same time, we are enhancing energy efficiency throughout the entire value chain. In response to the international community and stakeholder demands, we are reducing the environmental impact of our business activities, from the production and disposal of products to resource circulation.

Our CEO's commitment to environmental management

Environmental Leadership

Eco-friendly R&D technology

MOBIS is determined to fulfill its responsibility to the environment as one of the world's top 10 auto parts makers. We are bringing this forest to life as part of an initiative to have people and the environment live in harmony with one another as we continue to lead the industry's eco-friendly trend with our low-emission, eco-friendly products.

From an address at the MOBIS Forest MOU

MOBIS is channeling resources to develop advanced technologies and source technologies that can be applied to eco-friendly and smart vehicles

From an address at a technology forum

Alongside Hyundai and Kia Motors, MOBIS also puts in a great deal of work to produce eco-friendly vehicles. Although the eco-friendly market is not yet large enough to generate significant profits, we are investing not just human resources at this time but also investing in R&D, with a far-sighted blueprint in mind.

From an interview with SBS CNBC

Eco-friendly R&D technology and its popularization

At the forefront of R&D efforts related to components for eco-friendly vehicles, we are constantly generating environmental value and fulfilling our social responsibility as an auto parts manufacturer.

Compliance with environmental regulations

We help preserve the environment in compliance with domestic and international conventions and regulations on environmental protection.

Commitment to environmental protection

Well aware that it is our duty to bequeath a green environment to future generations and to protect the environment, we make every effort to ensure we help the environment and minimize pollution.

From the company's Code of Conduct

Environmental Protection Article 27, Chapter 7 MOBIS Ethics Charter

for a better tomorrow of coexistence



SOCIAL VALUE
ENVIRONMENTAL VALUE
ECONOMIC VALUE

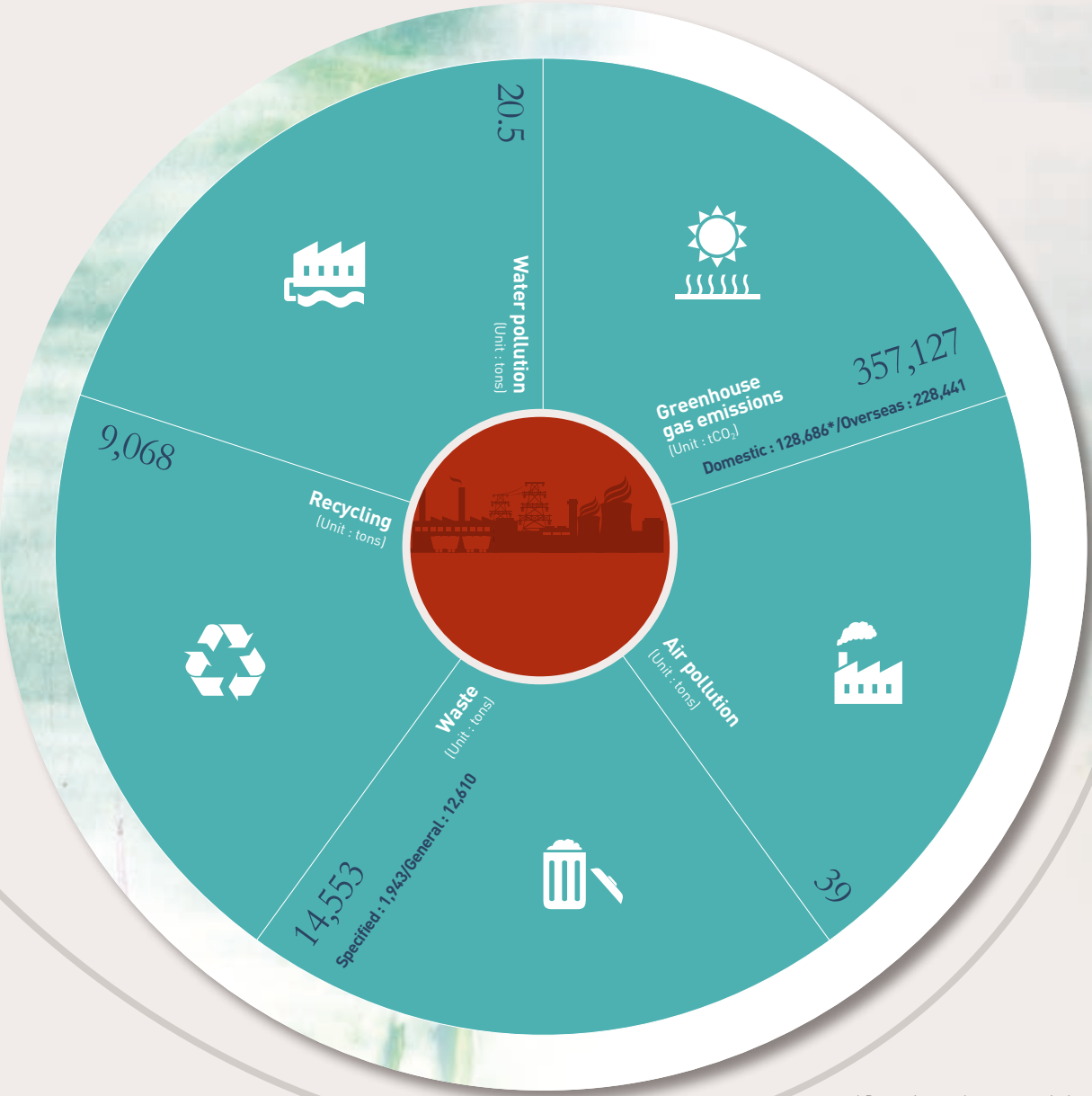
Balancing our Impact on the Environment

input



MOBIS is continuing to carry out process innovation and facility investments to enhance productivity and energy efficiency. We are always improving upon our designs to save raw materials. This also makes for lighter weight car components and high fuel efficiency, which ultimately raises our product competitiveness. MOBIS consistently monitors the input of raw materials and energy resources into the production process, while also calculating pollution emissions from the production process. These steps allow us to keep track of the cycle of resources, from input to output, and to measure qualitative data so as to reduce our impact on air, water and soil resources.

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* Domestic greenhouse gas emissions include gas emissions from suppliers operating at MOBIS worksites.

output

MOBIS is unrelenting in its efforts to reduce waste emissions in accordance with both legal requirements and the legitimate procedure for treating waste. At the same time, we also focus on expanding the recycling of resources. By selectively inputting resources, we are preventing the use of substances that are hazardous to humans and/or to the environment. These policies apply to our suppliers, too. As a responsible corporate citizen, MOBIS will maintain its control over its resource input and output to protect humans, ecosystems and the environment.

In order to mitigate the adverse impact on the environment and to protect nature, the global community is making a concerted effort to counter pollution and make sure it does not worsen worldwide by taking the lifecycle of products into account, mobilizing different market mechanisms, encouraging stakeholder engagement, and continuing with various political and improvement initiatives. The automobile and auto parts industries are playing a pivotal role in these global initiatives to address climate change due to their enormous infrastructure and value chain, as well as the highly energy-intensive nature of the industries.

MOBIS Environmental Management System in line with the company’s long-term CSR vision for 2020

In proactive response to future environmental regulations and issues, MOBIS operates a comprehensive system of reporting on its environmental management, ranging from each unit and team to suppliers and dealers. Every year, we publish a sustainability report for our stakeholders to document the company’s environmental management performance, including our environmental management system and greenhouse gas emissions.

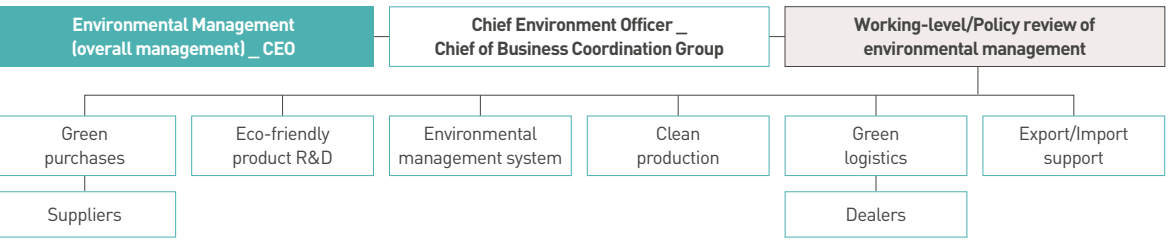
Environmental Management System

MOBIS adheres to the ISO 14001, an international environmental management system of standards, in order to minimize the inevitable environmental impact arising from the due course of our business activities and to realize development that is eco-friendly and sustainable. As of 2011, our 14 domestic plants and 27 components sales offices, as well as our 9 overseas plants, had all acquired the certificate. The certificate issuing agency checks and approves our company-wide environmental management system operations on an annual basis. In addition, we run an annual internal audit on the system’s performance. In the future, we plan to train and foster internal auditors for a more effective and organized approach to implementing the ISO 14001.

Lifecycle process of products

MOBIS is dedicated to minimizing its environmental impact and contributing to resource circulation. After taking into consideration the lifecycle of products, from raw materials to the use and disposal of products, we devise and implement product policies and implement various programs to enhance our product liability to the environment.

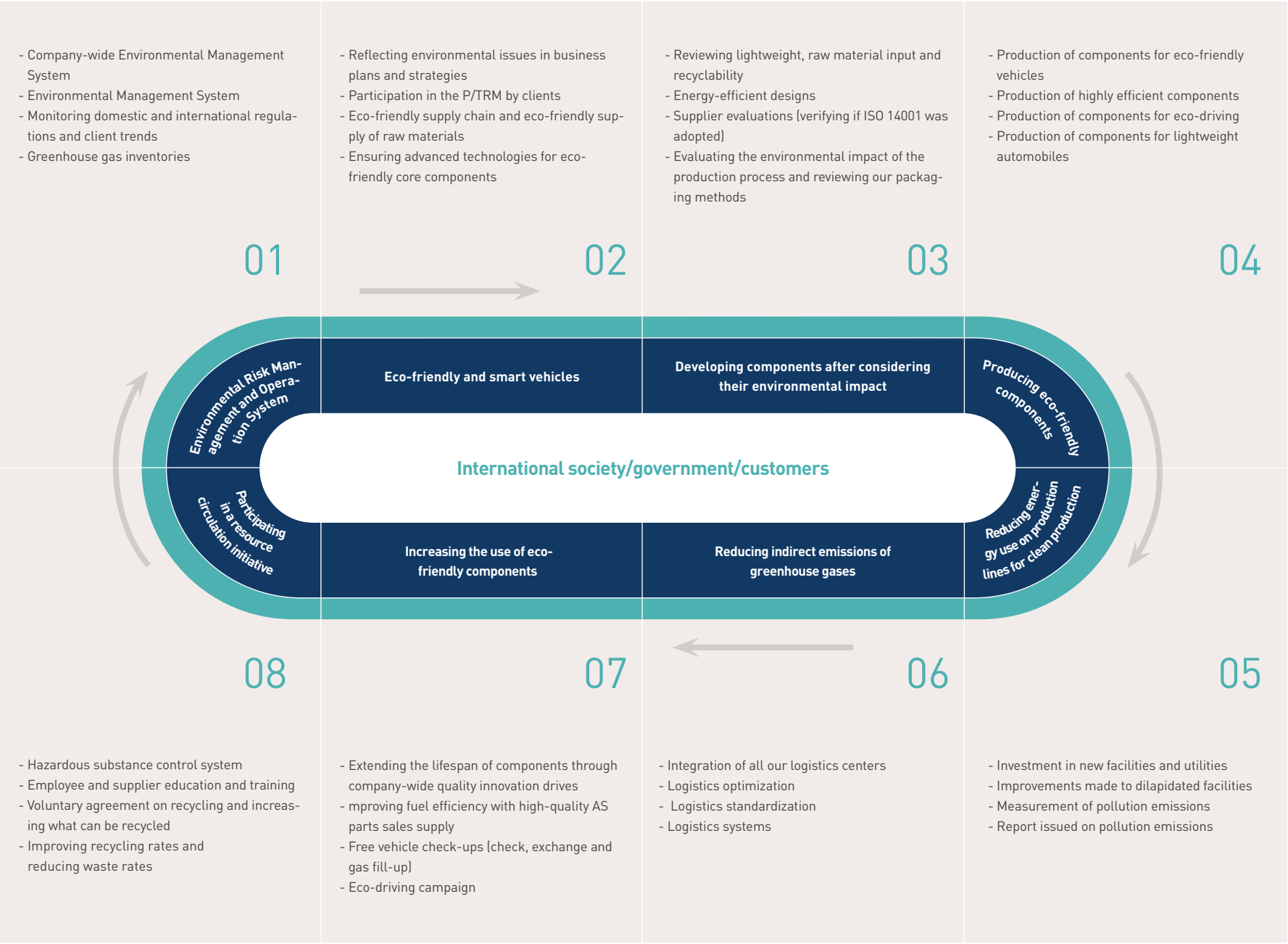
Company-wide Environmental Management System



ENVIRONMENT
MANAGEMENT
SYSTEM

01

Taking the product lifecycle into consideration with business operations





SOCIAL VALUE
ENVIRONMENTAL VALUE
ECONOMIC VALUE

With rising concern over climate change and high oil prices, governments around the world are struggling to play a leading role in the new growth engine business of the green industry. At the same time, stricter environmental regulations pose a challenge to companies around the world. As a result, MOBIS is improving its logistics network to cut down on indirect emissions of greenhouse gases and reducing direct emissions of greenhouse gases as well.

