

아름다운 동행
희망의 첫 걸음

SCIENCE TO **SUSTAINABILITY**
MOBIS Sustainability Report 2010



Introducing MOBIS Sustainability Report 2010

MOBIS is an auto parts manufacturer which specializes in the sales of after-sales service parts, module parts production, and the export of parts. This year, we would like to provide detailed information on our social contribution activities, environmental management, and economic achievements by publishing our very first sustainability report. MOBIS will strive to achieve balanced development in consideration of human, social and environment needs, while communicating our efforts via the continued publication of sustainability reports. We will continue to make an effort to listen to our stakeholders and humbly incorporate their input into our future development. We look forward to your continued encouragement and interest.

Structure of the Report

This report is organized into four parts : company overview, social achievements, environmental achievements, and economic achievements, to allow different stakeholders to conveniently find information on topics of their interest. Additional details and information on relevant issues and the GRI Index are also included in the Appendix.

Reporting Standard

The third edition(G3) of the Global Reporting Initiative(GRI) Guideline was used as the reporting standard for the 2010 MOBIS sustainability report. Indices other than the main GRI index were also employed for disclosure of more detailed information on key issues.

Reporting Period

The reporting period is the calendar year of 2009, from January 1st to December 31st. MOBIS plans to produce sustainability reports on an annual basis.

Reporting Boundary

Information in regards to the MOBIS HQ, manufacturing sites, R&D center and regional offices are included in this year's report with the addition of limited coverage of overseas sites and operations. We plan to expand our reporting boundary in the future.

Assurance of the Report

The report received a third party review for assurance. The assurance report by Two Tomorrows, a specialized sustainability report assurance company, is included in the Appendix.

Additional details can be found at

The MOBIS Website www.mobis.co.kr
Business Report <http://dart.fss.or.kr>
(Financial Supervisory Service)
Lead Team Strategy & Planning Division
(Refer to the 'Contact Us' section for detailed contact information)

This report is published on environmentally friendly paper using soy ink.



LASTING COMPANIONSHIP, THE FIRST STEP TOWARD A BRIGHTER FUTURE

This report contains information on the vision MOBIS has to create a better world and its effort to realize this vision. The car-shaped symbol that represents the company is a visualization of the effort MOBIS is making with all stakeholders including customers, local communities and suppliers. The phrase 'Lasting Companionship' was added to signify that we must work together. We also chose the title : 'The First Step toward a Brighter Future' for this year's report, to signify our commitment for continued effort to the future.

SCIENCE TO SUSTAINABILITY

Expressing MOBIS' will and capacity to utilize cutting edge technology to develop better auto parts, we have chosen the slogan : *driving science*. In publishing this report with a renewed will to achieve a higher goal in line with our company slogan, we came up with a new slogan : the 'Science to Sustainability' for this report.

MOBIS Sustainability Report 2010

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CHAIRMAN MESSAGE

Striving for lasting companionship with customers, communities and suppliers

It gives me great pleasure to invite employees, customers, investors and other stakeholders to read the very first sustainability report from MOBIS.

Last year, all Hyundai-Kia Motors Group employees and suppliers made a concerted effort which resulted in a great business outcome despite hardship within the automotive industry due to the recent economic downturn. Not only have we managed to continue increasing our market share in global auto markets, but we are also succeeding in elevating our brand image with ever-improving quality and technological developments. Overall, we managed to set the foundation for our road to becoming a true global leader in the automotive industry.

This remarkable achievement by the Hyundai and Kia Motor companies was only made possible because of the support provided by MOBIS, which supplied top quality parts. By and large, the Hyundai and Kia Motor Companies benefited immensely from environmentally-friendly technologies, the introduction of module parts production, and immaculate quality management by MOBIS.

MOBIS will continue to forge its path to becoming the top auto parts manufacturer through continued improvement in quality and ever strengthening technological development capacity. MOBIS will also increase its effort to communicate with stakeholders within and without the company in order to strengthen its sustainable management capacity.

Most importantly, we plan to proactively fulfill our social responsibilities and duties, in line with our growing global presence. We will also continue to increase our effort to improve supplier relations for greater mutual benefit, while increasing our social contribution activities within the communities where we operate.

I am confident that this report will mark the first important step in MOBIS' continued effort to fulfill its social responsibilities and realize its full potential for a more prosperous future.

We ask all our readers and stakeholders for their continued interest and support in MOBIS, and wish all of you a year of great health and happiness.

May 2010

Hyundai-Kia Motors Group Chairman **Chung, Mong Koo**



**VICE CHAIRMAN
& CEO
MESSAGE**

The first step toward trust and a brighter future

Realizing its proper role as a global corporate citizen, MOBIS has been striving for sustainable development and the fulfillment of its social responsibilities. Last year, we reviewed our achievements and efforts so far, and began working on a renewal of our sustainable development strategies for more effective operation. This report, which is the first sustainability report by an auto parts manufacturer in Korea, contains the outcomes of these very renewal and review activities. I would like to deeply thank all of our stakeholders for their support and contribution in greatly increasing significance of this report. The renewed sustainable development strategy by MOBIS consists of three different sets of strategies that cover social, environmental and economic commitments.

Since automobiles are built using thousands of parts, the competitiveness of auto parts manufacturers is a key factor in determining the competitiveness of all auto makers. The same is true for MOBIS which relies on smaller parts makers. Therefore, we are striving to strengthen our supplier relations based on trust, and by providing support to ensure continued improvement in the competitiveness of the part makers that work with us. In addition, we are continuing our social contribution activities, giving back to communities under the slogan of 'Lasting Companionship'.

One of the key activities is the management of the 'MOBIS Fund' which was created with donation by our employees and a matching grant provided by the company. Using the fund, we are providing scholarship to children whose parents were seriously affected by traffic accidents.

In order to improve our environmental performance, we are taking a leadership role on greenhouse gas emission reduction, development of automotive parts friendlier to the environment, and cutting-edge technologies that will enable production of truly green vehicles in the future. MOBIS will also make a greater effort to improve its environmental performance by reducing use of hazardous materials, promoting more efficient use of natural resources, and developing a cleaner manufacturing process.

MOBIS will also continue to maintain excellence in economic value creation, a key priority of every business entity. Despite an overall downturn in the auto industry during 2009, we strove to develop new opportunities in overseas markets and managed to win overseas business contracts totaling 2.737 billion dollars, an amount 6 times greater than what we achieved in 2008. Such achievement was made possible with a strong drive for innovation which is now deeply rooted in our business management practices. Maximizing this drive, we will continue to innovate in our distribution, manufacturing, quality and technologies to realize the company's vision of becoming one of the top 5 global auto parts manufacturers by 2020, raising the status of the Korean auto parts industry to the next level.

MOBIS is strongly committed to realizing its vision of sustainable development and the fulfillment of the promises that we have made. I ask for continued support and interest from our customers and stakeholders to help us realize our vision in the spirit of 'Lasting Companionship'.

May 2010

MOBIS Co., Ltd. Vice Chairman **Chung, Suk Soo**



COMPANY OVERVIEW



Company Profile

Name of Company	MOBIS Co., Ltd.
Type of Business & Key Products	Auto parts including module parts, after-sales service parts, electrical system parts and other core parts
Headquarter Address	ING Tower, 679-4, Yeoksam-1(il)-dong, Gangnam-gu, Seoul, Republic of Korea
Foundation Date	July 1, 1977
Chief Executive Officer	Vice Chairman Chung, Suk Soo
Number of Employees	6,460



Company Vision

On July 1, 2009, MOBIS celebrated the 32nd anniversary of its foundation and announced its long-term vision to become one of the world's top 5 auto parts manufacturers by 2020, while implementing strategies to realize this vision. In light of our managing philosophy : 'Creating new value with improved safety and environmental protection by developing high-tech auto parts that set a new industry standard', we are making steady progress in repositioning the company as a technology leader in the auto parts industry. We are especially concentrating on development of parts for improving environmental performance and smart functions, as a part of our effort to become a trusted corporate citizen that contributes to the sustainable development of humanity, society and the environment.

Vision



Vision Statement

Creating new value through improved safety and environmental protection via the development of high-tech auto parts that set a new industry standard

driving science

- Passion
- Creativity
- Global Mindset



Pursuit of innovation and trust building by improving automotive technologies suitable for production of parts that meet the performance standards of future vehicles

○ **Visible Outcomes**

- Enhanced business model with strength in future-oriented environmentally-friendly and smart technologies
- Increased market share in core global auto parts markets

○ **Technological Development**

- Internalized development capacity for future-oriented environmentally-friendly and smart technologies
- Secured advanced technological development capacity

○ **Globalization**

- Increased revenue share of Non-Captive OEM parts as profit basis
- Establishment of independent global business management structure

○ **Sustainability**

- Fulfillment of social responsibilities
- Sustained increase in social contribution activities
- Establishment of mutually beneficial and collaborative supplier relations
- Promote environmentally friendly corporate image

Business Status

Founded in 1977, MOBIS has ventured into new business fields with concentrated effort for continued success. In the year 2000, MOBIS transformed itself into an auto parts specialist. As a proud top auto parts company in Korea, it has begun its journey to become one of the top 5 global auto parts makers. At the same time, MOBIS is innovating and challenging itself to reach a higher level and realize its vision of balancing stakeholder needs with continued economic growth.