Reducing greenhouse gas emissions

In order to get a firm handle on its greenhouse gas (GHG) emissions, MOBIS established the MOBIS Greenhouse Gas Management System (MGMS) in 2011. Now the company's GHG emissions are assured by a third party in accordance with principles as stipulated by the ISO 14064-3:2006. Based on these results, we are able to calculate our emissions and then enhance work efficiency. We can also run a trend analysis to develop long-term strategies to mitigate climate change. To date, no significant errors or omissions have been detected in third party assurance reports in the company's official GHG emissions report.

Third Party Assurance of GHG Emissions		
Assurer	Date	Scope
DNV	July 2011	2007-2010
Lloyd's of London	April 2012	2011

MOBIS Greenhouse gas Management System (MGMS)

Major functions
Baseline data
• Corporate data, plant data, specification code data, emissions calculation factors data, etc.
Monthly performance data (emission facilities, energy consumption, energy expenses)
• Stationary & mobile combustion, indirect emissions (electricity, steam)
Greenhouse gas control
• Emissions volume check & specification printing
Data control
• GHG emissions, performance data, energy sources, accomplishments against targets
Preparing a platform for the systematic control of GHG emissions, including statistical data management, from the registration of plants to emissions data input, measurement guidelines and energy expenses by emissions source
* 2012 GHG emissions reduction goal: 1,653tCO ₂



RESPONSE TO
CLIMATE
CHANGE

02

Third party assurance on GHG emissions



Declaration ceremony for third party assurance on GHG emissions



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Developing eco-friendly products to reduce GHG emissions

A company that fails to properly meet environmental regulations may run into entry barriers to global markets. MOBIS is turning environmental risks into opportunity by developing eco-friendly products.

Components for eco-friendly vehicles		
Eco-friendly parts	Technological significance	Car model
Electric motor	Electric motor propels hybrid cars with an engine powered by a power generator that recharges the battery during deceleration.	Sonata hybrid K5 hybrid
HPCU	HPCU functions as an inverter that controls the torque and speed of the electric motor, and a converter that powers the electronic systems of a vehicle	
BPA (Battery Package Assembly)	BPA stores electricity in eco-friendly vehicles, using lithium-ion batteries to achieve high output power density as well as a long lifespan.	
HSG	HSG starts an internal combustion engine in hybrid vehicles and functions as a power generator that recharges a battery by using the engine.	

Highly efficient control components		
Eco-friendly parts	Technological significance	Car model
IBS	Intelligent battery sensors (IBS) measure and predict a battery's status, then send the results to a master controller, contributing to fuel efficiency in connection with the ISG and AMS.	Benz C, E Class
Smart Boosters	During the regenerative braking of eco-friendly vehicles such as hybrid cars and electric cars, smart boosters contribute to improving fuel efficiency through coordinated control.	Under development

Highly efficient LED components		
Eco-friendly parts	Technological significance	Car model
LED H/Lamp	Localization of high flux LED for headlamp use * Fuel savings: 46.6 liters/year, CO ₂ reduction: 107.2 Kg CO ₂	K9

Support components for eco-driving		
Eco-friendly parts	Technological significance	Car model
TPMS	TPMS is a sensor for detecting a tire's optimal internal air pressure. Using TPMS can reduce greenhouse gas emissions up to 3.2g/km.	Veloster
ETCS	Electronic toll collection system, Saving fuel consumption by 33 Bil KRW annually and reducing annual exhaust gas emissions equal to 10 years of driving nationwide, or a savings of 154.6 Bil KRW for consumers, It also saves drivers KRW 300,000 per year when stuck in traffic and other expenses.	All cars

Lightweight components (industry-leading parts)		
Eco-friendly parts	Technological significance	Car model
MDPS	Motor-driven power steering It achieves 3-4 percent fuel efficiency improvement (equivalent to a car weight reduction of 200kg).	K9

Special
Column

The high output c-type MDPS, a joint development project between Hyundai Motor, Kia Motors, MOBIS and Mando, won the 27th IR52 Jangyeongsil Prize in July 2011. Applied to an electronic drive system for large sedans and SUVs, it boasts 3-4 percent higher fuel efficiency than a cylinder-type system. As a result, it saves 0.4 liters of gas for every 100 km of driving and reduces CO₂ emissions by 10 grams per kilometer. The four companies localized the technologies of the motor and angle sensor, and then filed for 50 patents associated with this technology. We expect this technology to substitute import technologies worth 1,005 Tril KRW per year, while also saving drivers approximately 180 to 240 Bil KRW in annual gas expenses. In addition, the resultant reduction of CO₂ emissions will be equivalent to 9.5 Bil KRW per year.

MDPS awarded the IR52 Jangyeongsil Prize





SOCIAL VALUE
ENVIRONMENTAL VALUE
ECONOMIC VALUE

Energy efficiency drives at plants

Since we began process innovation on the air conditioning facility at our module plant in 2007, we have expanded utility innovation to the company-wide level. Starting in 2009, the initiative reached our electronic systems plant and overseas plants in a bid to save energy and reduce CO₂ emissions. Moreover, we adopted a highly efficient air dryer in 2010 as well as induction barrel heating technology in 2011, both of which have consistently improved energy efficiency. In 2012, we will begin consulting with external experts on our approach to our energy saving facilities, establishing a heat recovery system and low-power eco-facilities to enhance energy efficiency and reduce carbon emissions from our plants and facilities.

Highly efficient control of facilities

The magnetic controlling of facilities is inevitably associated with energy loss, as it is impossible to control the RPM of motors as it changes depending on the load usage rate. With an inverter control, however, it can speed up and slow down the RPM of a motor, allowing for the more efficient use of energy. As the highly efficient inverter can save energy by more than 30 percent, we are phasing it in with all our compressors, air conditioners, pumps, coolants, dust collectors and washers.

Highly efficient lighting improvement

Since replacing the lighting inside our production plants with highly efficient 32W lighting, we have saved 50 percent in energy consumption and doubled the lifespan of our lights. The automatic on/off light switch system was installed to save electricity. In 2010, we replaced 250W metal lamps with LED lighting on the ceilings, saving 70 percent in energy output and extending the lifespan of the lights five times, not to mention saving a significant amount in maintenance expenses as well.

Highly efficient facilities

As part of our low-carbon, energy-saving initiatives, we are phasing in highly efficient energy facilities. Highly efficient air dryers improve the air reuse rate on the total production of compressors by up to 13 percent, saving MOBIS 58 percent in energy expenses. We have also applied induction barrel heating technology to barrels that melt plastics to produce lamps and bumpers, reducing energy usage by 25 percent with fluorescent lamps and 77 percent with metal lamps.

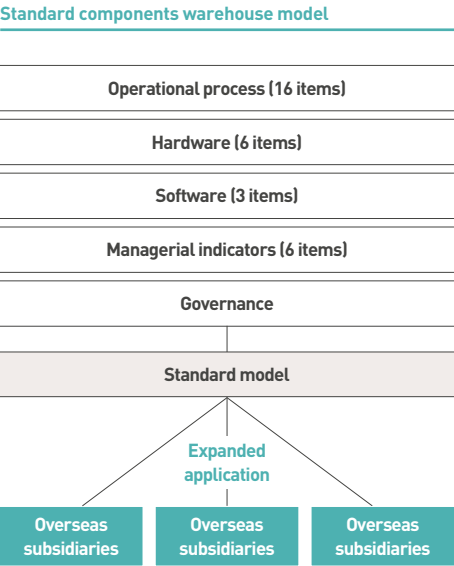
New eco-friendly facilities

The heat recovery system recovers high temperature heat from the dry oven through heat exchangers, which then supply air conditioners on the coating line, saving as much in gas as the amount of recovered heat. We plan to expand the heat recovery system to all our plants in Korea and overseas to save on our energy usage.

Employee participation in energy saving drives

MOBIS assigns environment/energy officers to each plant and business division to provide education on the plant's GHG reduction goals and energy saving practices. The education helps employees understand governmental policies and goals. It also sheds light on the company's performance with energy conservation campaigns and helps them better understand the GHG inventory system. In addition, we established an advanced course for onsite improvements in 2011 to help employees with improving energy efficiency at worksites. The special course is about process analysis and improvements at our worksites for the 7 Loss Initiatives, as well as productivity analysis and improvements, basic design, process analysis, standard operating procedure analysis, company-wide logistics check-ups, equalization systems and facility efficiency improvement plans, and other plans to enhance efficiency at all our plants. All innovation and improvement tasks are kept on record and published as a guidebook for future improvement efforts. From November 2011 to 2012, the program's second and third classes graduated, totaling 24 experts, after completing their course work.

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Efficient logistics to help save energy

Since 2007, MOBIS has been involved in innovation drives dealing with climate change. Innovation tasks in the SCM sector have helped improve operational competencies in our logistics network. With the ability to more efficiently operate our logistics network, we have cut down on costs and saved energy.

MOBIS Green Train

Rail transportation for mass production output

On October 1, 2011, MOBIS signed an MOU for a strategic alliance with KORAIL for the purpose of green logistics. Since then, we have been transporting all our export containers by rail, as the national green growth drive had set an example for large companies to transport massive amounts of goods by rail. To ensure the unimpeded transportation of all our export cargo, KORAIL committed an entire train, the MOBIS Green Train, to our cargo alone. By adopting a dual transport system – rail transport for longer distances and truck transport for shorter distances – we created a highly efficient logistics model that has contributed to MOBIS saving more money on national logistics expenses. Through this system, we have saved 280 Mil KRW in annual inland transportation expenses, while also increasing our eco-friendly corporate image.

* Subject cargo : 18,000TEU/year (for 300 days with 30 trucks per day)
* Compared to road transport, rail transport saves 14.74 million kg in CO₂ emissions per year, or the equivalent of planting more than 1.2 million pine trees.

- Efficient logistics operations

In 2011, MOBIS optimized its domestic logistics network as part of its first company-wide innovation task. As a result, 30 logistics points were reduced to 27, with a high-tech logistics control system and distribution system also established. Accordingly, the optimized logistics system further improved our components supply capacity and raised customer satisfaction. These initiatives not only slashed operational expenses, but also curtailed GHG emissions from our logistics network.

In order to maintain an efficient logistics service, we optimized our distribution system in 2010, saving 2.0 Bil KRW in domestic AS parts sales transport expenses a year later. In 2012, we are establishing a transportation management system (TMS) and plan on upgrading the interoffice transfer system, while also integrating logistics with packaging suppliers to further cut our transport expenses. Based on the success of our domestic logistics efficiency innovation, we plan on optimizing our global distribution system in 2012.

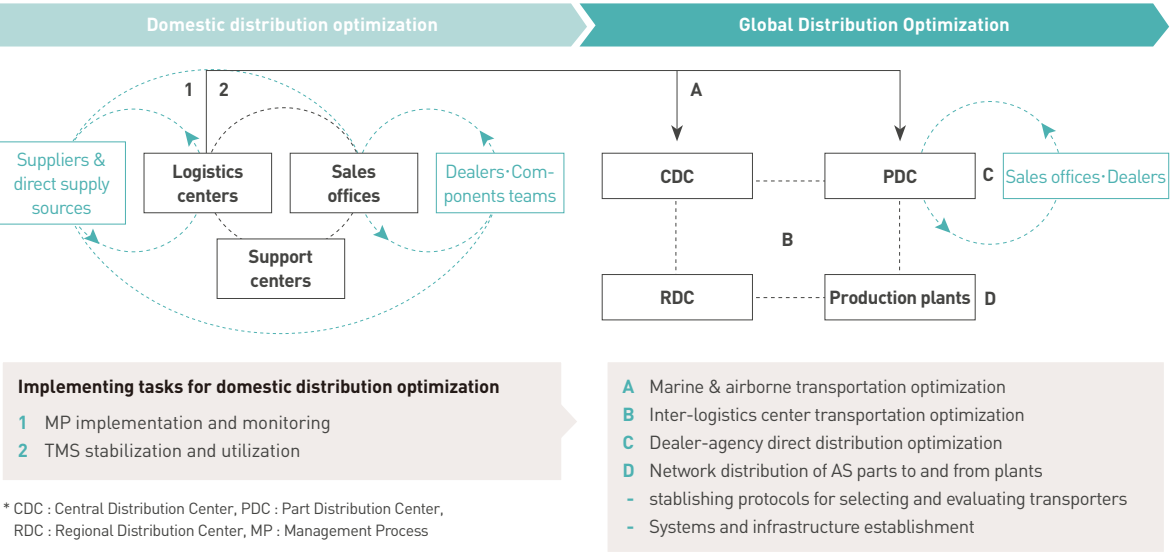
GHG emissions comparison: Road transport vs. rail transport					
	Between	Transport	Distance (km)	Emissions intensity (gco ₂ /ton · km)	Emissions (gco ₂)
Road [conventional]	Asan Center to Busan New Port	Road	339	299.6	21,937,910,400
Rail [new]	Asan Center to Obong CY Road [shuttle]	Road [shuttle]	63	299.6	4,076,956,800
	Obong CY to Busan New Port Railway	Rail	402	35.9	3,117,268,800
Total distance transported via rail					7,194,225,600
Reduced amount of CO ₂ emissions					14,743,684,800

* CO₂ emissions calculation formula = distance [km] X volume [ton] X emissions intensity
* Annual amount of goods transported 18,000 TEU, Per-TEU regulated tonnage: 12 tons

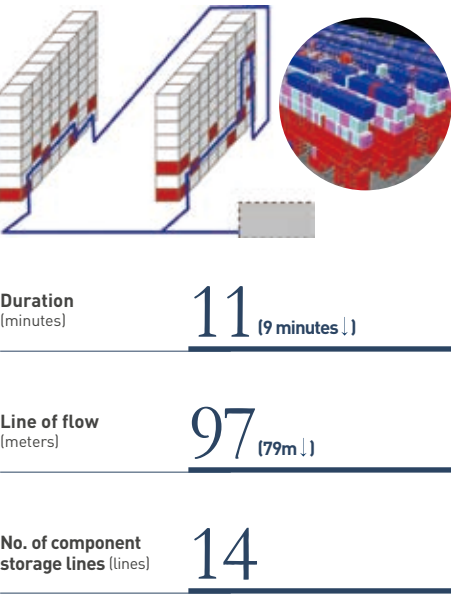
Furthermore, we have standardized our components warehouse to enhance productivity and increase the logistics operational competitiveness of the warehouses at logistics centers and sales offices around Korea. This standardization move allowed us to get components out of the warehouse 6.5 percent faster than before, saving the company 3.8 Bil KRW in 2011. In 2012, we plan on expanding the application of the logistics operational standard software, both PLUS (PDA-based Logistics in a Ubiquitous System) and WOS (Warehouse Optimization System), to our overseas subsidiaries. We expect this to enhance productivity and warehousing efficiency, which will then improve overall profitability.

Since 2011, we have been optimizing completely knocked down (CKD) shipping operations. We expect to see tangible results from this move once detailed action plans are implemented in 2012. The optimization of the CKD inventory and our order placing system will optimize inventory operations at our overseas subsidiaries, saving MOBIS a significant amount of money in logistics. At the same time, we will be establishing a CKD shipping model system, further reducing logistics expenses. The load optimization 3D simulation program and PDA will also increase the box filling rate of containers and packages when shipping via CKD means, thereby enhancing the operational capacity and supply of CKD.

- Logistics system innovation
In terms of hardware, we established an LCMS (logistics cost management system) in 2011. The LCMS allows us to check logistics costs at all of our logistics points, which contributes to improving our overall logistics system and lowers costs. We firmly believe this will help reinforce our logistics competitiveness in the future.



Simulation of enhanced efficiency and productivity, with the fastest moving components placed on lower level shelves for easy access



HAZARDOUS SUBSTANCES MANAGEMENT

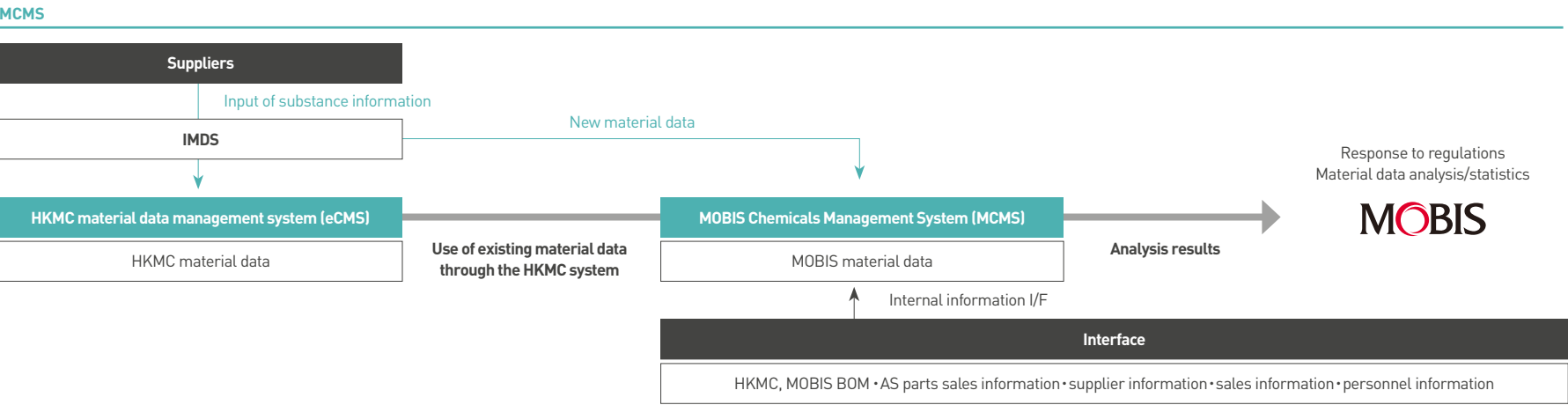
03

The European Union Restriction of Hazardous Substances (EU RoHS) will be increasing the number of restricted substances from 53 to 1,200 by 2020. In response to the stricter regulations, MOBIS is synchronizing its MCMS list with the REACH and MSDS lists. In order to induce cooperation from our suppliers with each of these substances, as well as our own employees when dealing with these substances, we provide education on environmental regulations and future trends, how to register substance information, and how to respond to regulations. In 2011, we educated 650 employees at 534 different supplier companies.

MCMS

In 2009, we completed work on the MOBIS Chemicals Management System (MCMS), which allows for the comprehensive management of substances in line with REACH and other environmental regulations. MCMS checks the content of substances regulated by international environmental regulations and enhances efficiency and verifies errors when controlling for and recording material data on the International Material Data System (IMDS).

- Air, soil and water pollution control
MOBIS has environmental facilities that control air, soil and water pollution. We also monitor the legally mandated amount of environmental pollution at the company on a regular basis. For legally monitored substances, we consign external/national agencies to carry out the measurements, while tracking other substances periodically by consigning outside authorities or by employing self-check procedures under the government's official analysis methods. In full compliance with related regulations, we check our environmental facilities daily, weekly and monthly to ensure hazardous substances to nature and/or humans are not leaking at source.



Communication, Collaboration for Sustainable Growth

RISK

MOBIS proclaimed itself a specialized auto parts manufacturer in 2000. Since then, the company has reorganized its business structure so that by 2010 we had gone from being the world's 27th largest OEM supplier to the world's 10th. This sizeable growth, however, gave rise to the need for securing specialized technologies, while also diversifying our customer base and developing new growth engines. Such growth in the short term called for quick adaptation to changes, innovation and efficient internal control. At the same time, this sizeable growth also entailed such issues as customer relations, fair competition and business ethics.

Achieving balanced growth

OPPORTUNITIES

In response to these issues associated with such rapid growth, MOBIS developed strategic solutions by embracing change and innovation. For instance, we diversified our customer base to deal with the challenges that came with this notable growth. In addition, company-wide risk management activities helped preemptively prevent any major risk factors from developing. Throughout this time, we faithfully practiced the highest level of business ethics to ensure sustainable value both for the company and for our stakeholders.

'64
'65

CEO's
commitment
to generating
economic value

Economic
Leadership

Global market expansion

First of all, we have to strengthen our competencies and creativity with mechanical systems and electronic technologies for the high-tech vehicles of the future before the competition. While pursuing niche markets in these areas, we will also continue to expand the number of markets where we sell our high value-added core parts, which is in line with our corporate vision. At the same time, we will increase our corporate competencies to make sure we are at the same level as the rest of the world's top companies.

From the CEO's New Year's Greetings

Investment and innovation for future growth

The future business environment will be hypercompetitive. Only those companies that can transcend conventional wisdom will survive this heated competition, as you have to consistently hone your competitive edge to ensure sustainability. By gaining momentum through all of our innovation initiatives, we will reinforce our innovation competencies, allowing us to rapidly shift to a more innovative organizational structure that meets the highest global standards.

From the CEO's New Year's Greetings

Risk Management

Declaring 2012 the "Foundation Year for Future Growth through Enhanced Risk Management"

As you are all aware, Korea's economy remains quite volatile at the present moment. The global economy is forecast to slow due to concerns over Europe's financial crisis and sluggish economies in other developed countries. As a result, it is imperative that everyone at MOBIS unite under the shared goal of realizing our business plans in the coming year.

From the CEO's New Year's Greetings

Business Ethics

A company that has failed to earn the trust of the public cannot survive – no matter how good its business performance is. Business ethics has become an integral part of a business's sustainability.

From the CEO's letter to employees about business ethics

The best strategy in today's global market is not sales expansion or profitability, but winning the trust of society through its corporate value. MOBIS is relentless in fulfilling its corporate citizenship responsibilities and promoting fair trade compliance so that it remains a trusted and respected company by its stakeholders.