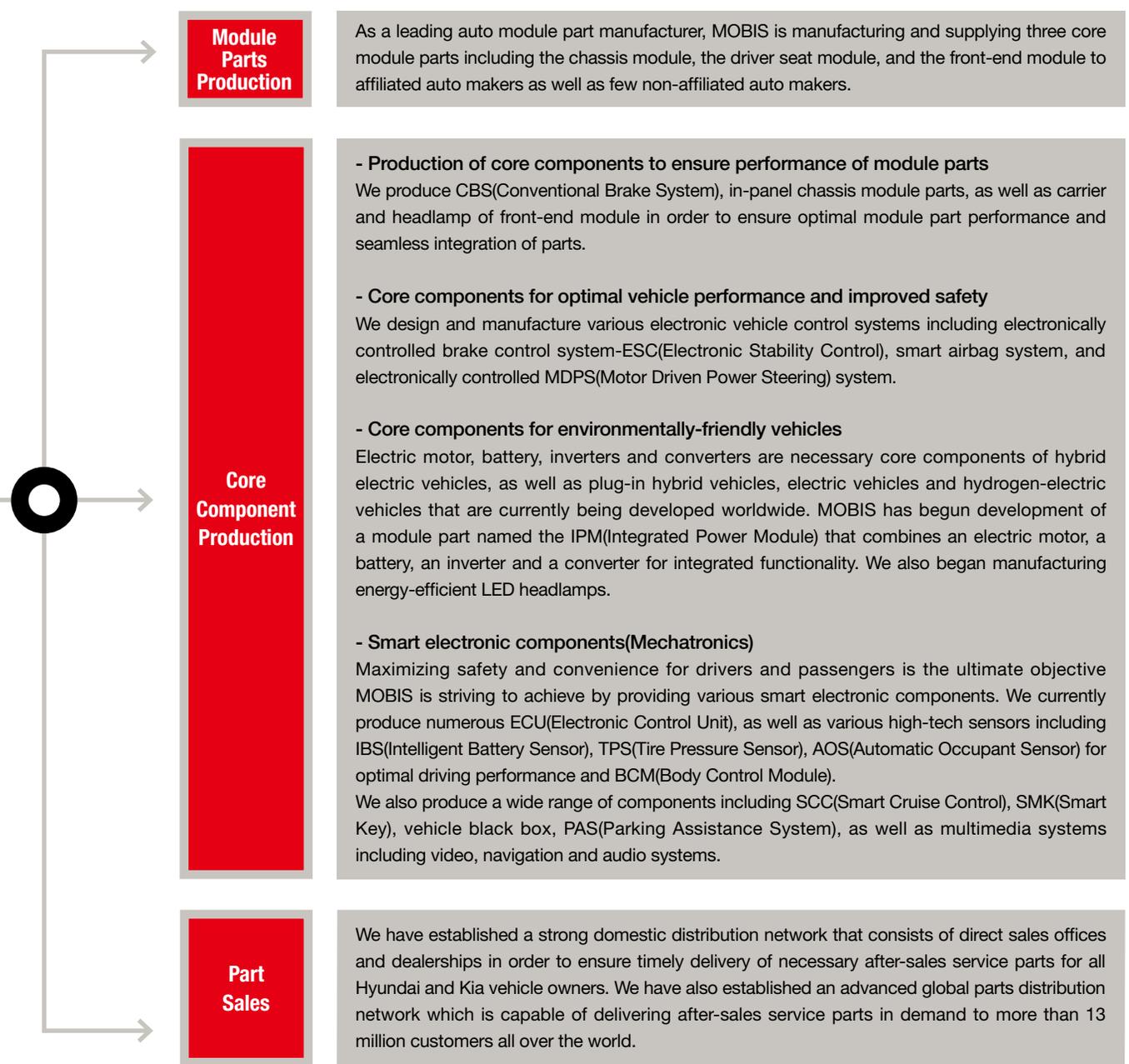
Business Area

MOBIS is leading modularization of auto parts, a true innovation in auto parts industry that some refer to as a revolutionary change for the 21st century. We participate in the early design stage of new vehicle models and lead in all initiatives including beginning R&D activities for optimal module parts design, testing performance of parts, as well as manufacturing of parts. We are also strengthening our capacity to produce environmentally friendly and high-tech parts that contribute to improving vehicle performance and passenger safety. Our advanced electric control and optimal system technologies are our key strength in enhancing our capacity to produce the two types of parts that enhance driving stability for maximum safety and performance.

In addition, we are also responsible for supplying all after-sales service parts of all Hyundai Motor and Kia Motors vehicles in operation throughout the world. In order to provide optimal service, we have established a strong distribution network of large warehouses and shops that are capable of providing approximately 1,590,000 different parts for 174 vehicle models in a timely manner when needed for services and repairs.



Complete chassis module
(including suspension, steering,
brake & frame structure)



Cutting-edge Technologies by MOBIS

MOBIS is always searching for new ways to ensure greater safety and increased convenience of our customers. Thus, we are making a sustained effort to develop advanced technologies. Each automobile is made of over 25,000 parts that are created using many new advanced technologies. We have already impressed the world with our new technologies that are made better each year and will continue to contribute in making safer and better cars with high-tech parts. Here are some of our newest technologies that are now incorporated in many cars on the road today.

MICS

MOBIS
Integrated
Control
System



Integrated Chassis Control System

MICS is a combination of the Electronic Stability Control System and Motor Driven Power Steering which contributes to the prevention of auto accidents by assisting safe braking and accurate steering.

LDWS

Lane
Departure
Warning
System



Lane Departure Warning System

The LDWS is designed to provide both visual and audio warnings when a driver changes lane without using the corresponding signal light. The system consists of a camera attached to the rear view mirror, a system activation switch on the steering wheel, a warning light on the cluster, and a speaker that transmits warning sound.

PAS

Parking
Assistance
System



Parking Assistance System

When PAS is activated, drivers are warned by an alarm that indicates the distance between the rear bumper of the car and the object in proximity. PAS is improved each year and now drivers can choose Front and Rear PAS that gives warning as objects near both the front and rear bumpers of the car.

LRD

Lower
Risk
Deployment



Lower Risk Deployment

The LRD system incorporates new technologies that measure seating position, seat height, the weight of the passenger, as well as type of crash and intensity of impact and adjust the airbag deployment accordingly.

Global Network

Korea

Sales 10,633.0 billion KRW
Number of Sales Offices 70

China

Sales 5,378.8 billion KRW
Number of Sales Offices 9

Europe

Sales 1,936.8 billion KRW
Number of Sales Offices 5

America

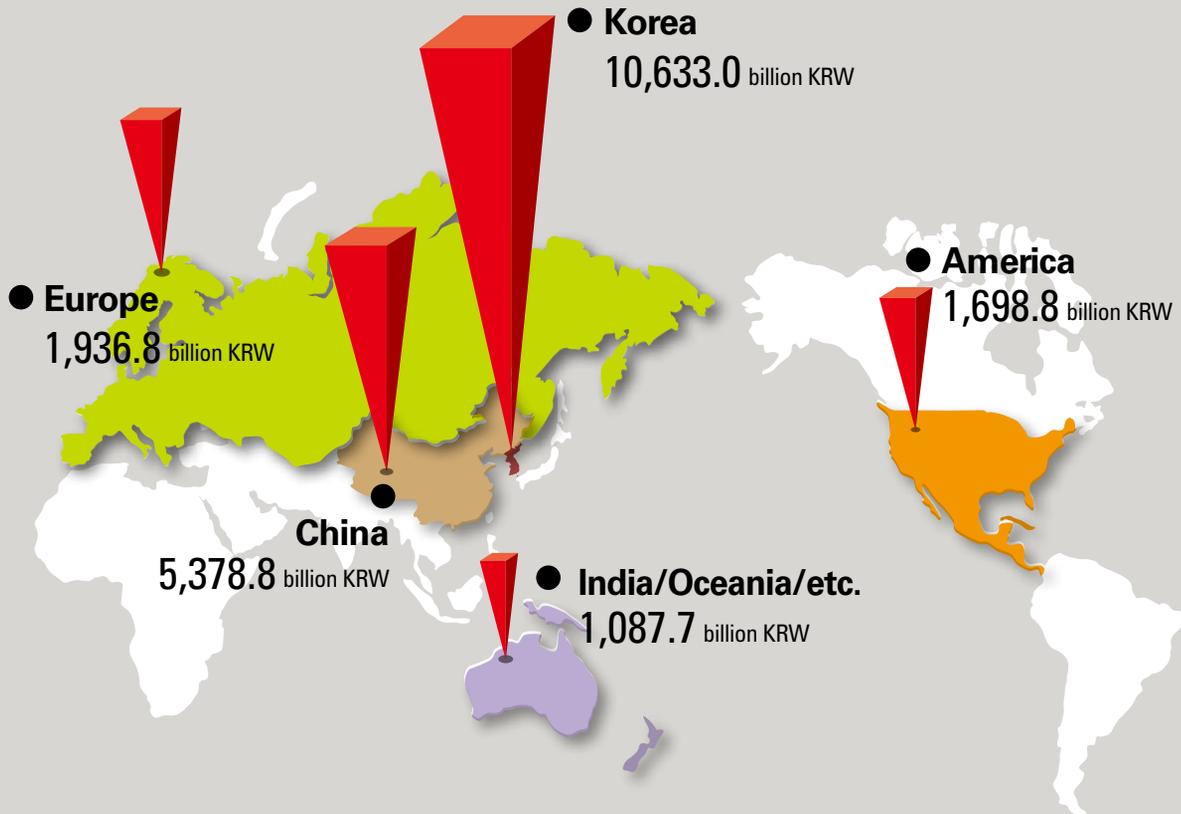
Sales 1,698.8 billion KRW
Number of Sales Offices 7

India/Oceania/etc.

Sales 1,087.7 billion KRW
Number of Sales Offices 3

	<u>Sales(Parent)</u>	<u>Sales(Confidential)</u>
TOTAL	10,633.0 billion KRW	17,230.4 billion KRW

*The 2009 average exchange rate of 1,276.4 KRW / USD was used for conversion of overseas sales into KRW figure



2009 Highlight



Society



Reinforcing supplier support with new policies including prompt cash payment for all business transactions

MOBIS implemented a new set of payment policies to better support partners that work with us, to help them overcome the difficulties caused by current economic downturn. Starting on July 19th, 2009, we began making prompt cash payment for all transactions with our suppliers. In addition, we also began to support them with production management costs according to the production volume. This is a significant departure from our old practice of calculating invoices on a per-unit production basis regardless of the order size.

This new payment policy affects approximately 1,000 SMEs that work for MOBIS, allowing each to be paid promptly on delivery of their parts and services. In addition, we have also requested the affected first tier suppliers to implement a cash payment program for the second tier suppliers that work for them. A majority of companies changed their payment policies as requested and thousands of second and third tier suppliers are benefiting from the new policy.

Establishment of Smile Microcredit Bank Foundation that specializes in granting small loans for low income families

MOBIS has collaborated in the establishment of a microcredit bank with the Hyundai Motor Company, Kia Motors Company and other Group affiliates to help low-income families have an opportunity to re-establish their economic sustenance. The founding ceremony took place on December 18th, 2009 with the participation of approximately 50 guests including Chung, Eui Sun(Vice Chairman of the Hyundai Motor Company), Chung, Suk Soo(Vice Chairman of MOBIS), Chin, Dong Soo(Chairman, Financial Services Commission) and Kim, Seung You(Chairman of the Board, Smile Microcredit Bank Foundation). The ceremony took place in the first bank office located in Gyeongdong traditional market in Dongdaemun-gu, Seoul.

In order to realize its goal, the foundation will conduct various activities including granting small loans to low income families, providing consultation for people who want to start their own businesses, provision of job information, and training opportunities.

Following the establishment of the first office, a second office opened in Chungjungro of Seodaemun-gu(Seoul). In 2010, the third and fourth office will be opened in Ulsan and Gwangju, respectively, to help low income families outside the national capital area.





Environment



Announcement of a new company slogan '*driving science*' for improving customer value and a better auto parts businesses

Celebrating its 32nd anniversary, MOBIS announced its new slogan '*driving science*'. This slogan indicates its strong will to increase customer value by strengthening business emphasis on high-tech, environmentally friendly parts and smart core component businesses. The new slogan '*driving science*' also indicates MOBIS' will and capacity to set a new benchmark on technological standards in the auto parts industry. The new slogan is also a commitment statement from our employees on our endeavor to pursue continued innovation and to build customer trust in our technologies, quality and distribution.

Establishment of environmental management system : ISO 14001 certification for all business sites

MOBIS has established a corporate environmental management system by receiving certification for all major domestic and overseas business sites. An annual internal audit and third party review for its effectiveness is conducted to check environmental improvement progress, regulation compliance, pollution prevention activities, stakeholder communications, and to ensure continued improvement. As of 2009, 23 manufacturing plants and parts business facilities are certified with ISO 14001. Using the system, development of environmentally-friendly parts, green purchasing, and clean production systems will be managed to ensure delivery of the environmental policy goals, resulting in improved resource efficiency and reduced environmental impact over the life cycle of products.



Economy



MOBIS wins 2,500 billion KRW contract for chassis module supply

Last year, MOBIS won a contract for the supply of chassis modules to the Chrysler Company. The size of the contract is 2 billion USD(2,500 billion KRW) which is the largest deal ever won by a Korean auto parts company. It was proof of our outstanding quality, technological finesse, ability to deliver on time, and supplier management. In addition to the Chrysler contract, we also won supply contracts with overseas automakers in Europe and North America to the tune of 90 million USD(100 billion KRW). As a result of the contracts won, we began supplying rear lamps for mid-size cars produced by BMW and parking brakes for GM Cadillac models.

General meeting for supplier collaboration and announcement of the Ethical Business Practice Standard

MOBIS held an annual conference for improved supplier collaboration and strengthened ethical business management. A number of MOBIS executives and the presidents of 109 suppliers participated in the conference. The event opened with the announcement of the Ethical Business Practice Standard followed by seminars on 2009 supplier support policies and global support systems. The event closed with the annual general meeting.

CSR Management

A sustainable society can only be established when we begin to think about ‘us’ in a holistic manner, escaping from myopic views that focus on oneself only. In the realization of this spirit, MOBIS is striving to fulfill our social responsibilities and realize the vision of a sustainable society as a global corporate citizen.