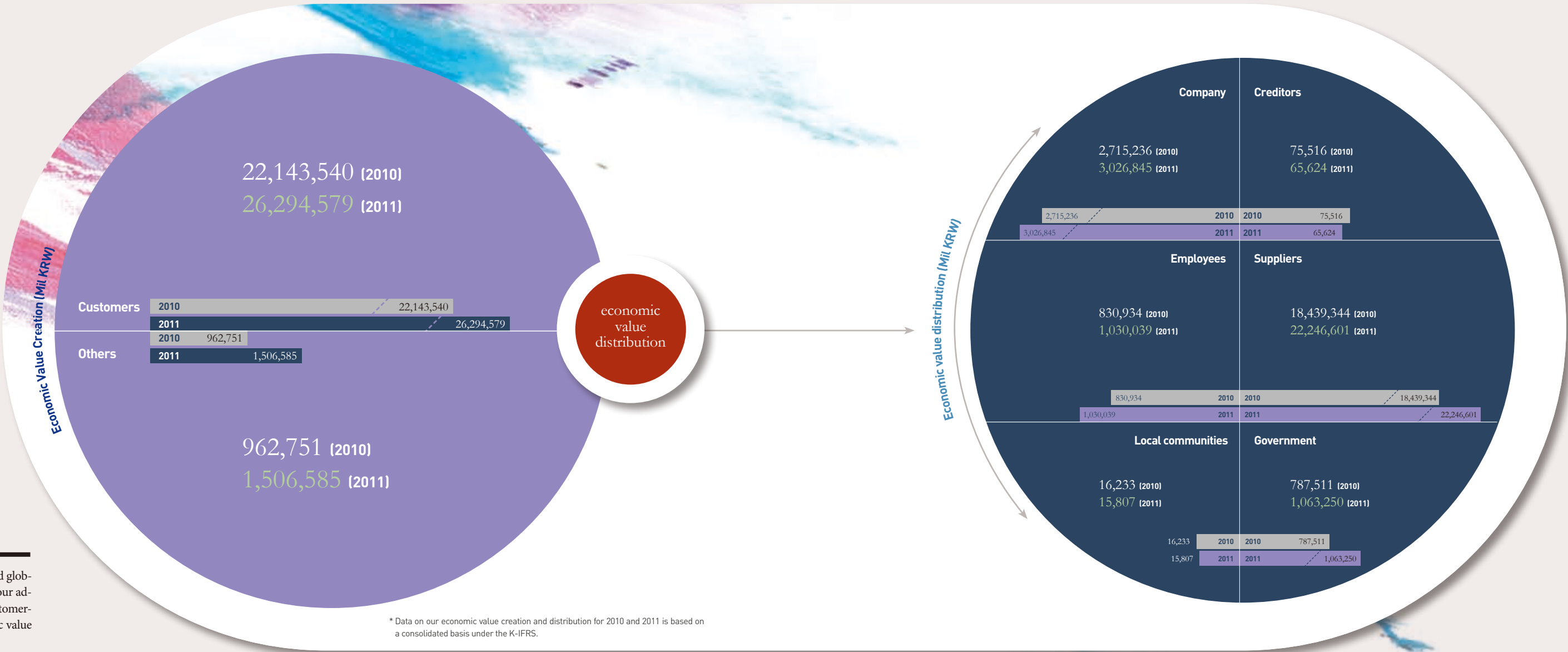
From the Compliance Program foreword

for a better tomorrow

Economic
Value
Creation &
Distribution

Customers They represent the sum total of all domestic and global sales of our products and services. Taking advantage of our advanced technologies, we carry out the highest quality customer-oriented policies in the industry. As a result, our economic value to the customer increased 18.7% from the previous year.

Others The value generated from non-operating income from investments, financial activities, and other activities. In 2011, the value grew 56.5% from 2010.



Company Strong car sales boosted domestic and global sales, leading 3.027 Tril KRW in net income, an 11.5% year-on-year growth in 2011. MOBIS reserves a certain portion of its earnings for future use and pays dividends to shareholders according to resolutions passed by the company's board of directors and at general shareholders' meetings.

Creditors Total interest expenses paid to creditors declined 13.1% compared to last year.

Employees Sales and administrative expenses, cost of sales and other current accounts include wages paid to employees (including benefits) and retirement allowances. Total payment to employees grew by 24.0% from 2010. In 2011, a total of 984.3 Bil KRW was spent in wages, and 45.7 Bil KRW in retirement benefits, increasing 24.3% and 17.0% respectively year-on-year.

Suppliers Payments to suppliers are calculated by deducting labor costs, corporate taxes and depreciation expenses from the total cost of sales and sales and administrative expenses. This figure increased 20.7% year-on-year from 2010.

Local communities Local communities represent the social contribution expense. MOBIS provides sponsorships and donations to the underprivileged. We also support social enterprises, take part in traffic safety causes, support civic and academic groups, work alongside NGOs and education groups, provide international aid and participate in a number of cultural and sports programs. In 2011, our total amount of donations decreased by 2.6 percent from 2010.

Government This represents the sum of all taxes, bills and corporate taxes. The total amount MOBIS paid in 2011 increased 35% from 2010.



SOCIAL VALUE
ENVIRONMENTAL VALUE
ECONOMIC VALUE

Strong car sales led growth in domestic and global sales of our main products, resulting in record-high performance for the company. Consolidated sales for 2011 grew 18.7%, reaching 26.29 Tril KRW, while operating income increased 6.7%, to 2.67 Tril KRW, and net income increased 11.5%, to 3.03 Tril KRW. Module sales growth was led by 1)Increase in mechatronics and core parts supply, such as MDPS and air bags, 2)More 3rd OEM supply 3)Increased sales of new H/KMC models in China, U.S. and steady sales in Korea, 4)Steady operation in Russia, and 5) More module supply to Czech and Slovakia. UIO growth in 2011 led increase in service parts sales.

Business results & Financial performance

(Unit : Bil KRW*, based on the K-IFRS)

Category	2010	2011	Changes [%]
Consolidated sales	22,144(100.0%)	26,295(100.0%)	18.7
Gross profit	3,764(17.0%)	4,039(15.4%)	7.3
Operating profit	2,507(11.3%)	2,675(10.2%)	6.7
Pre-tax profit	3,483(15.7%)	4,063(15.5%)	16.7
Net income	2,715(12.3%)	3,027(11.5%)	11.5
Asset	18,298(100.0%)	22,576(100.0%)	23.4
Cash & cash equivalents	2,448(13.4%)	2,059(9.1%)	-15.9
Liability	7,338(40.1%)	8,781(38.9%)	19.7
Debt	2,346(12.8%)	2,780(12.3%)	18.5
Shareholders' equity	10,961(59.9%)	13,795(61.1%)	25.9
Capital stock	491(2.7%)	491(2.2%)	0.0
L/E (Liability to Equity) ratio [%]	66.9	63.7	-
D/E (Debt to Equity) ratio [%]	21.4	20.2	-

Sales breakdown (by regional headquarters)

(Unit: Bil KRW, based on K-IFRS)

Module Division	2010	2011	Changes
Sales	17,380	20,903	20.3%
Operating profit	1,324	1,450	9.5%

[Key Issues]

- Steady sales of new models: HG, TF and WD, WK, etc.
- Increase of core parts supply, such as EPB and MDPS

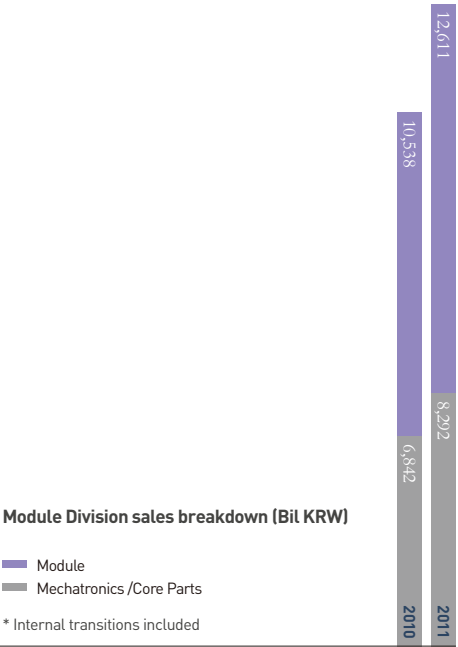
AS Parts Sales Division

Sales	4,764	5,391	13.2%
Operating profit	1,183	1,225	3.5%

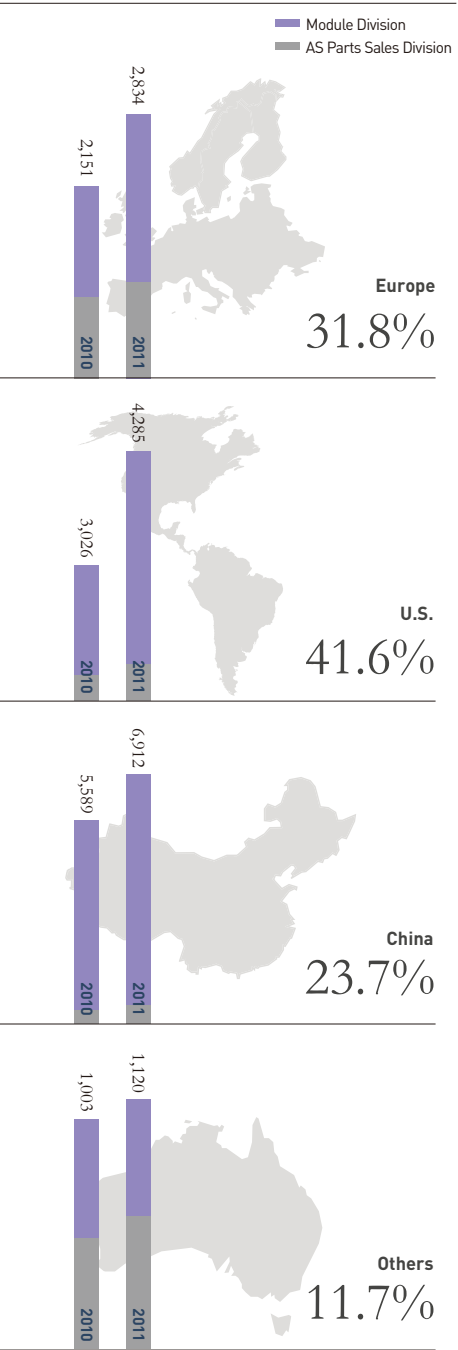
- [Key Issues]
- Steady UIO (Unit In Operation) in domestic & overseas
 - Continuous expansion of AS Parts /Accessory Business in domestic & overseas

ECONOMIC
PERFORMANCE

01



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Sales breakdown (sum of each subsidiary) (Unit: Mil USD)

Europe	2010	2011	Change	Change [%]
Module Division*	1,513	2,081	568	37.5%
AS Parts Sales Division*	638	753	115	18.0%
Total	2,151	2,834	683	31.8%

* Russia factory SOP & module supply increase in Czech and Slovakia

U.S.

Module Division*	2,705	3,828	1,123	41.5%
AS Parts Sales Division*	321	457	136	42.4%
Total	3,026	4,285	1,259	41.6%

* Module supply to Chrysler increased 64.7%

China

Module Division*	5,259	6,456	1,197	22.8%
AS Parts Sales Division*	330	456	126	38.2%
Total	5,589	6,912	1,323	23.7%

* Strong new car & SUV sales

Others (Including India, Middle East & Australia)

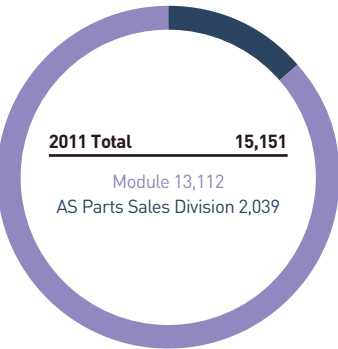
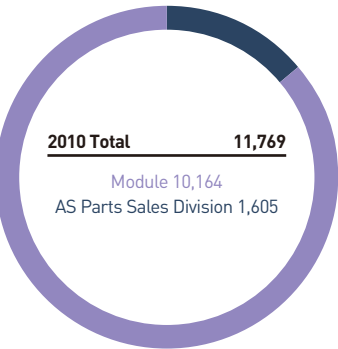
Module Division*	687	747	60	8.7%
AS Parts Sales Division*	316	373	57	18.0%
Total	1,003	1,120	117	11.7%

* Sales growth helped by promotions in Australia and UAE

Total Overseas sales

Module Division*	10,164	13,112	2,948	29.0%
AS Parts Sales Division*	1,605	2,039	434	27.0%
Total	11,769	15,151	3,382	28.7%

Total global sales (Unit: Mil USD)



Global auto parts manufacturers are expanding their profit base by diversifying their customer base and product portfolios. With the aim to achieve sustain growth through global expansion, MOBIS set its goal at increasing the contribution of non-captive sales up to 20 percent, or 4 Tril KRW (excluding module) of total sales by 2020. To that end, we are coming up with more efficient strategies to handle orders for our planned global expansion between 2012 and 2014, developing products customized to local needs and expanding our global network.

Strategies for global expansion and customized product development

MOBIS was able to begin supplying lamps, brakes, electronic systems and Chassis module to BMW, Daimler, Volkswagen, GM, Chrysler, Mitsubishi, Subaru, and Geely Automobile after expanding our order backlog based on high-end products and strategic alliances. In the future, we will increase our production of profitable, technology-intensive products such as smart headlamps, smart boosters, and advanced driver assist systems (ADAS). We are also strengthening our competencies through market research on our main products, benchmarking, and product planning, while continuing with effective marketing activities that include technology exhibits to consolidate our customer base with leading car makers. At the same time, we are putting together a product portfolio customized to emerging markets such as China and India. In January 2012, MOBIS established a local office in Delhi, India to carry out market research on local product specifications, legal systems and consumer trends, as well as to conduct marketing initiatives aimed at local car makers. As we move forward, we will increase the size of our global R&D network, connecting China and India with Korea, to develop low-cost designs and specifications, while increasing the local supply of components for our products to save on costs.

Global market expansion

- Consolidating overseas partnerships

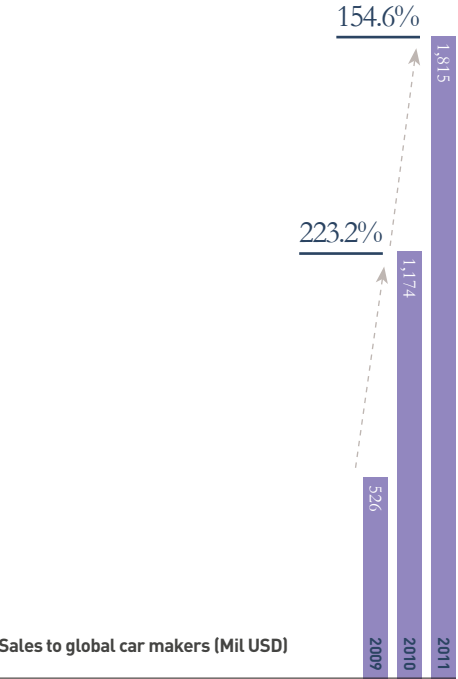
MOBIS supports its suppliers when they attempt to enter foreign markets by holding joint exhibitions with them when approaching global car companies. Since 2011, 20 of our Korean suppliers have participated in exhibitions with some of our client companies, such as Chrysler, Fiat, Mazda, Subaru and Geely Automobile, appealing to these client companies with their technologies and price competitiveness at technology meetings. We expect these activities will help our suppliers advance into overseas markets in the future.

- Fostering global leaders

MOBIS fosters global leaders to support its international expansion strategies. We established an R&D/quality control task force at our headquarters to ensure prompt and specialized responses to customer demands. As we move forward, we plan to increase the number of personnel in charge of overseas operations to deal with customer relationships and customized product development. We will also increase the number of locally hired employees. In addition, as our order backlog increases, we are assigning project managers, guest engineers and quality control officers to each region to enhance customer satisfaction and improve people's trust of MOBIS in local markets. Furthermore, we plan on increasing the number of locally hired experts to strengthen our sales personnel in local markets.

GROWTH WITH
GLOBAL
CUSTOMERS

02



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Our presence with carmakers in global markets



Ranking	2008	2009	2010	Sales (Mil USD)
1	Robert Bosch	Denso	Robert Bosch	34,565
2	Denso	Robert Bosch	Denso	32,850
3	Continental AG	Aisin Seiki	Continental AG	24,819
4	Magna	Continental AG	Aisin Seiki	24,613
10	TRW Automotive	ZF Friedrichshafen AG	MOBIS	14,433
12	Toyota Boshoku	MOBIS	Delphi	13,817
19	MOBIS	Hitachi Automotive	JTEKT	8,285

* In 2007, MOBIS was the 27th largest auto parts producer. Two years later, we were 12th, and in 2010 we became the world's 10th largest OEM supplier, as announced by the US-based automobile magazine Automotive News. In only 10 years after restructuring itself as an auto parts specialist, MOBIS became one of the top 10 OEM suppliers in the world, a fact that is nothing short of an astounding achievement within the Korean auto parts industry. (2011 rankings were not available at the time of printing this report.)

Joint Exhibitions with Suppliers	
Client company	Suppliers
Fiat	12 suppliers, including Myunghwa Industries
Subaru	12 suppliers, including Central Corporation
Mazda	13 suppliers, including Korea Electric Terminal
Geely	16 suppliers, including Seohan Industries





SOCIAL VALUE
ENVIRONMENTAL VALUE
ECONOMIC VALUE

MOBIS is reinforcing its electronic systems business to ensure it becomes a sustainable growth engine. At a time when competition grows fiercer than ever before, the business environment is constantly changing and quick adaptation to change is critical for survival and for sustainable growth. MOBIS is effectively managing change and innovation through a systematic approach to these issues.

MOBIS Value Innovation Management

Effective internal control, competitive businesses and new growth engines are crucial to qualitative growth in today’s fiercely competitive global markets, which is why MOBIS launched its Business Innovation Office in April 2007. Under the slogan “Innovation Inside,” the Office implemented Phase 1 of its activities for MOBIS Value Innovation Management, which was in place until 2010. Throughout Phase 1, MOBIS realized a 61 percent growth in sales, surging from 8.5 Tril KRW in 2007 to 13.7 Tril KRW in 2010. In 2010, the last year of Phase 1, net income amounted to 2,423.3 Bil KRW, a 50 percent increase from 2009.

Company-wide business innovation roadmap



Innovation Inside

Innovation drives to lay the foundation for becoming one of the world’s top 5 auto parts makers

- Operational innovation for improving business structure and securing cost competitiveness
- Discovering new businesses and technology innovation for sustainable growth

Global MOBIS

Reinforcing global core operational competencies
Corporate culture and human resources development

Eight focus areas

1. Securing globally competitive technologies
2. Reinforcing competencies in quality and services
3. Enhancing productivity
4. Managing complexity
5. Cost reduction and value enhancement
6. Effective global operations and cooperation
7. Corporate culture & human resources development
8. Preparing for the future

* Value Innovation Management™: a company-wide business innovation program that implements the eight focus areas and key tasks that are part of the initiative

INNOVATION
MANAGEMENT

03

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Change Management Master Plan

Constructing an innovation-oriented corporate culture

01

MOBIS Academy, innovation conferences, CEO message, best practices festival, large group methods, long-term HRD strategy, publicity materials, company-wide training on change management

Innovation Network

02

Theses presentations, Phase 2 (eight goals), change and innovation leaders’ awards, conferences and seminars, group-wide innovation seminars, best practices benchmarking

Change management system

03

Key performance indicators under the eight goals
Improving task management
Establishing the change management system on i-MOBIS

- Phase 2 Value Innovation Management (establishing a global innovation management system)

Phase 2 Value Innovation Management (establishing a global innovation management system)
After successfully concluding Phase 1 activities in 2010, MOBIS moved on to Phase 2 in 2011. Phase 2 is aimed at strengthening the foundation we laid during Phase 1 so that we emerge as one of the world’s five largest auto parts makers, what we call Global MOBIS 2015. We have worked hard on the details of enhancing global core operational competencies, our corporate culture and HRD, and developed eight effective goals as a result. The eight goals are as follows:

- 1) Secure globally competitive technologies to reduce the duration of product R&D, strengthen project management, and secure new market-oriented technologies
- 2) Reinforce quality and service competencies to realize enhanced quality control and secure customer-oriented AS parts sales, SCM competitiveness, and marketing capabilities
- 3) Improve productivity for price competitiveness, globally competent plant operational competencies, and production technology control
- 4) Complexity management to strengthen SCM for strategic component manufacturing, enhance efficiency through integration and streamlining, and optimize the operation of our logistics and procurement networks
- 5) Cost saving and value enhancement for R&D procurement strategies, competency-building and price competitiveness
- 6) Effective global operations and cooperation for enhanced efficiency in our global operations and governance system as well as with external cooperation efforts
- 7) Corporate culture and HRD for continued change and innovation, loss elimination, active communication, cooperation and competency-building
- 8) Preparing for the future through competency-building, sustainability management competencies, and risk management for sustainable growth

Phase 2 activities entailed five key tasks in 2011: constructing a global operations model (GOM); factory planning optimization (FPO); global procurement transformation (GPT); service-oriented transformation (SOT); and fostering global leaders. With the successful start to these five key tasks, we have solidified a platform for a global innovation management system early on. We have also developed and put in place 27 action plans under the eight pre-assigned goals. Following the successful initiation of Phase 2 in 2011, we came up with 13 new tasks, so there are now a total of 26 innovation tasks taking place right now, three of which include balancing inventories at components plants, rebalancing the quality expense operational scheme, and optimizing our global distribution network.

Change management has been integral to our sustained commitment to our Value Innovation Management system. In March 2011, the Business Innovation office came up with a change management master plan in line with Phase 2 of Value Innovation Management and has been implementing it since then to incorporate a spirit of innovation into our corporate culture. One of the most notable achievements of change management may well be the development of our long-term HRD strategy, which falls under the Corporate Culture and HRD goal. At the same time, we are benchmarking best practices within and outside our industry through our innovation network, including conferences and Hyundai Motor Group innovation seminars.



SOCIAL VALUE
ENVIRONMENTAL VALUE
ECONOMIC VALUE

We define risk as the potential factors that could negatively impact our corporate strategies, operations and financial goals, or that could lead to compromising shareholder value in a way that would adversely affect our business activities. MOBIS classifies risks into five categories according to their potential effect, and carries out anticipatory and analyzation activities to prevent such risks from occurring. In the event of such risks, we have plans and countermeasures in place to mitigate the risks.

Business environment risks

We prevent wrongful decision making and the inappropriate execution of decisions from affecting our profitability or shareholders’ equity through a systematic analysis of business environment risks in support of systematic and reasonable decision making by top management. After taking into account major developments in politics, economics, industrial and market environments, as well as mergers and acquisitions and competitor trends in the countries where we operate, we analyze the potential risks arising from these factors and report the results to top management. We also monitor fluctuations in foreign exchange rates, especially U.S. dollars, yen and euros, and report any abnormalities and their potential impact on our business. We also keep an eye on oil price trends in countries where we have production lines to hedge against any risks arising from fluctuations in oil prices in these countries. In 2011, MOBIS analyzed risks associated with foreign exchange rates, oil prices, free trade agreements, political disputes and competitors.

Financial risks

MOBIS is exposed to various financial risks, such as market risks (foreign exchange risks, interest rate risks, and price risks), credit risks and liquidity risks. We continually monitor these risk factors through established risk management policies and programs. We regularly evaluate, manage and report the exchange rate exposure risks through foreign currency-denominated bonds and a debt management system, allowing us to have more control over interest rate risks by minimizing uncertainty and net interest expenses that result from a change in interest rates. We are also continually reviewing credit risks for normal trading and investment activities, while keeping liquidity risks under control through regular forecasts and adjustments of our capital accounts. MOBIS uses its debt-to-equity ratio as its capital management indicator to protect shareholder interests and optimize its capital structure.

Social・Environmental regulation risks

In order to prevent any potential risks with legal sanctions, compromises in business capacity, economic loss or a loss in reputation arising from a violation of laws, regulations and/or guidelines, we manage risks based on our business ethics and corporate social risk management system. In fact, we have compliance officers whose job it is to effectively implement the Compliance Program in accordance with the Fair Trade Act. In response to global environmental regulations, we have also established a GHG inventory and our own MCMS. In dealing with ISO 26000 issues, we actively participate in domestic and international diagnosis programs to verify our current status and set future goals.

Business environment risk analysis



RISK
MANAGEMENT

04

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Operational risks

Operational risks refer to the possibility of irregularities or errors in business activities arising from human, process or system failure. In order to minimize all operational risks, we operate a web-based risk self-assessment system. Through early warning and intensive control of such risks on the system, we are constantly assessing 54 key risk indicators (KRI) at our nine divisions, thereby minimizing operation risks, strengthening reliability in internal control, and realizing the efficient operation of audit resources.

Natural disaster risks

We closely analyze the impact of risks in the event of unforeseeable natural disasters and events (wars, tension between nations) and develop countermeasures to minimize their impact in cooperation with our business divisions. In 2011, we analyzed the risks and impact of the 3/11 earthquake in Japan and the 2011 Thailand floods on our business.