Social Responsibility Charter

MOBIS is pleased to announce the Social Responsibility Charter to our stakeholders. This Charter is an expression of our dedication to fulfill our role as a global corporate citizen through balanced growth and sharing, based on a corporate culture of trust and respect.

We continuously strive to uphold trust-based management, environmental management, and social contribution as the foundation of our business activities. We also recognize that fulfilling our social responsibilities is the key to sustainable, long-term growth as well as a firm commitment to our employees, shareholders, customers, local communities, and ultimately, the entire world.

- We support our employees to reach their full potential and build mutually beneficial relationship with our suppliers.
 - We build practical industrial relations based on a corporate culture of respect and trust.
 - We share and practice a spirit of service and eco-consciousness.
 - We enhance the international competitiveness of our suppliers through mutual cooperation and green partnerships.
- We increase shareholder value and deliver trust and satisfaction to our customers.
 - We promote shareholder's rights and benefits by creating economic and social value.
 - We increase customer satisfaction by protecting customer information and delivering world-class products and services.
 - We actively incorporated the opinions of shareholders and customers in all our business activities and share the value of sustainable growth.
- We contribute to the mutual prosperity of humanity as a global corporate citizen.
 - We reach out to our neighbors through various social contribution activities.
 - We respect global environmental laws and regulations as we proactively participate in preserving the global environment.
 - We promote mutual understanding and contribute to global social development through active cultural exchanges.

2009. 4



Corporate Social Responsibilities includes robust business operations, environmental protection, contributions to community development, job creation, and other activities that in combination, contributes to the prosperity of the societies in which we operate without compromising the needs of future generations. In 2008, MOBIS established the corporate social responsibility committee, which adopted a resolution on CSR, and announced the guidelines for each social contribution area. Since that time, we have closely monitored the implementation status of CSR activities. In 2009, we refined our approach by adopting a new social responsibility charter and established a sustainable management vision and strategy.

Corporate Social Responsibility Committee

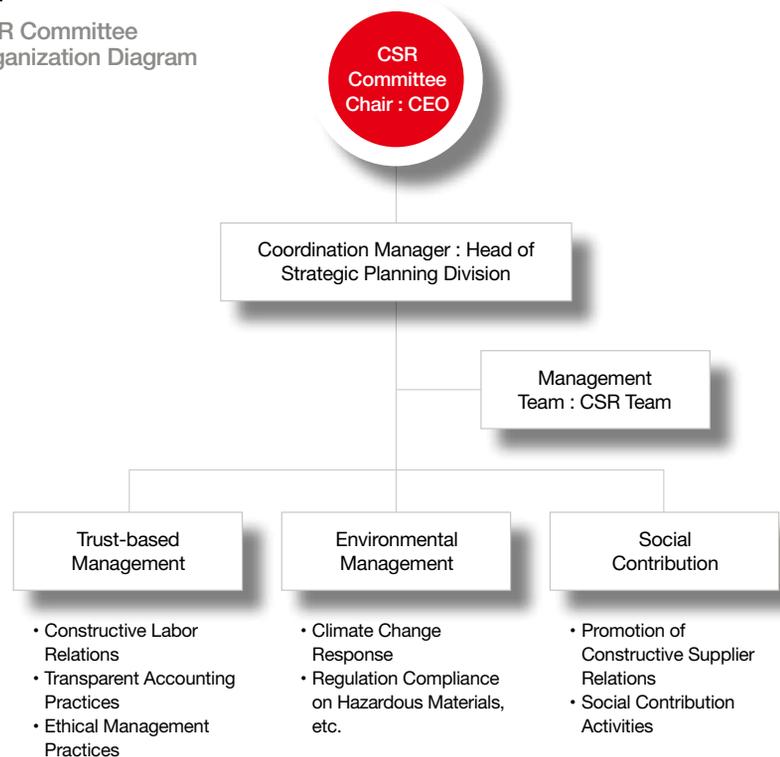
■ Management Structure

MOBIS established its own Corporate Social Responsibility(CSR) committee as a decision-making body for its CSR activities. The CSR committee coordinates management of various in-company committees and established a robust network among them in order to manage implementation of activities that are in line with trust-based management, environmental management and social contribution strategies. The CSR team was also established as a window for communication with internal and external stakeholders. Additionally, the CSR team supports and coordinates activities for each CSR management area, communicates with stakeholders and publishes the sustainability report.

■ Implementation Structure

MOBIS announced its will to pursue mutually beneficial growth for all stakeholders based on trust. Since then we have been making a continued effort to improve our CSR management by instilling trust-based management practices, improved environmental management and social contribution activities. Building constructive labor-management relationships, transparent accounting practices and promotion of more ethical business management are examples of on-going efforts to establish trust-based management. For improved environmental management, we are reducing energy use to tackle climate change and placed strict policies on the use of hazardous substances in line with strengthening global regulations. We are also conducting a wide range of social contribution activities in collaboration with our stakeholders including suppliers to realize our vision under the slogan of 'Lasting Companionship.'

CSR Committee Organization Diagram



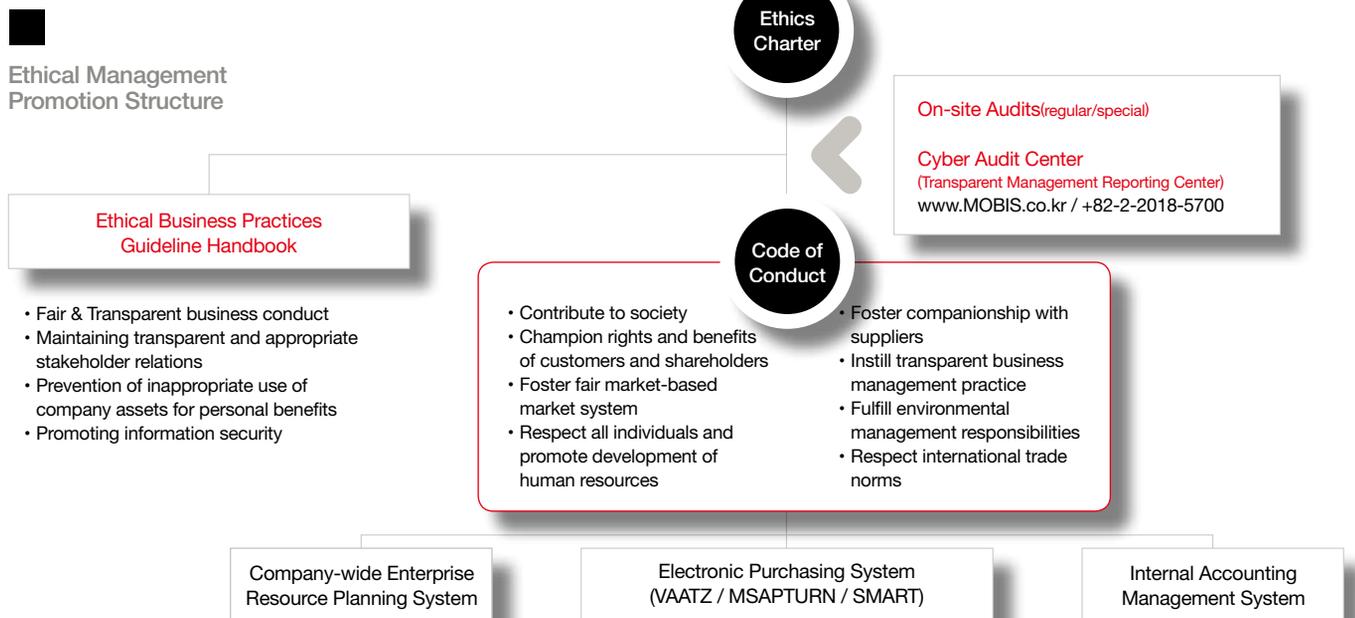
Ethical Management

Just as unyielding passion leads to success, ethical management practices lay the foundation for trust. We firmly believe that ethical and transparent business practices are one of the most powerful growth engines, and are a necessary foundation for any respected corporation. At MOBIS, a wide range of responsibilities including legal compliance, sound economic performance, and abidance to ethical practices in line with established social norms are all considered a part of our basic responsibilities that we must fulfill to improve our ethical business practices. We are constantly measuring ourselves against a strict ethical business practice standard as a matter of principle. We are also aiming to foster a sound corporate culture that promotes fair competition in a market economy, and setting a higher ethical practice standard which will guide all employees and executives to make better judgments and act accordingly.

■ **Management Structure**

MOBIS established an ethical management promotion structure in order to foster a fair and just corporate culture. The ethics committee is an independent committee under the management of the board of directors, created for monitoring and management of achievements of the social contribution activities. Within the CSR committee, there is a working-level group consisting of MOBIS employees in charge of managing ethical business practice status. Other measures for promoting ethical management practices include an ethics charter, an ethical business practice guideline handbook for employees, a code of conduct, on-site audits, a cyber audit center and more.

MOBIS Ethics Charter provides guidance to help all employees abide by a high ethical standard and to uphold a strong personal and company reputation while fulfilling all social and ethical responsibilities. The code of conduct is designed to foster a sound corporate culture that promotes fair competition in the market economy. It consists of eight principles



that are designed to guide all MOBIS employees to abide by the spirit of the ethics charter in their business conduct.

The code of conduct serves as a practical guideline for promoting a fair corporate culture and guiding employees to conduct business in a transparent and open manner, leading to trust of stakeholders. The guideline is also helping fair business conduct with business partners, including customers, leading to mutually beneficial business transactions. 'On-site audits' are also conducted on a regular basis and appeals and complaints are handled by the cyber audit center. We also have the Transparent Management Reporting Center to promote employee participation and consultation services for employees who need counseling.

■ **Ethical Management Training**

MOBIS provides ethical management training opportunities for all employees, in the form of in-class and e-learning courses. In order to encourage participation, we plan to make e-learning courses mandatory for all employees.

■ **Implementation Status**

An ethical management promotion structure was implemented, and is currently in operation at MOBIS. We have placed special emphasis on prevention of unethical practices including unjust conduct and corruption. The ethical management status verification system is also in place to ensure implementation of the program.

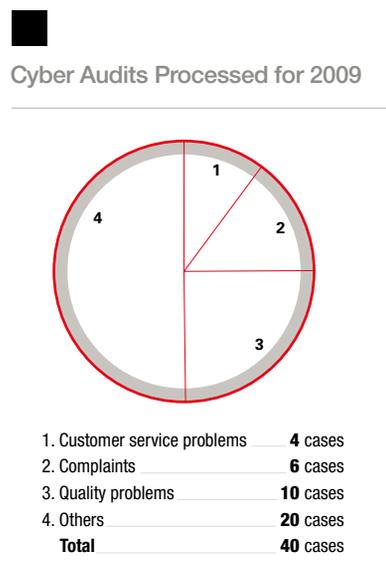
- Prevention Program

Measures for preventing unethical conduct consists of an ethical management promotion structure components including the ethics charter, code of conduct, and the ethical business practice guideline handbook, as well as the implementation of programs including voluntary compliance of fair trading guidelines and IT security systems.

In order to further promote transparent management, we introduced a company-wide ERP system, standardized internal control procedures and implemented pre-assessment and self-diagnostic systems. An e-purchasing system for contracts, bidding, purchasing and pricing was also introduced in order to prevent unfair conduct in regards to pricing and vendor selection. The Transparent Management Reporting Center and organizations in charge of internal audits are also in operation. We are currently in the process of establishing a performance analysis procedure which allows us to incorporate ethical management issues identified as a high priority management agenda.

- Verification Process of Implementation Status

A dedicated team established an annual audit plan and conducts internal audits on a regular basis, following established internal rules and procedures. Special audits are also conducted as needed. In addition, additional on-site audits are conducted when petitions and complaints are filed, following the cyber audit office's processing procedures.



Corporate Governance Structure

MOBIS has been improving transparency in corporate governance in order to become more effective in sustainable development and social contribution. We are also promoting responsible management practices, the independence of the board of directors and audit committee, and transparent information disclosure as a basis for increasing corporate value.

■ **Board of Directors Composition** In order to improve transparency and promote ethical management, more than half of the members of the MOBIS board of directors now consists of outside directors. The directors are making contributions to the successful global operation of MOBIS with their expertise in business management, law and engineering. As of March 2009, the board of director consists of four executive directors and five non-executive directors. There are three sub-committees including the ethics committee, the audit committee, and the outside director candidate recommendation committee.

■ **Audit Committee** MOBIS established an audit committee in line with 11th and 12th clauses of article 542 of the Korean commercial law. Any directors approved at the general meeting of the shareholders are allowed to serve on the committee. The audit committee may make requests to executive directors to report on operations and examine company assets at anytime. The Audit committee may also request the presence of relevant executives and employees, as well as external auditors in meeting as it sees fit. It can also request to hire outside experts for consultation when deemed necessary.

■ **Ethics Committee** MOBIS established the ethics committee, composed of all five non-executive directors, in order to promote transparent business management, foster ethical corporate culture, and check implementation of social contribution activities.

■ **Outside Director Candidates Recommendation Committee** The Outside Director Candidates Recommendation Committee at MOBIS was established as guided by relevant laws, and the board of directors operation rules. As dictated by the 8th clauses of article 542 of the Korean commercial law, the number of outside directors must be greater than or equal to the number of directors who serve on the recommendation committee.

■ **Compensation for Directors and Executives** Compensation for outside directors and executive directors is paid within a limit approved at the general shareholder's meeting. In the 2009 general shareholder's meeting, 7 billion KRW was approved as the maximum limit on compensation, which is identical to the 2008 limit. In practice, 6 billion KRW was paid as compensation.

Board of Directors Status

Name and Responsibilities	Committee Member Composition(No. of members)		
	Audit Committee(5)	Ethics Committee(5)	Non-executive Director Candidates Recommendation Committee(4)
Chung, Mong Koo Chairman(Overall management)			
Chung, Eui Sun Vice Chairman(Planning / IT)			○
Chung, Suk Soo CEO, Vice Chairman(Chairman of the board)			○
Chung, Tae Hwan Vice President			
Uh, Youn Dae Non-executive Director (Business Management)	○	○	
Ha, Myung Kun Non-executive Director (International Trade)	○	○	
Woo, Chang Rok Non-executive Director(Legal Advice)	○	○	○
Kim, Ki Chan Non-executive Director (Management Strategy)	○	○	○
Lee, Woo Il Non-executive Director(R&D)	○	○	

*Please refer to our website at www.MOBIS.co.kr or the Financial Supervisory Service's DART system for additional details of each director.

Stakeholders

Communication with stakeholders and trust-building are the most important requirements for sustained growth of a company in the long run. Realizing this, MOBIS is reflecting stakeholder interest and advice in its management activities. We also aim to share various achievements that were made possible due to the contribution of our stakeholders and pursue balanced growth. In addition, we are fostering various forms of communication channels in order to hear from our stakeholders and address their concerns in a more effective manner.

CUSTOMERS

Auto makers, Part dealers, Customers

- Operation of Customer Service Centers
- Operation of Customer Service Plazas



EMPLOYEES

6,460 employees in total

- Employee Satisfaction Survey
- Fostering a Great Work Place
- Labor-Management Council

SHAREHOLDERS & INVESTORS

No. of outstanding shares : 97,369,321

(Ordinary shares : 97,343,863)
(Preferred shares : 25,458)

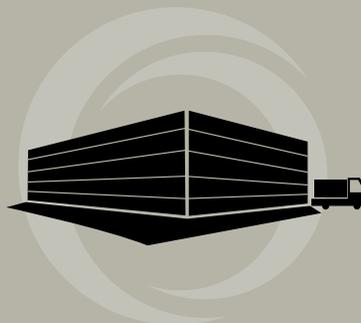
- IR Events
- Public Disclosures
- Investment Presentations



SUPPLIERS

1,003 companies

- MOBIS Cooperation Conference
- Information Exchange Meetings
- Purchasing Policy Seminar
- Team-building
- Hiking Events



SOCIETY

- Scholarship for Children of Families Affected by Traffic Accidents
- Community Services by Divisions
- 1 to 1 Rural Community Support Program
- Nobel Project(Free engineering classes for young students)

DEALERS

1,440 companies

- Outstanding Dealers - Best Practice Competition
- Dealer Policy Seminars
- Dealer Workshop / General Meetings

NGO

Non-governmental Organizations

- Establishing Partnership
- Consultation on Community Development
- Consultation on Social Enterprise and Social Contribution



GOVERNMENT

- Regulation Compliances
- Participation in Government Programs
- Contribution to the Smile Microcredit Bank Foundation

Voice of Stakeholders



Supplier

An old friend with a shared vision

● Choi, Oh Kil
Chairman, Infac Corporation

Infac is an auto part supplier which has been with MOBIS since day one. We benefited greatly from MOBIS' supplier support program which led to greater mutual benefits. Specifically, we made a great leap in the quality of the parts we produce thanks to MOBIS' level-up program during which MOBIS experts came to our facilities and gave training on quality management.

Receiving the presidential award for quality innovation in 1997, along with continued progress and improvement made in our operations, can all be credited to the support of MOBIS. Currently, we are developing 40% of our products in collaboration with MOBIS, which will certainly result in greater mutual benefits for both. When it comes to automobiles, good quality is more than essential.

It is in Infac's best interest to pursue excellence, and excellence is what MOBIS aims to achieve. I dare MOBIS to be the top global auto parts supplier in the future. And I will strive to ensure that Infac remains as a trusted partner when that day comes.



Employee

A great workplace with great opportunities

● Go, Chang Sung
Engineer, MOBIS R&D Center in Mabuk

I find great opportunities at MOBIS every day. In May 2006, I joined a task force headed by Mr. Park, Seung Cho and produced a meaningful outcome working as a team.

In 2007, I summarized our achievements in a research paper and presented the findings at the SAE International Conference held in Florida, U.S. Our work was well received and I had the honor of having my name registered at the International Biographical Center. The research paper was titled <Morphing Technique Applications : A Study in the Applications of Morphing Technology on Auto Parts>. I am proud to say that we were able to simplify the auto part development process and learned to apply the technologies with greater freedom. I am confident that MOBIS is a true leader in technological capacity. When it comes to module parts, there is simply no competition. Such strong competitiveness is a result of the employees' unyielding passion and the corporate culture that induces employees to unfold all their potential.



Customer & Dealer

100% Authentic parts, 100% Pride

● Park, Suk Bong
Chairman, National Dealers Association

I began working with MOBIS in 1972. Pride is a sentiment that the 7,000 people who work in the 1,500 dealers all share in common. I can feel the sense of pride, as business partners who sell authentic high-quality parts delivering great benefits to the customers, especially when I meet members of our association when we have general meetings.

MOBIS has an outstanding distribution system. A computerized network was established 20 years ago, which makes it possible to secure any part within 24 hours.

I am also encouraged by MOBIS' 'New Knowledge-based Management Academy' program which helps dealers to manage their businesses in a more systematic fashion. As partners of an ever-growing company of great promise, we will work hard to keep up.



Local Community

True leader in green management

● Oh, Il Hwan
Climate Change Response Section Chief, Changwon City Hall

In 2006, the city of Changwon announced its vision to become a leader in environmental management. In 2007, the city signed on to become a model city for climate change response, in collaboration with the Ministry of Environment. Since 55% of greenhouse gas emission comes from industrial sources, the city signed a voluntary GHG emission agreement with 20 key emitters.

MOBIS Changwon plant emitted 10,417 t of CO₂ in 2007, a 4.03 t-CO₂ per 100 million KRW in sales. MOBIS signed a deal to reduce its emission by 10% by 2011. In addition, last year, it implemented energy efficiency measures including replacement of old motors and turning off unnecessary lights during break times, which resulted in the significant CO₂ reduction of 297 tons.

MOBIS also participated actively in the One Mountain-One Company and the One River-One Company initiatives, showing great leadership in the preservation of local environments. I look forward to seeing the Changwon plant become a true leader in green management with world-class environmental performance.



Investor

A company with great growth potential

● Ahn, Soo Woong
Head of LGI Securities Research Center

MOBIS is an attractive company for investors. Since 2002, it has maintained a growth rate of more than 20%. It is now almost an accepted fact among seasoned investors that 'you simply can not lose when you invest in MOBIS'.

In addition to its impressive track record, MOBIS excited investors for its investment in future values via its sustainable business management. Our survey of MOBIS' corporate activities has confirmed that it is establishing a sustainable growth structure with emphasis on green and ethical management in line with Socially Responsible Investment principles.

MOBIS' effort to build competitiveness in environmentally-friendly auto parts technology, as well as its leadership in the Intelligent Traffic System service industry, reinforced by its acquisition of Hyundai Autonet, are all impressive. I expect MOBIS to top its already impressive growth record in the future.

A corporation cannot continue to grow alone. It must be firmly rooted in society and its organization in order to better predict the future and have a wider perspective. In its corporate activities, MOBIS places 'people' as the focus to foster 'Lasting Companionship.' Our corporate philosophy, which values cooperation, sharing, consideration of customers, suppliers, employees and local community as valuable companions, is not only helping to fulfill our corporate responsibilities, but also helping us to achieve success more effectively.

MOBIS is working with stakeholders for a greater mutual benefit in order to achieve a more prosperous and sustainable society.

Social Achievements





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- Fair Trade Agreement with Suppliers
- Comprehensive Support for Increased Independency of Dealer Shops

2. Mutually Beneficial Cooperation Programs

- Support for Stable Business Management
- Quality Improvement and Technology Development Support
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- Other Support Programs

3. Enhanced Partnership with a Greater Sense of Togetherness

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4. Transparent & Open Policies(Fair Trade)

- Voluntary Fair Trade Compliance Program
- Fair Trade Voluntary Compliance Council
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- Open Hiring Policy
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3. Personal Development Support Structure

4. Workplace Health and Safety and Improving Quality of Life

- Employee Benefits
- Industrial Health and Safety

5. Fostering Positive Corporate Culture

Mutually Beneficial Cooperation

Adding value to customer lives with advanced technologies, as indicated by *'driving science'* is not just the vision of MOBIS. It is also a vision shared by our suppliers, who are leading the effort with unyielding spirit to challenge. *'driving science'* is a vision we can realize sooner than anyone might think possible when MOBIS and all its suppliers make a concerted effort. We are also promoting mutually beneficial cooperation with our suppliers to establish a foundation for sustainable growth and to continue its growth.