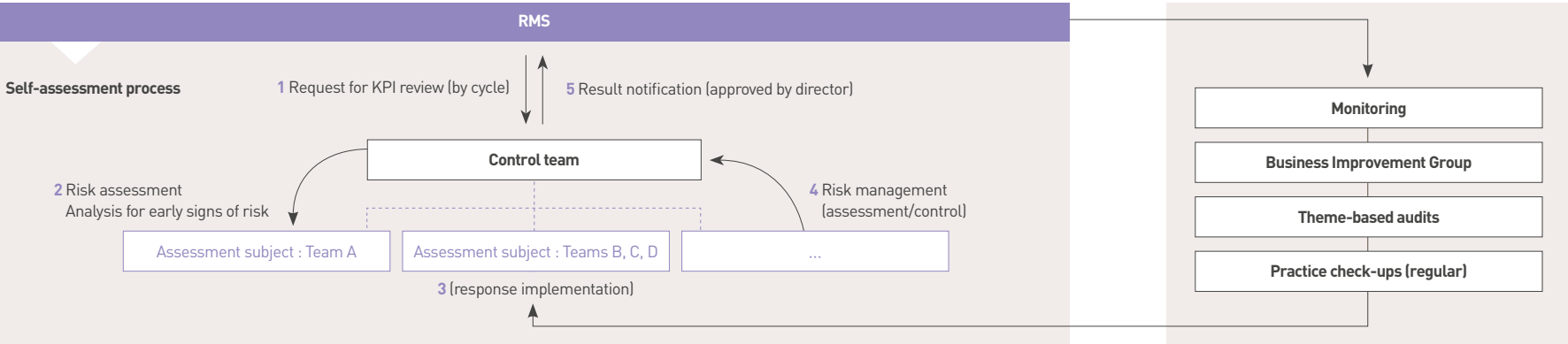
Business risks

We run a customized risk management system at each business division. In addition to risk management connected to product quality and customer claims, we monitor for risks associated with our suppliers and suggest preemptive measures to them. For our dealers, we regularly check market and consumer trends, supply chains, and occupational accidents.

Risk report scheme

Company-wide risk issues are checked and reviewed at 10 meetings between top management on a regular basis. Classified according to their urgency and related business division, the risks are then reported to the related department, division and chief risk officer. Major management issues are submitted before the company’s board of director meetings. At the same time, we are diversifying the channels we use to collect data and have established a database and regular reporting lines to promptly and proactively respond to changes in the business environment.

Risk self-assessment system, RMS (Risk Management System)





SOCIAL VALUE
ENVIRONMENTAL VALUE
ECONOMIC VALUE

There is a growing global consensus about business ethics, which is evidenced in the OECD Anti-Bribery Convention and other related laws and regulations on business ethics. Even when a company enjoys a solid financial performance today, if it cannot secure the trust of its stakeholders it will not be around for very long. As a result, business ethics has become an integral part of business activities. At MOBIS, everyone practices ethical business activities to ensure a fair and transparent corporate culture.

Business ethics organization and guidelines

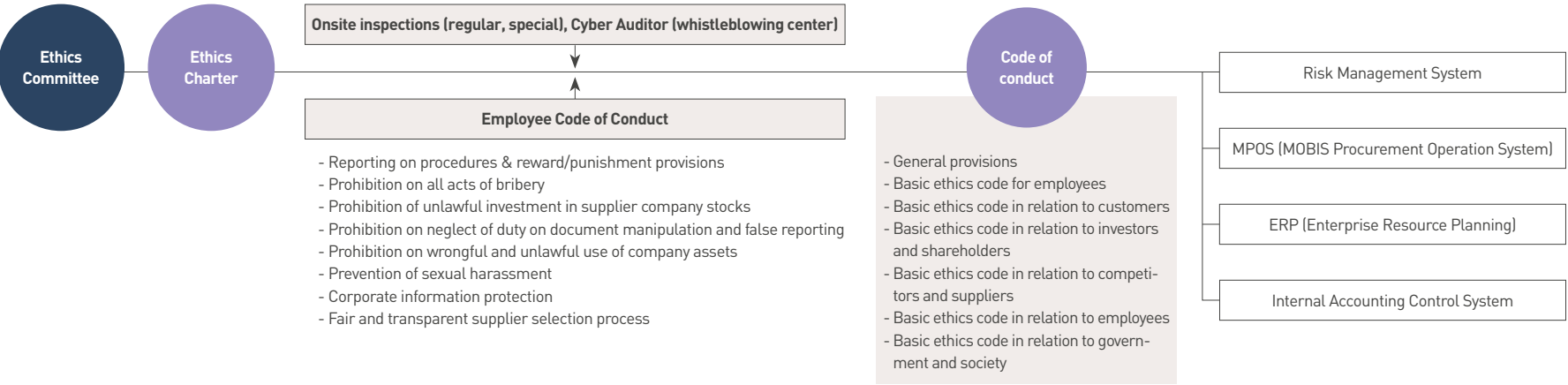
We enacted our Ethics Charter in 2002 and our Code of Ethics and Ethical Behavioral Guidelines for Employees in 2005, providing everyone who works at MOBIS with specific ways in which to properly carry out daily business activities. In March 2007, we established the Ethics Committee under the company’s board of director. Comprised entirely of outside directors, the committee oversees and decides on company-wide ethical practices and deliberates current CP practices and ethics codes.

Countermeasures and follow-up activities to unethical practices

In addition to conducting annual internal audits, our Cyber Auditor provides onsite inspections and verification of whistleblowing or petitions dealing with unethical practices. Whistleblowers always have their identity protected and are kept abreast about what is happening with their claim and any follow-up measures that may arise. The Cyber Audit Office is also open to reports on unethical conduct and wrongful decisions that may lead to unnecessary losses for the company. Each report is investigated thoroughly. When action is taken, it sometimes includes process improvement and/or actions on the part of personnel. Every year, we run a company-wide compliance audit to evaluate and improve our business ethics practices.

MOBIS was reprimanded with a corrective work order and administrative measures by Korea’s Fair Trade Commission in June 2009 for its alleged abuse of its market dominant position. We pleaded not guilty to the charge before the Supreme Court of Korea in May 2012. At present, the case is still being tried.

Business Ethics Organization

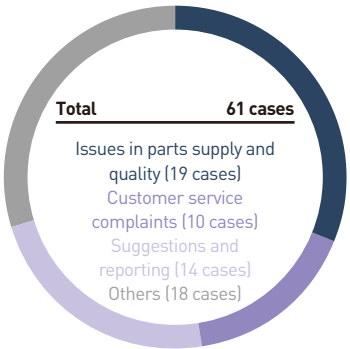


CORPORATE ETHICS

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Cyber audit results



Regular audit results

Domestic	Overseas subsidiaries
4 divisions, 4 offices	5 subsidiaries
Regular audits	Regular audits
Compliance audits	

Programs for the Practice of Business Ethics

- Employees’ voluntary participation in and practice of ethics codes

In order to encourage employees to voluntarily participate adhere to our ethics codes, MOBIS has designated ethics leaders in 62 teams from head office, the R&D center and all plants. The ethics leaders put together a list of ethics issues from each division and from every team before providing education on these issues. These ethics leaders also serve as the primary consultant for employees on their personal ethics issues. In 2011, for example, the legal affairs team educated ethics leaders on the U.S. Foreign Corrupt Practices Act (FCPA).

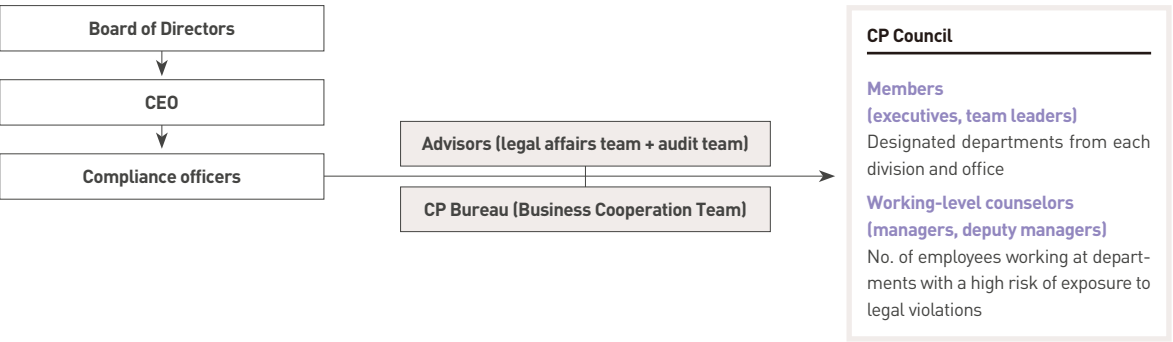
In order to keep our employees fully aware of their responsibility to business ethics, our CEO films short messages on video regularly. Everybody at MOBIS, including the CEO, has pledged to practice business ethics on a daily basis at work. New employees who have been working with us since January 2011 are obliged to sign an integrity pact upon being hired. We have also published an Employee Ethics Guidebook in Korean that provides case studies on the best practices of business ethics for employees. In 2012, we plan on publishing the guidebook in English and Chinese for our global employees.

- Compliance Program (CP)

In November 2011, MOBIS publicly launched a Compliance Program (CP) and has since reiterated its commitment to it, reminding employees about the legal need to follow the CP. The CP Council monitors legal violations within our business premises, conducts preventive audits and then makes any necessary corrections, oversees whistleblowing, and educates employees on a regular basis, especially those who are particularly vulnerable to such unethical risks, on how to prevent legal violations. The Council also rewards best practices with compliance, offering an advantage in performance appraisal and other incentives. The Compliance Office runs annual audits to consistently check on company-wide compliance practices. As a result, our CP practices obtained an “A” grade by the Fair Trade Commission in 2011.

	Description
Preventive audits	• Reviewing CP checklists at worksites and onsite inspections at departments with high risk exposure (semi-annually)
Preemptive coordination	• From reviewing allegations of violations to legal advice to correcting violations • The CP Secretary General decides on the approval of transactions and registration of new suppliers (monthly)
Whistleblowing	• Cyber Auditor (since 2003) + Ethics consulting program (consulting before reporting) (since Oct. 2010)
Direct reporting scheme	• CP organization – direct reporting of legal violations to the CEO

CP Council



Appendix

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Employee Data

- MOBIS only hires people 18 years of age and over under the 10 principles of the UN Global Compact and its related labor laws. In addition, under Article 63 of its Collective Bargaining Agreement, MOBIS does not force employees to work overtime or on holidays and does not penalize people for not working overtime.
- Advance notice under Articles 39 and 40 of the Collective Bargaining Agreement
 - 90-day notification given prior to mergers, transfers or spin-offs of the company
 - 60-day notification given prior to the planning of outsourcing or subcontracting part or all of production, R&D, or the components businesses
 - Instant notification provided to the MOBIS labor union with any relocation or retraining of personnel for business or technical reasons

	Unit	2009	2010	2011	Remarks
Total no. of domestic employees	people	6,107	6,244	6,663	Based on disclosure information provided in our financial report on business (2011 figures do not include Korean employees assigned to work overseas)
Employees by age	people				
19 years old	people	19	19	12	
20-29 years old	people	704	725	1,091	
30-39 years old	people	2,687	2,575	2,567	
40-49 years old	people	2,250	2,361	2,323	Excluding Korean employees assigned to work overseas
50 years old and older	people	447	564	670	
No. of domestic female workers	people	558	572	637	
No. of foreign employees working in Korea	people	13	15	28	
No. of disabled employees in Korea	people	104	132	128	
No. of locally hired employees	people	7,317	7,770	9,559	The No. of locally hired people increased due to the increased volume of production and supply to clients and the operation of new plants.
Americas	people	1,508	1,791	2,320	
Europe	People	1,538	1,960	2,597	
Asia-Pacific	People	709	714	617	
China	People	3,562	3,305	4,025	Excluding Korean employees assigned to work overseas
Job creation in Korea	people	193	358	871	
By job function_office workers	people	59	125	431	
By job function_R&D	people	125	223	433	* Researchers working at the R&D Center, Quality Center, Technology R&D Center
No. of new non-Korean employees in Korea	people	4	5	15	Disclosure information provided in our financial report on business
Average number of years at MOBIS	year	12.7	13.0	12.4	
No. of retirees	people	215	242	183	Disclosure information provided in our financial report on business
Total wages (unconsolidated)	Mil KRW	373,110	452,016	522,221	
Average wage per employee	Mil KRW	65	73	83	Sales & administrative expenses, cost of sales and other special accounts, including retirement pay and welfare expenses 2010, 2011 based on K-IFRS, 2009 Based on K-GAAP
Retirement allowances (unconsolidated)	Mil KRW	32,448	38,693	42,108	
Welfare benefits (unconsolidated)	Mil KRW	67,126	84,709	96,375	
No. of employees on maternity leave	people	24	65	68	
No. of days women spent on maternity leave	days	1,524	4,398	4,754	
No. of employees on leave to care for their children	people	5	19	41	
No. of days employees spent on leave to care for their children	days	368	2,368	4,991	