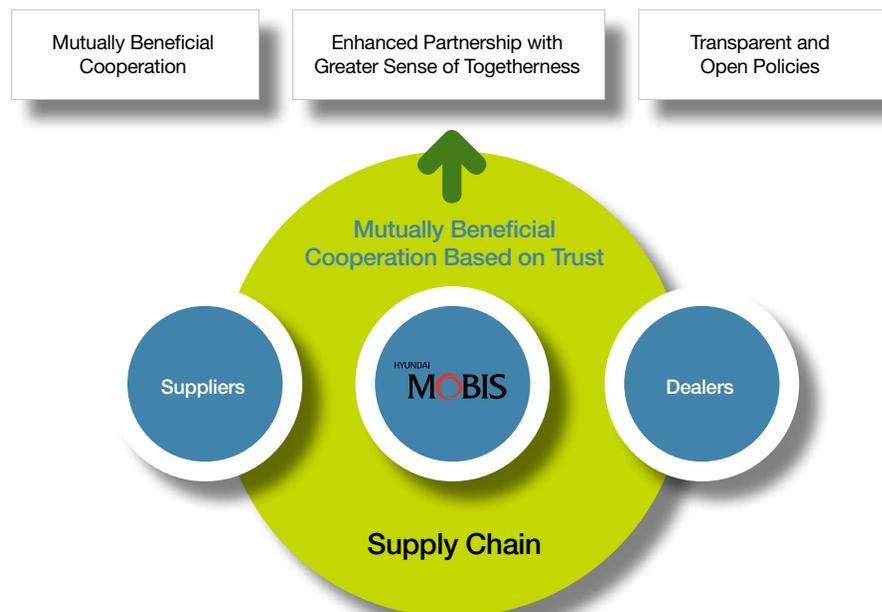
Introduction to Mutually Beneficial Cooperation

Prospect of greater mutual benefits can lead to extraordinary achievements. Mutually beneficial cooperation based on trust improves the competitiveness of MOBIS, as well as our suppliers, and can ultimately lead to higher profits for both. In light of this, we have created an enhanced system for win-win cooperation with all stakeholders within our supply chain.

Our investment in the supply chain was made possible due to our firm belief that increased competitiveness of suppliers and dealers can be the basis for our own growth as well.

With the ultimate goal of becoming a true partner beyond technological and financial support, we have established a mutually beneficial cooperation promotion team, a customer support team and an SI section of the domestic sales team. These teams are driving various support programs forward under 3 themes including 'Mutually beneficial cooperation', 'Enhanced partnership with a greater sense of togetherness' and 'Transparent and open policies', while striving to provide practical support to the suppliers and dealers.

Increasing Global Market Share Together





MOBIS wins the 'Exemplary Conduct in Fair Trading' award from the Fair Trade Commissioner

• **MOBIS Sales Stimulation Program Manual**

A guideline on how to become a top performing dealer

• **Trading area management system(G-CRM)**

The G-CRM system visually presents all qualitative and quantitative market information in regards to choosing a trading area to help dealers. The system is also capable of comparing trading areas and providing information on good sales promotion cases

■ **Fair Trade Agreement with Suppliers**

In order to instill fair trade practice with suppliers as a business norm and demonstrate our strong will to grow together, we signed a fair trade agreement with 586 suppliers in September 2008. Three separate guidelines were also adopted to ensure implementation of fair trade including the 'Supplier contract work guideline', the 'Guideline on registration and management of new suppliers' and the 'Guideline on establishment and management of internal review committees on subcontract transactions'. Other initiatives were also launched to improve the competitiveness of suppliers, including the Quality improvement support corps, the Technical advisory council and various training programs. Our efforts for fair trade were recognized by the Fair Trade Commission and we received an 'A' grade in addition to the commissioner's award.

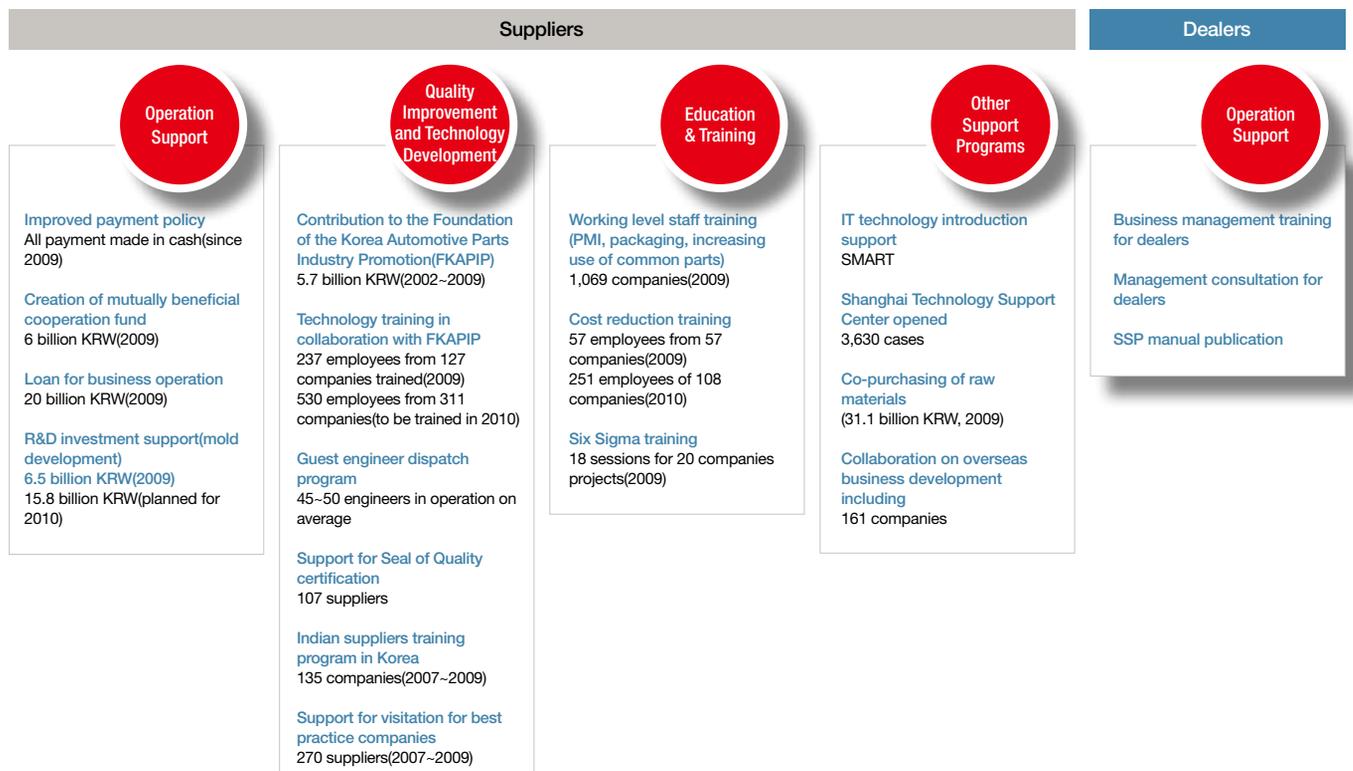
■ **Comprehensive Support for Increased Independency of Dealer Shops**

MOBIS is striving to fertilize growth of our dealers. With the goal of developing innovation into the sales operations of the dealers, we held a management training program for the managers and also published a MOBIS Sales Stimulation Program Manual to share the best practices of top performers.

We plan to share our G-CRM trading area management system with all dealers, which will allow each to share market and customer information. We expect to achieve increases in sales and customer service quality once the system is distributed and put into use.

● **Mutually Beneficial Cooperation Programs**

MOBIS established a well-structured program to support our suppliers. Measures for improving operational stability, enhancing training on quality and technology developments for enhanced core capacity, and various other measures are included in the support package for suppliers.



SOCIAL ACHIEVEMENTS



Seal of Quality certification endowment ceremony
Training for Indian suppliers in Korea

• Seal of Quality Program

Certification program for ensuring quality of parts supplied by the second tier suppliers

Business management training for dealers



■ Support for Stable Business Management

Stability serves as the foundation for growth. As a part of the mutually beneficial cooperation initiative, we have implemented various support programs for small and medium sized suppliers that are experiencing management difficulties.

Improved payment policy Starting on July 17, 2009, we began to make prompt cash payments to SMEs regardless of the size of the payment. We were the first auto parts company to adopt such a policy. As a result, more than 1,000 suppliers are now paid in cash, reducing problems associated with delayed payment.

Loan program In order to help SMEs with their cash flow and alleviate management burdens due to the economic slowdown triggered by global financial crisis that began in late 2008, we have established a loan program with up to 20 billion KRW in total, as well as a mutually beneficial cooperation fund, operated by MOBIS for suppliers in need.

R&D investment support We are making prompt payment in full on expenses spent for mold making to help alleviate the financial burden of SME partners.

■ Quality Improvement and Technology Development Support

Strong product quality is the main source of competitiveness and it creates a sense of pride at MOBIS. Supplier technological finesse is what allows us to produce high quality parts. Therefore, we have implemented various measures to help our suppliers.

Foundation of Korea Automotive Parts Industry Promotion MOBIS teamed up with 164 affiliated companies including the Hyundai Motor Company to establish the Foundation of Korea Automotive Parts Industry Promotion(FKAPIP) in July 2002. FKAPIP's objective is to foster a robust auto parts industry and is registered under the Ministry of Knowledge Economy. Since FKAPIP's foundation, MOBIS has contributed a total of 5.7 billion KRW and MOBIS is also conducting activities including technology advice services, training on quality management and technologies, and seminars using the resource. In 2009, 237 employees from 127 companies received training in welding, gilding, injection molding, new vehicle parts development, and sector-specific technologies. We plan to provide similar programs for a greater number of supplier employees in 2010.

Guest engineer dispatch program As the program title indicates, suppliers are invited to send their engineers to work with our in-house engineers on collaborated research, for capacity building. In 2009, there were 45 to 50 employees sent by suppliers to participate in early conceptual design of parts to actual development of parts, contributing to problem solving and improvements. This program has resulted in the shortening of part development time and the minimization of problems. It is also contributing to capacity building by the participating staffs.

Support for Seal of Quality(SQ) certification In addition to the aforementioned programs, MOBIS is also providing support for domestic second-tier suppliers with less technological capacity and quality management know-how. We are currently concentrating on supporting suppliers producing parts that affect the overall quality of our products, and to improve quality, while assisting these suppliers to receive SQ certification. We have also set up an SQ assessment center, to help overseas second-tier suppliers receive the SQ certification.

Support for fostering global business operation Capacity MOBIS is supporting both domestic and overseas suppliers in order to strengthen their global operation capacity. For example, we have invited employees and executives from Indian-based suppliers to visit Korea for training, field trips and cultural experiences. A number of domestic suppliers also received support for visits to best practice peers located in Japan and Shanghai for training.

■ Education & Training Support

Training is an important stimulus for growth. MOBIS provides a wide range of practical training opportunities to help suppliers grow.

Work capacity building education Every year, we provide training courses including PMI training, optimization of parts no longer in production, and a packaging work manual study



Business management training for dealers,
M-SSP Manual

- **PMI**
Partner Managed Inventory
- **VE**
Value Engineering
- **MRO**
Maintenance, Repair and Operation

program. We also conduct Value Engineering(VE) cost reduction training and Six Sigma training to help suppliers' improve the quality of the parts they produce.

Management academy for dealers We provided our first business management training for dealers. The training provided practical tips, as well as lesson on management philosophy. It was the first program of its kind in the auto parts industry, and 44 dealers participated in the initial course. The plan is to invite all 1,500 dealers to eventually take the training. We aim to improve the management capability of the dealership managers, increase competitiveness, and improve customer service.

Publication of the MOBIS Sales Stimulation Program Manual We published an M-SSP manual in November 2009, as part of our management consulting services to our dealers. This manual allows the readers to run a self-assessment of their operations. In addition, MOBIS consultants also visit dealers when requested.

■ Other Support Programs

Establishment of an e-purchasing and e-inventory management system We have established an e-purchasing and e-inventory management system named SMART(Smart MOBIS Agent for Reaching Global Top10). The system allows MOBIS and its suppliers to share information on orders and delivery status of products in real time. In addition, we are also sharing information on inventory status such as monthly changes and remaining stock, using the PMI(Partner Managed Inventory) method. We are practicing mutually beneficial cooperation by sharing benefits from reduced inventory management costs with our suppliers. Over the 3 years since the implementation of PMI, we have shared 17 billion KRW in performance pay to contributing suppliers.

Technology support center established in China for use by local suppliers MOBIS opened the Technology support center in China to suppliers. As a result, our suppliers can use all the laboratory facilities equipped with a total of 140 high tech instruments for testing of electronics, materials, durability, performance and other qualities. The center is also used for quality inspection and certification work by MOBIS.

Co-purchasing of raw materials Using the purchasing power of MOBIS, we are coordinating purchasing activities in conjunction with our suppliers to reduce costs. The total volume of co-purchased materials has increased from 18.2 billion KRW in 2008 to 31.1 billion KRW in 2009. To this point, the types of materials purchased were limited to aluminum, PC/ABS, steel plates and scrap steel. However, we plan to include MRO materials in future co-purchasing activities.

Collaboration in overseas business development Using our overseas plants as a basis, we are helping our suppliers to develop overseas business opportunities. As of 2009, 161 suppliers have expanded their businesses to the U.S., China, Slovakia, India and the Czech Republic. We are making every effort to ensure consistent sales for the suppliers, as well as the quality and technological competitiveness of their products.

● Enhanced Partnership with a Greater Sense of Togetherness

Sustained growth with our partners requires strong trust as a foundation. MOBIS is promoting active communication with our dealers and suppliers via a number of partnership enhancement programs.

■ Partnership Enhancement Activities with Suppliers

MOBIS has organized a cooperation council with 110 top-performing suppliers and held annual general meetings, board meetings and partnership enhancement activities in order to promote mutual benefits between suppliers, as well as identifying methods to develop collaboratively. We also host a purchasing policy seminar at the beginning of each year to update our partners on our purchasing policy, in addition to hosting special lectures to introduce new business management ideas.

SOCIAL ACHIEVEMENTS



Fruit basket gifts for top performing suppliers
Dealer Policy Seminars / Dealer workshop / General meetings

• CP(Compliance Program)
Voluntary Fair Trade compliance Program



Partnership Programs

Stakeholder	Programs	Frequency
Suppliers	MOBIS Cooperation Conference	Once a year
	Purchasing Policy Seminar	Once a year
	Fruit basket gifts for top performing suppliers	Once a year(258 companies attended in 2009)
	Team-building hiking events	Once a year
	Information Exchange Meetings	Once a year
	Distribution Service Providers Seminar	Once a year
Dealers	Outstanding Dealers - Best Practice Competition	Once a year
	Dealer Policy Seminars	Once a year(held in three different regions)
	Dealer workshop / General meetings	Once a year

At the end of each year, we invite the CEOs of supplier companies for a seminar to review performance, present the supplier of the year award, and provide lectures on transparent business management to promote ethical business management standards. The seminars also provide participants an opportunity to network and share information.

We also hold special events for partnership building including hiking events and a fruit basket gift give-away for top performing suppliers, which helps to foster a 'one-team' spirit. In 2009, we sent 10 to 30 watermelons, in total worth 100 million KRW, to top-performing suppliers as a token of gratitude. The fruit gift give away is well received by the suppliers as a fun and heart-warming event.

■ Partnership Enhancement Activities with Dealers

As a means of providing an incentive for steady growth, we have launched 'Project for promoting top dealers in 11 regions'. In 2010, we plan to gather the top performing dealers and ask each to share their best practices with their peers. This provides a useful guide for other dealers to improve their competitiveness.

We also host a dedicated policy seminar for top managers of dealerships at the beginning of each year to update them on our policies and facilitate shared understanding. We also support the dealer's association and its annual general meetings. The association was formed in 2002 to protect dealer rights and provide leadership in the after-sales parts industry. The general meetings takes place on an annual basis and dealers make decisions on major issues at that time.

Transparent & Open Policies(Fair Trade)

We believe that fair-trading based on trust is a basic principle of business. As a good corporate citizen, we are striving to fulfill our social and ethical responsibilities, while achieving win-win outcomes with our partners.

■ Voluntary Fair Trade Compliance Program

A voluntary compliance program is an internal compliance and monitoring program to ensure abidance to fair trade rules, which was promoted by the government beginning in July 2001. There are now 380 companies participating in fair trade practices. We implemented a voluntary fair trade compliance program in November 2002. We revised our fair trade program in April 2004.

We have established a compliance program website and made it a part of our intranet system, as well as a part of supplier websites in order to foster a culture that respects fair trade practices. The CP site has useful information on voluntary compliance including CP

manual, internal rules, relevant laws and more. The site is frequently updated with new information and the information is also distributed to our employees in a timely manner to maintain full compliance and prevention of unlawful conduct. The Fair Trade Commission began a fair trade practice assessment in 2006, in order to induce the participation of more companies. Overall, MOBIS received an 'A' grade for good compliance.

■ Fair Trade Voluntary Compliance Council

In order to make fair trade a standard business practice, and to be in line with the CP council management rules, MOBIS has appointed a compliance program manager who reports directly to the CEO. The company also appointed executive directors for each division as compliance managers. The appointed CP manager and compliance managers work together as in the voluntary compliance committee that meets twice a year, as well as when there is a situation concerning fair trade, to share information, in addition to reviewing and making decisions on each case. Most importantly, the CP manager participates in the board of directors meeting, as well as the ethics committee, and reports directly to top management on fair trade issues, ensuring fair trade remains an important management principle within the company.

The voluntary compliance committee distributes a customized self-assessment check list, and posts it on the CP site posted it on MOBIS intranet website, allowing all employees to check their compliance status on a regular basis.

The committee also provides training programs for CP managers, reviews the CP implementation status, and reports the results to the CEO, ensuring strong enforcement of the compliance program in each business division. All these efforts serve to strengthen monitoring program that contributes to making voluntary fair trade compliance become an integral part of the corporate culture.

■ Employee Ethical Management Enhancement Initiatives

In order to make us a more trust-worthy company, we established the 'MOBIS Ethics Charter' and publicly announced it. We also expanded our communication channels with our suppliers to promote fair trade practices more actively.

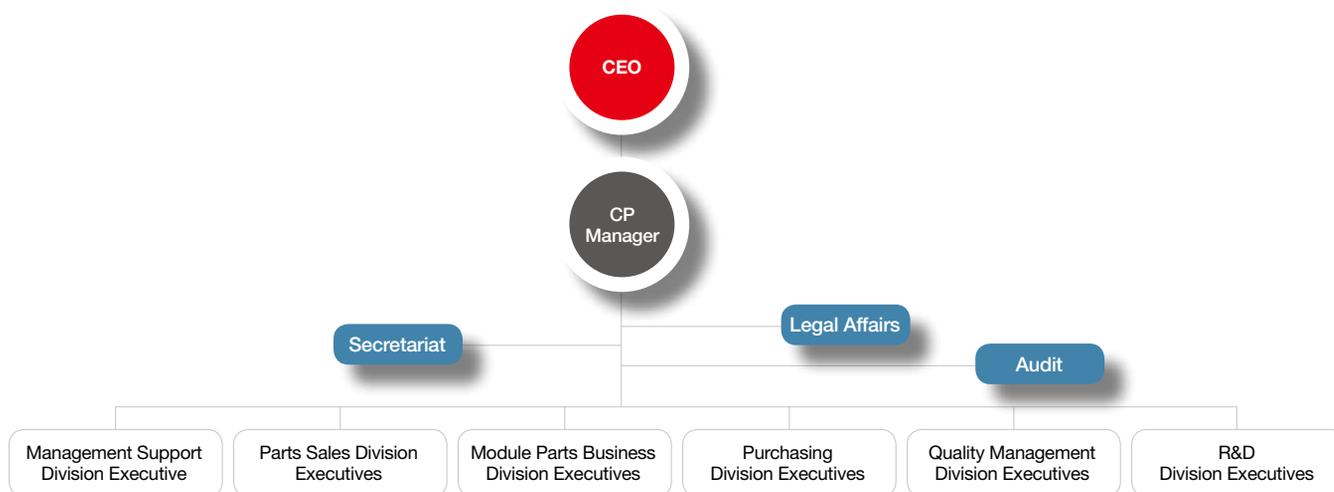
'PROWEB(<http://proweb.MOBIS.co.kr>)' is an example of our effort to facilitate better communication with our suppliers. The code of conduct is posted on the site to emphasize the importance of ethical business practices. The site also has an 'ethical management message box' through which suppliers can file complaints and report fair trade violation incidents. We take supplier complaints seriously and look into each incident in detail. We plan to further enhance the ethical management monitoring system to continue enhancing our sense of ethics.

Establishment of an online e-purchasing system is also a measure to promote transparency and efficiency within the entire purchasing system from posting of orders to the payment for the transaction. Project contracts for new vehicle models are processed fairly using five star system with price, quality and delivery as criteria. In selecting partners for new vehicle projects, we also broadcast opportunities to overseas suppliers to ensure equal opportunities to participate in the bidding process.

■ Ethical Management Practice Promotion Agreement with Suppliers

MOBIS established a 'Codes of Ethical Conduct for Suppliers' and published it for distribution to all suppliers. In March 2009, a special ceremony was held to announce the code of ethical conduct and a total of 46,563 employees from 10,532 companies signed on to participate. Such a high rate of participation will contribute greatly to the promotion of a stronger sense of ethics and to the improvement of the overall corporate image in the long run.

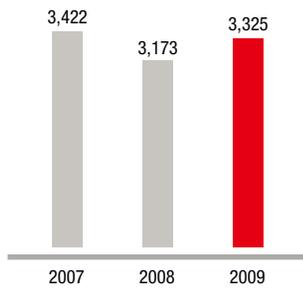
• MSAPTURN(MOBIS Sourcing And Price Tracking Unified Robust Network)
MOBIS Supplier Selection System



Social Contribution

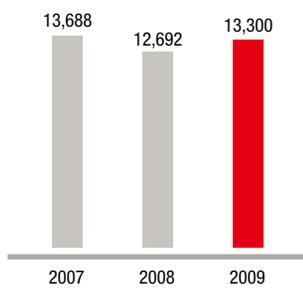
Number of Volunteers(Accumulated)

Unit : person



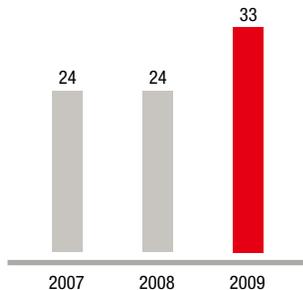
Volunteer Hours

Unit : hour



Number of Volunteer Corps

Unit : corps



The world is a better place because of to the people who act to make it better. The spirit of sharing fills the world with hope. Recognizing these simple truths in life, MOBIS is conducting social contribution activities that demonstrate our corporate philosophy of love and sharing. Our social contribution activities include ‘Good communication volunteer work,’ ‘Volunteer work with leadership’ that is an initiative to show leadership in volunteer work in the communities we operate within, and ‘Collaborative volunteer work’ where we conduct volunteer work in collaboration with other private institutions, and finally, ‘Global volunteer work’ at overseas sites. With various tailored volunteer activities, we are making continued progress on building ‘Lasting Companionship’.

Social Contribution Activities Overview

Social contribution is the most effective and most important method for communicating with the world. Just as good communication fosters good relationships, we believe that MOBIS can become a respected, and even loved, corporation when we actively reach out to various members of society with our social contribution activities.

At MOBIS, we are determined to build ‘Lasting Companionship’ with our customers, shareholders, suppliers and local communities. In 2008, we established a CSR committee to instill a corporate philosophy that values stewardship for environment and respect for humanity and society. We are continuing to collaborate with local communities and society to improve the quality of life of all members of the society and communities. Overall, we are striving to go beyond being a ‘Good Company’ and make another leap to become a ‘Great Company.’

MOBIS also joined the UN Global Compact in 2008 to pursue business and public interests in a balanced manner. It was also an act of commitment to establish a socially responsible management structure and fulfill social responsibilities on par with global standards in the international community.