APPENDIX

	Unit	2009	2010	2011
Raw material volume	tons	1,979,590	870,595	731,021
Metals	tons	208,672	238,960	261,464
Unit cost	Ton/100 Mil KRW	2.0	1.7	1.6
Plastics	tons	3,187	5,478	12,699
Unit cost	Ton/100 Mil KRW	0.03	0.04	0.08
Solvents	tons	1,767,730	626,157	456,858
Unit cost	Ton/100 Mil KRW	16.62	4.57	2.88
GHG emissions at domestic and overseas worksites	tCO ₂ eq	281,327	336,279	357,127
Emissions intensity	tCO ₂ eq/100 Mil KRW	1.6	1.5	1.4
Domestic GHG emissions	tCO ₂ eq	101,823	123,379	128,686
Overseas GHG emissions	tCO ₂ eq	179,504	212,900	228,441
Domestic/overseas energy consumption	TJ	4,011	4,887	5,296
Domestic/overseas unit cost of energy consumption	TJ/100 Mil KRW	0.023	0.022	0.020
Domestic energy consumption	TJ	1,886	2,288	2,478
Electricity	TJ	1,356	1,821	1,920
Gas	TJ	510	429	531
Fuel	TJ	20	37	27
Overseas energy consumption	TJ	2,126	2,599	2,818
Electricity	TJ	1,813	2,217	2,363
Gas	TJ	252	298	363
Fuel	TJ	19	25	36
Other (steam) consumption	TJ	41	59	55
Domestic/overseas energy consumption by source				
Domestic/overseas electricity consumption	%	79	83	81
Domestic/overseas gas consumption	%	19	15	17
Domestic/overseas fuel consumption	%	2	1	1
Domestic/overseas other (steam) consumption	%	ÐÐÐ	1	1
Waste emissions	tons	14,898	17,499	14,553
Emissions intensity	Ton/100 Mil KRW	0.14	0.13	0.09
Recycling	tons	9,899	11,608	9,068
Recycling rate	%	66%	66%	62%
Incineration rate	%	30%	30%	32%
Landfill rate	%	4%	4%	6%

Environment Data

’80

’81

• The main water supply sources for MOBIS are industrial water and city waterworks, but some of our components plants make use of underground water. We plan to expand the scope of re-
porting to our overseas plants in the future. [EN9]
• Each plant strives to reduce its water use. [EN10]
- The wastewater collector reuses condensed water after using steam at coating lines.
- Recovering water from boiler condensers
- Improving the cooling tower system
• MOBIS does not have an in-house power generator. Since most of its plants are located within industrial complexes, its operations have a minimal impact on biodiversity or ecosystems. [EN11, EN12]
• MOBIS identified emissions from six major GHG, including PFC, HFC, SF₆, N₂O, CH₄, and CO₂.
• There was no waste from MOBIS transported outside Korea during this reporting period.
• The 2011 solvent consumption data was corrected based on the re-verification of data.

Customer Data

	Unit	Legal requirements	Our standards	2009	2010	2011
Annual emissions of air pollution	tons			81	89	39
Emissions intensity	kg/100 Mil KRW			0.77	0.65	0.24
NOx	ppm	200	40	3.5	3.2	3.5
SOx	ppm	500	100	2.3	4.6	4.5
Dust	mg/m3	100	30	7.8	11.1	4.6
Total water pollution emissions	tons			13.4	15.8	20.5
Emissions intensity	kg/100 Mil KRW			0.13	0.12	0.13
Water conditions at wastewater treatment plants						
BOD (biological oxygen demand)	ppm	120	60	6.4	9.8	11.5
COD (chemical oxygen demand)	ppm	130	65	16.0	25.0	16.5
SS (suspended substances)	ppm	120	60	7.1	9.6	8.8
TN	ppm	60	30	4.9	5.1	7.4
Total water consumption volume	1,000 tons			1,171	1,343	1,483
Unit load	Tons/100 Mil KRW			11.0	9.8	9.3

Handling of customer inquiries by type									
Components	Specifications/ Renovations	No. of products	Components	Inventory/ Price	Complaints	Supplies	Others	Cumulative inquiries as of December 2011	POR
Car owners	181,122	10,058	55,219	15,330	12,859	1,427	2,193	278,208	47.1%
Dealers	79,255	4,215	7,750	4,983	2,895	538	356	99,992	16.9%
Joint repair network	56,205	2,782	8,150	4,918	3,838	481	243	76,617	13.0%
Repairs	40,880	2,352	3,695	1,422	4,241	52	85	52,727	8.9%
Non-dealers	2,139	149	74	45	13	1	6	2,427	0.4%
Others	66,834	4,015	4,593	2,985	1,476	146	827	80,876	13.7%
Cumulative inquiries as of December 2011	426,435	23,571	79,481	29,683	25,322	2,645	3,710	590,847	100.0%
POR	72.2%	4.0%	13.5%	5.0%	4.3%	0.4%	0.6%	100.0%	

* MOBIS collects security pledges from its call center workers and signs agreements with suppliers on the handling of customer information as a preventive measure for customer information leaks. In 2011, there were no complaints filed on our violation of the Customer Privacy Security Act or any instances of customer data loss.

Samjung KPMG Consulting (hereinafter the “Inspector”) was commissioned by MOBIS to review its Sustainability Report 2012 (hereinafter the “Report”). MOBIS takes full responsibility for the information and comments contained within this Report. We also take full responsibility for providing assurance statements.

Background and scope

The statement was planned to provide assurance on the following:

- 1 Application of the AA1000 AccountAbility Principles Standard (2008)
- 2 Whether the information and data contained within the Report is in accordance with the materiality test results, which were in line with the reporting principles provided in the “About this report” page.

Our assurance was made in accordance with Type 2 assurance engagement as defined by the AccountAbility AA1000AS (2008). We verified if the financial data provided on pages 2, 3, and 66-69 of this Report are in line with the audited financial statements of the company. For more details about the company’s business results and financial situation, please refer to the company’s financial statements, which were audited as of March 31, 2012.

Basis

The Report conformed to all principles of inclusivity, materiality, and responsiveness in accordance with AA1000APS (2008). Also, we validated if reported materials complied with GRI (Global Reporting Initiative) G3 guidelines (2011 GHG data separately verified).

Standards

The assurance was based on the ISAE 3000 1 and AA1000AS 2. The limited assurance under the ISAE 3000 conforms to moderate level Type 2 assurance as defined by the AA1000AS (2008). These standards include the independence requirements and the legitimacy of the Inspector.

¹ International Standard on Assurance Engagements 3000 : Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by International Auditing and Assurance Standards Board2 AA1000 Assurance Standard(2008), issued by AccountAbility
² AA1000 Assurance Standard(2008), issued by AccountAbility

Independence, Fairness and Competency

The Inspector fully abided by the Ethics Charter of the International Federation of Accountants (IFAC) and was not engaged in producing this Report. In addition, the Inspector has no relationship with MOBIS which would otherwise compromise the independency of our assurance statements. The Ethics Charter ensures the Inspector’s integrity, objectiveness, expertise, due diligence, non-disclosure, and professionalism. KPMG has in-house system for preventing independence issues and monitoring this compliance. The Inspector’s team was comprised of experts with vast experience in sustainability report assurances as well as expertise in the economic, environmental and social aspects of sustainability management.

Procedures

The Inspector presented their opinions following the process outlined below:

- Assessment of stakeholder engagement process results
 - Assessment of the process for identifying material issues of high concern to each stakeholder group
 - Media and Internet research on the coverage of sustainability management at MOBIS during the reporting period
 - Interviews with MOBIS employees and stakeholders to assess the company’s sustainability management performance during the reporting period
 - A review of how the report data and information was complied
 - A review of internal documents and the company’s intranet database
- Verification of financial data provided on pages 2, 3, and 66-69 of this Report and ensuring it was in line with the audited financial statements of the company
- We reviewed and provided feedback on drafts of the Report and checked the final draft to make sure all necessary corrections and changes were made.

Independent Assurance Report

Findings & Observations

- AA1000APS application
 - Inclusiveness**
 - We confirm that MOBIS operates a wide range of channels for communication with each of its stakeholders, whether customers, employees, shareholders & investors, creditors, suppliers, dealers, or local communities.
 - The Inspector did not detect any significant stakeholder group left out from the stakeholder engagement process. However, we recommend the company consider the possibility of expanding its communication channels and countermeasures for mutual growth with suppliers throughout the company’s entire supply chain.
 - Materiality**
 - The Inspector verifies that MOBIS followed the materiality test process to identify material issues on a regular basis and reflected the results in its long-term strategies.
 - We did not detect any omission of significant sustainability performance data from the Report. However, we recommend the company develop ways in its next report to identify material issues in connection with its business specialty.
 - Responsiveness**
 - The Inspector verified the process MOBIS used when selecting and responding to material stakeholder groups.
 - We did not find any additional issues left unchecked by MOBIS except those mentioned in the Report. However, we recommend the company provide details on the procedures and performance of stakeholder engagement in its next materiality test.

- Report Information
 - Based on these observations, we did not find any inappropriate statements concerning information presented within the Report.

Recommendations

The following comments do not affect our observations, but are deemed significant for future publications.

- MOBIS provides a significant amount of information which is of high concern to stakeholders in its sustainability report. However, we recommend it establish a systematic process of collecting information on material issues and reporting on their performance to improve the content of the next report.
- We suggest establishing and managing an internal review system for compatibility and reliability of the information provided in the Report based on active communication with working-level employees from each department.
- Company-wide measurement data management and controlling of sustainability management performance is integral to sustainability and stakeholder communication. As such, MOBIS should establish a reliable self-assessment scheme and monitoring process customized to its own special needs.

The Inspector provided all its advice on the reporting process and other matters related to the Report and the company to top management at MOBIS, and our suggestions were readily accepted.



Samjung KPMG Consulting
Seoul, Korea
May 2012

CEO In-soo Kim



APPENDIX

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			Page
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	33p
	Principle 2	Businesses should make sure they are not complicit in human rights abuses.	33p
Labor	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	33p
	Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour.	33p
	Principle 5	Businesses should uphold the effective abolition of child labour.	33p
	Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	33p
	Principle 7	Businesses should support a precautionary approach to environmental challenges.	33p
Environment	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	33p
	Principle 9	Businesses should encourage the development and diffusion of environment friendly technologies.	9, 10, 52~63p
Anti-corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	76~77p

Participation in global SRIs

In 2011, 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.

ISO 26000 and CSR management at MOBIS

The ISO 26000 is an international standard designed to provide guidance on social responsibility, including a range of CSR issues. It was established by the International Organization for Standardization in November 2011. The ISO 26000 defines social responsibility as the “responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior.” Climate change has been identified as the most relevant social responsibility issue for the automotive parts industry. MOBIS has plans in place to implement the 7 goals and missions under the Group CSR Vision 2020, which was prepared in line with the ISO 26000.

Sustainability Management, General Issues

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Industry Association Membership Status

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

Awards Received

Presidential prize at the 12th Korea Semiconductor Design Awards	December, 2011
Recognized with “excellent quality competitiveness” by the Ministry of Knowledge Economy	November, 2011
Winner of the Golden Prize at the 2011 LACP Spotlight Awards for our 2011 sustainability report	October, 2011
Minster’s Prize in the Green Innovation category at the 1st Korea Green Car Awards	January, 2011

Regulation Non-compliance Cases

Issues	2009	2010	2011
No. of cases and volume of emissions of significantly hazardous substances	None	None	None
No. of nonmonetary sanctions because of environmental regulation violations and fine amounts	None	None	None
No. of violation cases related to the Customer Privacy Protection Act	None	None	None
No. of violation cases concerning regulations on marketing communication	None	None	None
Total number of non-compliance incidents involving regulations and voluntary codes concerning product and service information and labeling	None	None	None
Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	None	None	None

* MOBIS fully abides by all legal requirements in its advertisements, promotions, sponsorships and other marketing communication activities under the Fair Trade Act and Advertisement Act. We provide a CP handbook to every employee, which serves as a behavioral guideline on the purpose of all related laws and regulations, sanctions and standards.