MOBIS also contributed 4.5 billion KRW to founding of the ‘Smile Microcredit Bank Foundation’, an initiative designed to help families with low-credit and low-income, as well as small business owners with low interest loans to help them achieve economic independence. Overall, MOBIS spent a total of 10.47 billion KRW : 170 million KRW for management of social contribution activities, and 10.3 billion KRW for various other forms of donations. The overall expenditure accounted for 0.65% of after-tax profit.

Domestic Social Contribution Activities

■ Three Themes

- MOBIS Fund(Scholarship for Families of Traffic Accident Victims)

As an auto parts maker, we established the ‘MOBIS Fund’ in June 2003, to help alleviate the grief of children whose family is affected by traffic accidents.

One of the key activities is the management of the ‘MOBIS Fund’ which was created with donations by our employees and a matching grant provided by the company. An average of 9 million KRW is added to the fund each month, and the fund is used to provide scholarships to the children of traffic accident victims.

The scholarship is granted to high school students whose parents were seriously handicapped or departed due to a traffic accident, and who are also a part of the government



social welfare support program granted to families in dire economic difficulties. 19 students benefited to the tune of 73.7 million KRW in 2009 due to our scholarship program. Between 2003 and 2009, a total of 116 students were granted scholarships totaling 494.35 million KRW.

We will continue to maintain the fund and support young students who have been affected by traffic accidents so that they can overcome their hardships and step forward to nurture a brighter future with hope.

Thank you Letters from Beneficiaries

From a MOBIS Scholarship Recipient

Greetings! My name is OOO and I am a MOBIS Scholarship recipient. I know this is long overdue, but I finally have this opportunity to write this thank you letter to express my sincere gratitude to MOBIS for giving me the opportunity to fulfill my dreams. I lost my father to a fatal traffic accident when I was 6 years old. I do not remember the details of the accident, but the loss of my father must have been devastating to my mother. I would imagine that it must have been extremely difficult for my mother to raise me and my little brother without a husband. Right after the accident, my mother was depressed and showed symptoms of social phobia. Also, as I have gotten older I have become even more aware of my father's absence.

I got to know MOBIS when I became a high school student and this completely changed the course of my family's life. I made some good friends at the camp sponsored by MOBIS and I broadened my perspective when I visited the MOBIS factory. During last year's Thanksgiving Day, MOBIS gave our family daily necessities and delicious holiday food which we shared with our neighbors. Last, but not least, the scholarship which I receive every three months was the only hope for our family.

I will soon become a senior in high school. I now have many reasons to have a strong will to succeed. I often think about my future. My family is a big motivational factor. Studying hard and fulfilling my academic goals are a modest way of showing my appreciation to all those who have helped me in difficult times. When I become a responsible member of society, I want to help out those people who are in dire need of a helping hand. For now, I would like to focus on my studies throughout my remaining high school years. Once again, I thank MOBIS for their support and I will do my best to live up to their expectations.

Social Welfare Specialist in Charge of MOBIS Fund Allocation - 2009. Social Welfare Specialist Oh, Eun Jeong

I am Oh, Eun Jeong and I work as a social worker at the Western Community Rehabilitation Center. I am responsible for providing educational support to children whose family is affected by traffic accidents.

I met OOO's family when she filed her application for financial aid through the Traffic Accident Victim Assistance Program. Physically disabled from the traffic accident, OOO's mother raised 2 children alone after being divorced. She told me that she even felt guilty for not being able to support her daughter's aspirations of becoming a nurse. I thought that she deserved a helping hand since her daughter excelled in school and had great potential to do even better. That is when we started looking for scholarships for traffic accident victims. With the generous provision of a MOBIS Scholarship, OOO was able to buy necessary school supplies and she is proud to maintain academic excellence at school.

At the early phase of the scholarship application, OOO was concerned about her family and economic situations. OOO was also experiencing difficulties in figuring out her future plan, unlike other students of her age. To remedy such difficulties, we formed a volunteer mentoring program to help OOO in filling out the scholarship application and giving guidance in developing career and academic plans. OOO has now been elected as the executive member of the student council and is actively involved with school life. These days, OOO's mother tells me that she now has some breathing space to take a step back and reflect upon her own life and the life of her family. She has also improved her self-esteem by working as a shuttle bus helper at the Rehabilitation Center.

All these positive changes started from the MOBIS Scholarship. On the behalf of OOO's family, I would like to show my appreciation to MOBIS for their generous assistance. We hope for your continued interest and support as OOO attempts to fulfill her dreams.

SOCIAL ACHIEVEMENTS



- Volunteer Activities of Each Business Division

Love grows when we share and sharing is all about joining together to help which will eventually impact the lives of people in need. This is why the workers' union and management at MOBIS are actively participating in social contribution events which promote a culture of sharing. The social contribution of MOBIS is not just limited to economical support. The employees at MOBIS built a support-oriented relationship with a number of community centers. On a voluntary basis, employees make regular visits to these community centers to experience the joy of sharing.

MOBIS has support-oriented relationships with more than 28 organizations, including the Kwangmyung Orphanage in Seoul, by providing volunteer work such as cooking meals, bathing the disabled, cleaning and repairing facilities on weekly basis. MOBIS is committed in creating a compassionate society by pursuing tightly knitted support systems with our communities through the promotion of 'Lasting Companionship'.

List of Social Welfare Facilities Supported by Each Business Division

Establishment	Organizations supported
H.Q.	Kwangmyung Orphanage / Shimtuh Sanatorium / Seoul City Orphanage / Seoul City Elderly Welfare Center / Samjeon Community Center / Hanbit Community Center
R&D Center	The House of HaHee
Gyung-in Office	Cheonan Jukjunwon Rehabilitation Center / Asan Community Center / Haewon School / Western Elderly Welfare Center / House of Daniel/House of Sharon
Jincheon Plant	Peace Welfare Mission / House of Love/Chungdam Sanatorium / Jungjinwon/Javiwon / Canaan Welfare Village
Ulsan Plant	Suyeon Welfare Foundation / Myungsung Welfare Foundation / House of Sharing and Worship / Aehyang Children's Welfare
Changwon Plant	Jinhae House of Hope / Masan Alzheimer's Hospital
Manufacturing Sites	House of Immanuel / House of St. Joseph / Sangrokwon / Hanuri Missionary Church / House of Joy / House of Francisco / House of Nazareth

Interview



Volunteering with good communication

Ham, Sang Won ● Team leader of Seoul City Elderly Welfare Center

The Center provides free meals and various cultural and medical services to more than 2,200 elderly every day. As you can imagine, we are always short of people and support. MOBIS has always been a trustworthy partner whom I can rely on. Since 2003, 15 MOBIS volunteers came to the center twice a month. Volunteer workers are always resourceful around the center. They are patient and listen to the elders who are emotionally very lonely. Volunteer workers also help the elderly to take bath and help them out to pick clothes at the local bazaar. They also give anniversary presents to the elders on special occasions so that they do not feel left out in this society. MOBIS volunteer workers are keen to understand the elderly's needs and they effectively respond to those needs.

Corporate social responsibility is no longer carried out due to obligation, but this is a channel of communication within our society for better social integration. That is why I believe in MOBIS volunteer workers to do even more in the future with warm hearts. I also have hopes that in near future MOBIS will participate in a new elderly welfare program from the very initial phase.



- One to One Rural Community Support

MOBIS built a support-oriented relationship with a number of rural communities to help the farmers increase their profits, establish new sales routes, and improve overall quality of life. MOBIS also benefits from the program through opportunities to experience rural life-styles and to buy environmentally-friendly farm produce at reasonable prices. We call this the 'One to One Rural Community Support Program', and we continue to expand this corporate initiative since we established relationships with Deongnyeong-ri in of Chungju-si in 2006. Yulhyun-ri in Icheon-si, Yong-ri in Ulju-gun, Goseong-ri in Gongju-si, Mosan-ri in Changwon-si are also supported by the R&D center, the Ulsan plant, the Gyung-in Office, and the Changwon plant, respectively. Each year, our employees provide free volunteer labor in the rural communities, enjoying the benefits of nature and the warm welcome of the town folks, while purchasing farm produce at reasonable prices to support the community.

One to One Rural Community Support Agreement Status

Establishment	H.Q.	R&D Center	Ulsan Plant	Gyung-in Office	Changwon Plant
Towns supported	Chungju-si Deongnyeong-ri	Icheon-si Yulhyun-ri	Ulju-gun Yong-ri	Gongju-si Goseong-ri	Changwon-si Mosan-ri
Support agreement signing date	2006.9.28	2007.6.8	2007.6.8	2007.6.8	2008.11.18
Key produces	Chungju Apples	Icheon Rice	Ulju Pears	Gosung Chestnuts	Changwon Persimmons

Special Social Contribution Events for Promoting a Culture of Sharing on Korean Thanksgiving Day

During the Korean Thanksgiving holiday, MOBIS has organized a social contribution event to share festivities and give hope to our neighbors in need, in line with three social contribution themes that we have been promoting. First, we purchased gift items in the amount of 230 million KRW including produce of rural communities that we support via the One to One Rural Community Support Program, as well as gift certificates for use in local markets to help stimulate local economies. Additionally, we donated the gift items to welfare organizations that we have been supporting, families of traffic accident victims, and MOBIS Scholarship recipients. Overall, a total of 379 employees visited 51 organizations and 66 households for the gift-giving.

Interview

Special neighbors who understand true spirit of sharing

Hwang, Oh Sang ● Director of the Flower Village

Located in Gongju-si Jeongan-myeon Goseong-ri, the Flower Village provides various village experience programs to city dwellers. On June 8, 2007, our village and MOBIS concluded a One to One Rural Community Support Program. Right after the signing of the agreement, MOBIS employees immediately came to our village eager to lend a helping hand. They provided much needed labor in picking chestnuts, planting and harvesting crops. They purchased the farm produce to alleviate the worries of our farmers.

Additionally, they donated substantial amounts of money to the construction of crop processing facility and they also provided home repair services to elderly living alone. They earned the hearts of the village people by arranging a hot springs vacation for those who were tired of excessive farm work. There is more on the list. They hosted various workshops and fishing competitions in our village to stimulate the local economy. Last year, our village won the Ministry of Agriculture, Fisheries and Food's Best Village Award. We sincerely would like to dedicate this award to MOBIS. We will do our best to build a village filled with joy and prosperity and to make every visitor feel at home.



SOCIAL ACHIEVEMENTS

■ Other Major Social Contribution Programs

- Beautiful Saturday

Since 2004 MOBIS has been holding a charity bazaar called 'Beautiful Saturday', as a means of promoting environmental awareness and the culture of sharing. 'Beautiful Saturday' aims to trigger an environmentally friendly transformation through recycling of products and to support those in need through sharing.

'Beautiful Saturday' is held annually on a Saturday in May. So far, MOBIS employees donated more than 50,000 products and raised more than 60 million KRW through sales at the bazaar. In 2009, from the charity fund raised at the event, 200 personal computers were bought and delivered to those in need in Korea and several community welfare centers in Mongolia CAD/CAM Association, Slovakia, China and the Czech Republic.

- Blood Drive Campaign

Since 2000, MOBIS launched a blood drive campaign called 'Moving the World Together' to relieve the shortage of blood, which has emerged as a serious social issue and to raise public awareness.

In the 2009 blood drive campaign, which included the Seoul headquarters, the R&D center, seven module production factories, and the auto parts production factories, more than 500 employees participated in the campaign and provided blood for medical use.

- Nobel Project(Junior Engineering School)

As part of an effort to cultivate science prodigies and to strengthen ties with local communities, MOBIS has been offering early exposure to science classes focusing on hands-on experiences through the Junior Engineering School program.

The Junior Engineering School was launched as part of the Nobel Project with the aim of raising future engineers. Through this project, students get their first exposure to the basics of next-generation cutting-edge science, for example by making hovercrafts, polari meters, 3-D contour lines, model airplanes and more.