APPENDIX

GRI INDEX

● Reported ◐ Partly reported ○ Not reported N/A Not Applicable						
Category	Section	Description of Indicators	Reporting Level	Page	ISO26000 Core Subjects	ISO26000 Issues
Disclosure on Management Approach	DMA EC	Economic	●	64–65		
	DMA EN	The environment	●	52–53	The environment	
	DMA LA	Labor	●	26–27	Labor practices	
	DMA HR	Human rights	●	26–27	Human rights	
	DMA SO	social	●	26–27	Fair operating practices	
	DMA PR	products	●	26–27, 52–53	Consumer issues	
Strategy and Analysis	1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy	●	4–7, 27, 53, 65		
	1.2	Organization and sustainability : Description of key impacts, risks and opportunities	●	4–5, 26, 52, 64		
Organizational Profile	2.1	Name of the organization	●	2		
	2.2	Primary brands, products and services	●	2–3		
	2.3	Operational structure of the organization, including main divisions, operation companies, subsidiaries and joint ventures	●	2–3		
	2.4	Location of organization's headquarters	●	2		
	2.5	Number of countries in which the organization operates, and the names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	●	2–3, 68–69		
	2.6	Nature of ownership and legal form	●	3		
	2.7	Markets served (regions, business area, customer / beneficiary types)	●	3, 68–71		
	2.8	Scales of the reporting organization	●	2–3, 68–71, 79		
	2.9	Significant changes during the reporting period regarding size, structure, or ownership	●	3		
	2.10	Awards received in the reporting period	●	85		
Report Parameters	3.1	Reporting period	●	89		
	3.2	Date of most recent previous report (if any)	●	89		
	3.3	Reporting cycle [annual, biennial, etc.]	●	89		
	3.4	Contact point for questions regarding the report or its contents	●	90		
	3.5	Defining report content	●	89		
	3.6	Boundary of the report	●	89		
	3.7	State any specific limitations on the scope or boundary of the report	●	89		
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	●	89		
	3.9	Data measurement techniques and the bases of calculations	●	89		
	3.10	Explanation of the effect of any re-statement of information provided in earlier reports, and the reasons for such re-statement	●	48, 79–81		
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	●	79–81		
	3.12	GRI content table	●	86–88		
	3.13	External assurance	●	89		
Governance, Commitments and Engagement	4.1	Governance structure of the organization	●	10	Organizational governance	
	4.2	Indicate whether the chair of the highest governance body is also an executive administrative officer	●	10		
	4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and / or non-executive members	●	10		
	4.4	Mechanisms for shareholders and employees to provide recommendations or directions to the highest governance body	◐	10		
	4.5	Linkage between compensation for members of the highest governance body for guiding the organization's performance	●	10, 32		
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	●	10		
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and the social topics	●	10		
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance and the status of their implementation	●	4–7, 12, 27, 53, 65		
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities	◐	10		
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	◐	10		
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	●	76–77		
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	84		
	4.13	Memberships in associations and / or national / international advocacy organizations	●	85		
	4.14	List of stakeholder groups engaged by the organization	●	11		
	4.15	Basis for identification and selection of stakeholders with whom to engage	●	9, 11–13		
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	11, 16–21, 30–41, 44–51		
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	●	11, 16–21, 30–41, 44–51		

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● Reported ◐ Partly reported ○ Not reported N/A Not Applicable						
Category	Section	Description of Indicators	Reporting Level	Page	ISO26000 Core Subjects	ISO26000 Issues
Economic	EC1	Direct economic value generated and distributed	●	66–67	Community involvement and development	Wealth and income creation
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	◐	52–53	The environment	Climate change mitigation and adaptation
	EC3	Coverage of the organization's defined benefit plan obligations	●	32, 79		
	EC4	Significant financial assistance received from government	○			
	EC5	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	◐	32	Labor practices	Conditions of work and social protection
	EC6	Policy, practices, and proportion of spending on locally-based suppliers	◐	76	Fair operating practices/Community involvement and development	Promoting social responsibility in the sphere of influence/Wealth and income creation
	EC7	Policy, practices, and proportion of senior management hired from the local community at significant locations of operation	◐	33	Community involvement and development	Community involvement/Employment creation and skills development
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit (by types)	●	46–69	Community involvement and development	Technology development/Social investment
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	●	11	Human rights/Consumer issues	Economic, social and cultural rights/ Access to essential services
Environmental	EN1	Materials used by weight or volume	●	54–55	The environment	Sustainable resource use
	EN2	Percentage of materials used that are recycled input materials	●	55, 80		
	EN3	Direct energy consumption by primary energy source	●	54, 80		
	EN4	Indirect energy consumption by primary energy source	●	54, 80		
	EN5	Energy saved due to conservation and efficiency improvements	●	60		
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements	●	60		
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	●	61–62		
	EN8	Total water withdrawal by source	●	81		
	EN9	Water sources significantly affected by withdrawal of water	◐	81		
	EN10	Percentage and total volume of water recycled and reused	◐	80		
	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A			Protection and restoration of the natural environment
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected area	N/A			
	EN13	Habitats protected or restored	◐	47		
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	◐	47		
	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	●	55, 80		Climate change mitigation and adaptation
	EN17	Other relevant indirect greenhouse gas emissions by weight	◐	61		
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	58, 60		
	EN19	Emissions of ozone-depleting substances by weight	●	81		Prevention of pollution
	EN20	Nox, SOx and other significant air emissions by type and weight	●	81		
	EN21	Total water discharge by quality and destination	●	81		
	EN22	Total weight of waste by type and disposal method	●	55, 80		
	EN23	Total number and volume of significant spills	●	85		Sustainable consumption
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the Basel Convention and percentage of transported waste shipped internationally	N/A			
	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	○			
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	22–23, 57, 59		
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category	○			
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	●	85		Sustainable consumption
	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	●	61–62		
	EN30	Total environmental protection expenditures and investments by type	○			
Labor Practices and Decent Work	LA1	Total workforce by employment type, employment contract, and region	●	79	Labor practices	Employment and employment relationships
	LA2	Total number and rate of employee turnover by age group, gender and region	◐	33, 79		
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	◐	33, 79		Conditions of work and social protection
	LA4	Percentage of employees covered by collective bargaining agreements	◐	33		Social dialogue
	LA5	Minimum notice period (s) regarding significant operational changes (& its inclusion in the collective bargaining)	○			Conditions of work and social protection
	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	○			Human development and training in the work-place

						● Reported ① Partly reported ○ Not reported N/A Not Applicable
Category	Section	Description of Indicators	Reporting Level	Page	ISO26000 Core Subjects	ISO26000 Issues
Labor Practices and Decent Work	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities (by regions)	●	34	Labor practices	
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	●	34	Labor practices/Community involvement and development	Health and safety at work/Community involvement/Health
	LA9	Health and safety topics covered in formal agreements with trade unions	●	34	Labor practices	Health and safety at work
	LA10	Average hours of training per year per employee by employee category	●	19, 32		Human development and training in the workplace
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	32		
	LA12	Percentage of employees receiving regular performance and career development reviews.	①	32		
	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	●	79		Discrimination and vulnerable groups
	LA14	Ratio of basic salary of men to women by employee category	○			Fundamental rights at work
Human Rights	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	①	76	Human rights/Fair operating practices	Due diligence/Avoidance of complicity/ Promoting social responsibility in the sphere of influence
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	①	76	Human rights/Fair operating practices	Due diligence/Avoidance of complicity/ Promoting social responsibility in the sphere of influence
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	①	76	Human rights	Avoidance of complicity
	HR4	Total number of incidents of discrimination and actions taken	①	33	Human rights	Resolving grievances/Discrimination and vulnerable groups/ Fundamental rights at work
	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and measures taken to ensure freedom of association and collective bargaining	①	33	Human rights/Labor practices	Human rights risk situations/ivil and political rights/ Social dialogue
	HR6	Operations identified as having significant risk for incidents of child labor	○		Human rights	Human rights risk situations/Fundamental rights at work
	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor and measures taken for prevention	○			Fundamental rights at work/ Discrimination and vulnerable groups
	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	○			
	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	N/A			Resolving grievances
Society	S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	●	46-51	Human rights/Community involvement and development/Fair operating practices	Economic, social and cultural rights/Community involvement/ Education and culture/Respect for property rights
	S02	Percentage and total number of business units analyzed for risks related to corruption	○		Fair operating practices	
	S03	Percentage of employees trained in organization's anti-corruption policies and procedures	●	76-77		
	S04	Actions taken in response to incidents of corruption	●	76		
	S05	Public policy positions and participation in public policy development and lobbying	●	21, 85		
	S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	N/A	Legally prohibited		
	S07	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	①	76, 82		Fair competition
	S08	Monetary value of significant fines and total numbers of non-monetary sanctions for non-compliance with laws and regulations	●	85		Respect for property rights
	PR1	Life-cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	①	57	Consumer issues	Protecting consumers' health and safety
	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	①	85		Consumer service, support, and dispute resolution
	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	①	41, 81		Fair marketing, information and contractual practices
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	●	85		
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	29, 44		Consumer service, support, and dispute resolution
	PR6	Programs for adherence to laws, standards and voluntary codes related marketing communications, including advertising, promotion and sponsorship	●	81		Fair marketing, information and contractual practices
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	●	81, 85		Education and awareness
	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	81		Consumer data protection and privacy
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	85		

MOBIS Sustainability Report 2012

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 third 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 four parts : CSR Management, Social Contribution Achievements, Environmental Achievements, and Economic Achievements. This allows different stakeholders to conveniently find information on specific topics of their interest. Additional details and information on relevant issues and the GRI Index are also included in the Appendix section.

Reporting standard

The third edition (G3) of the Global Reporting Initiative (GRI) Guideline was used as the reporting standard for the MOBIS Sustainability Report 2012.

Reporting period

The reporting period is the calendar year for 2011, from January 1 to December 31. MOBIS has published sustainability reports on an annual basis since 2010.

Reporting scope

Information regarding MOBIS HQ, manufacturing sites, its R&D center and regional offices is included in this year's Report, as is limited coverage on greenhouse gas emissions and social contribution activities at overseas sites and operations. We plan to expand our reporting scope in the future.

Major changes to the scope and measure of the Report

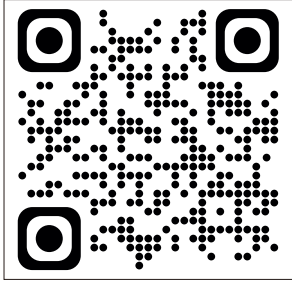
Financial data from 2010 and 2011 included within the Report was calculated based on the K-IFRS, while data prior to 2010 followed K-GAAP guidelines. Data on our employment is based on disclosures made in our annual business report, while environmental data, specifically energy consumption and GHG emissions, was based on emissions verification results.

Report assurance

The Report received third party review for assurance. The assurance report prepared by Samjung KPMG, a specialized sustainability report assurance company, is included in the Appendix.
Additional Details : MOBIS website: www.MOBIS.co.kr, Korea Financial Supervisory Service: http://dart.fss.or.kr

Thanks to :

Deputy manager Kwon Sang-kyun (Overseas Business Planning Team), Manager Kim Dae-wook (Electronic System Planning Team), Manager Park Jung-bae (R&D Planning Team), Manager Song Se-won (Domestic Sales Management Team), Manager Lee Won-kyung (Patent Approval Team), Manager Ok Seung-min (Module Business Planning team), Manager Jung Choong-shick (Production Technology Planning Team), Manager Choi Yong-Seok (Quality Strategy Team), Manager Choo Yun-gap (HRM Team), Assistant Manager Kwon Tae-hee (Business Planning Team), Assistant Manager Ma Seung-ho (IR Team), Assistant Manager Jung Yun-tae (Mutual Growth Partnership Team), Assistant Manager Jung Hyun-jong (Operational Innovation Team), Assistant Manager Mun Seung-ki (PR Team), and Shin Gi-cheol (Global HRD Planning Team)



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