The Junior Engineering School started in March 2005, with a small Gyo-dong elementary school in Yong-in located near the MOBIS R&D center. The demand for the program increased rapidly, and now the program has expanded to five elementary schools in four regions with well over 150 students. The Junior Engineering School's scope is not just limited to learning in the classroom. Participating students visit our R&D center, the Asan factory, and the Asan distribution center during summer or winter break to get hands on experience. Through this project, MOBIS is creating an open culture for the future leaders of auto parts industry.

Through the Junior Engineering School program, MOBIS hopes to create interest and vision for the next generation of aspiring engineers. Furthermore, the project aims to cultivate and share dreams of young children.

- Year End Volunteer Activities

At the end of each year, MOBIS remembers those in need around us so that they can start the new year with hope and courage. Since 2003, MOBIS has launched volunteer activities at the end of every year. Employees visit needy neighbors in person to deliver presents and to host a recreational event and various other programs.

Last year, along with Community Chest of Korea, employees from the Ulsan and Cheonan factories, as well as the R&D center launched the 'Rice Sharing' program to deliver rice to less fortunate neighbors and social welfare organizations. In 2009, 704 MOBIS employees delivered rice and the of their hearts to more than 59 welfare organizations.

- Volunteer Activities by the MOBIS Basketball Team

MOBIS operates the 'MOBIS Phoebus Basketball Team'. For the past 7 years, whenever





the basketball team made three-pointers, rebounds or assists, MOBIS has been making donations to a charity account called 'Basket of Love.' These donations have been used to help the elderly without relatives, teenagers with disabled parents, and children struck by serious illness. In 2009, the 'Basket of Love' program raised more than 7.69 million KRW. Also, the basketball team invited disabled people, elderly without relatives, and students of low income families to the Phoebus basketball matches to share the love of their fans. Furthermore, books, basketball lessons and basketball rims were given to local kindergartens.

- Establishing Social Contribution Award

There are tons of beautiful ordinary people volunteering just for the sake of making a difference. MOBIS established the Social Contribution Award to recognize the efforts of those employees who made positive contributions to our society in special ways.

The 2009 Social Contribution Award recipients include assistant manager Lee, Ki Hong(Global auto parts sales team), who has sacrificed his weekends for the past two years to coach the Incheon hearing impaired soccer team, Oh, Ho Seok(Incheon Office), who volunteered as a mountain climbing helper for people with impaired hearing, and Park, Jee Hee(Gyung-in Office), who has anonymously been helping the elderly and autistic children at welfare centers and also obtained a certificate as a nurse's aide to perform volunteer services abroad.

Global Social Contribution Activities

We are conducting various CSR activities in overseas. MOBIS overseas offices also actively return part of the profits back to the local communities in spirit of sharing.

Among the MOBIS affiliated overseas corporations, the office in China is the most active in making social contributions to the local society. Once a month, employees make a visit to nearby orphanages, community centers for the elderly, and disabled to deliver necessary goods and provide medical operation fees. In addition, including scholarship programs and various volunteer programs have been implemented.

Furthermore, three overseas module assembly factories in Beijing, Slovakia and Alabama have adopted programs similar to the MOBIS Scholarship program for children whose family is affected by traffic accidents. For 2010, similar programs are being planned in several phases for other selected overseas module assembly and auto parts manufacturing factories.



SOCIAL ACHIEVEMENTS

Global Social Contribution Activities Status

China

- Beijing MOBIS** Consolatory visits to social welfare facilities at Chinese New year(Feb.), Visits to special schools for children with disabilities(June), Consolatory visits to the Sooneui-gu Firefighters Corp(Aug.), Distribution of MOBIS Scholarship(Oct.), Aid for impoverished families and college students(Dec.).
- Moosuk MOBIS** Support and volunteer activities to help families in need(financial support and provision of free goods, volunteer services including house cleaning and laundry)
- Shanghai MOBIS** Support for families in need(repainting, organizing, and provision of free goods). Provision of goods for firefighters, Provision of scholarships to Gujungjin Middle School.

India

Support for local schools(Jan.), Food give-away to orphanages(Jan.), Support for local women(July, Sept.).

Slovakia

Visit to orphanages under the management of the Zilina Labor Office for gift give-away(Nov.), Plant tour for the orphanage children.

Working with Other Members of the Hyundai-Kia Motors Group

The Hyundai-Kia Motors Group is making an active contribution to helping families in need under the motto of 'Moving the World Together'. MOBIS is making a concerted effort to contribute with many programs in partnership for social contribution.

■ Happy Move Global Youth Volunteer Corps

In July 2008, we created the 'Happy Move Global Youth Volunteer Corps', the biggest private overseas volunteer group in Korea. It was created in collaboration with five companies including MOBIS, the Hyundai Motor Company, and the Kia Motors Company as a means of providing the future leaders of Korea an opportunity to contribute to the global society and also learn useful lessons.

One thousand college student volunteers participated in the program during vacation periods, spending two weeks in various locations, doing volunteer work and learning about local cultures. As of July 2009, 1,500 volunteers have been sent to countries including China, India, Turkey, Thailand, and Hungary for volunteer projects in environmental protection, community welfare, medical service, and cultural exchange, and fostered a spirit of sharing.

■ The 2009 Global Poverty Eradication Campaign

On the International Day for the Eradication of Poverty(Oct. 17, 2009) MOBIS participated in the '2009 Global Poverty Eradication Campaign'. The campaign is a global initiative launched





to eradicate poverty. 120 countries are participating in the campaign.

Banners were hung over the major overseas business sites in China, India and Slovakia and employees wore white wrist bands to raise public awareness. Fund-raising and sponsorship of children from impoverished countries were conducted as well.

We also sponsored a fund-raising event titled 'Kim, Man Duk 10,000 Rice Bushel Donation', an event organized to help impoverished and undernourished Korean and foreign children.

■ Smile Microcredit Bank Foundation

In collaboration with the Hyundai Motor and the Kia Motors, as well as other HKAM companies, MOBIS established the 'Smile Microcredit Bank Foundation', which grants small credit-based loans without collateral requirements, helping low-income families to have the opportunity to re-establish their economic sustenance.

The foundation is established with the goal of helping low income families with low credit ratings to establish a foundation for economic self-sufficiency, by providing small loans, consultation service for people who want to start their own business, provision of job information, and assistance for credit recovery.

In order to realize its goal, MOBIS contributed 4.5 billion KRW in 2009 and plans to make an additional contribution of 45 billion KRW over following 10 years to help low income families who do not have access to other financial services. We also hope to protect citizens from loan sharks with our microcredit loans and support programs, and ultimately make a meaningful contribution to the society.

■ Traffic Safety School for Children

In collaboration with HKAM member companies, including the Hyundai Motor and Kia Motors, as well as the Seoul Metropolitan government, we created the Traffic Safety Education Park for Children in the Seoul Children's Park located in Neung-dong. The park, named the 'Kids Autopark', has various educational and other auto-related facilities, which can accommodate up to 12,000 youngsters and provides various simulated experiences, including a mock driver's license test and auto booths.

A special 'Children's Traffic Safety License' is given to children who complete the course and pass the traffic safety test. Issuing such a license is the first of its kind, helping children understand traffic safety not just from a pedestrian's viewpoint, but from the perspective of drivers. The program is highly interactive which thoroughly engages young people and makes learning enjoyable.

We plan to make a sustained effort to promote traffic safety as a key part of our social contribution activities. We also plan to especially focus on helping children and the disabled, who are most vulnerable to traffic accidents, by offering advanced traffic safety education programs.



Customers

Customers are the reason for our existence and there are the core of our values. We believe that our focus on customer satisfaction also serves as an engine for innovation. In light of this, we are escalating our effort to improve the quality of our products. With a zero defect quality control system in place, highly-caring customer service, and a 'manufacture in plant' practice that leads to self production of core components, we place customer safety and convenience as a matter of the highest importance. Continued transformation and innovation for customers will always remain a core value of MOBIS in the future.

Customer-first Management

The customer is a pivotal stakeholder in all businesses. MOBIS considers the customer as core of its value and has been striving to achieve the highest customer satisfaction in its business management. The first requirement for customer satisfaction is immaculate quality and service. We have established a system that allows us to deliver authentic after-sales service parts for customers all over the world.

We have also consistently provided top quality parts for new vehicles, and we are now established as a trusted partner in terms of price, delivery and technology standards. Specifically, we have established an inventory system that stores nearly 1.59 million authentic parts for 174 Hyundai and Kia vehicle models beyond the legal obligation of eight years. This is a business practice rooted in our management principle of 'we stand responsible for the last remaining customer of the last vehicle in operation'. Overall, we are actively practicing 'customer-first management.'

• GQ : Global Quality

GQ - 3·3·5·5

Become one of the top 3 in product quality within 3 years,
and become one of the top 5 in emotional quality within 5 years.

Customer Satisfaction Index

- Quality improvement measures for customer satisfaction
- C/100 → CS1000

CS1000(claims per 1,000 vehicles)

Creative Quality Improvement Activities(Quality)

- Quality = Quality + Productivity
- Activities conducted to create the best quality products with the highest productivity

New Quality Management Methods(6M)

- Worker mindset and verification of quality activity to become a prominent factor
- 4M + 2M(Moral / Measurement)

4M(Man, Machine, Material, Method)

Real Quality / Perceived Quality

- Improve perceived quality by achieving real quality improvement
- Become a clear leader on the overseas quality index

Core Keywords
&
Concepts

■ **Quality Control for Customers**

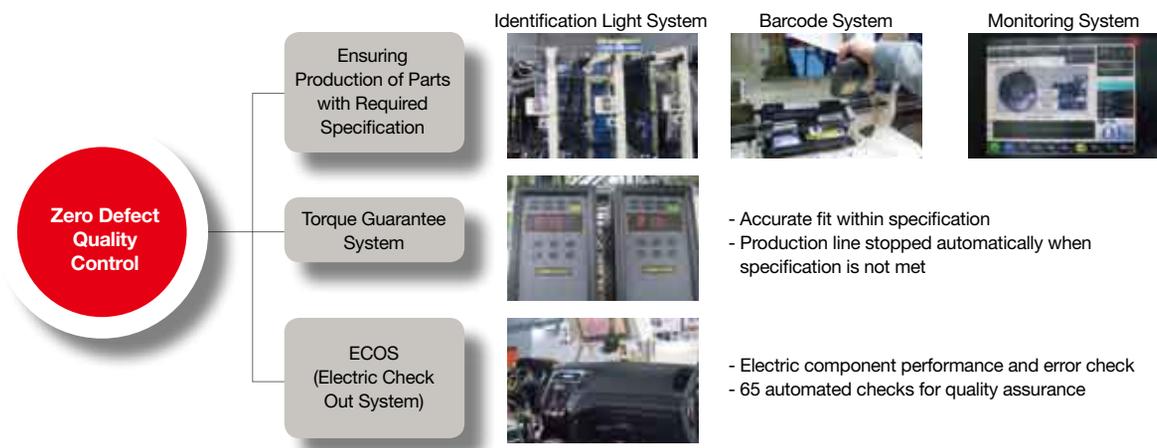
Customers set the standard for quality and product quality must meet their expectations. Since MOBIS produces and provides products both directly to individual customers and also to vehicle manufacturers, we established customized quality management systems that fulfill the needs of both. In designing our customized quality management program, we established a long-term strategic vision. Additionally, we created and applied various quality control system in all areas to realize our vision.

- Announcement of Quality Management Strategy and Goal Setting

We are pursuing a goal of ‘Innovative improvement in quality’ as a strategy to pursue coordinated growth in both quantity and quality to ensure our growth in the future. In addition, we are determined to realize our long-term goal of achieving Global Quality-3-3-5-5 and improve quality of all products. We will continue to work with vehicle manufacturers to improve quality, reduce customer complaints, establish an effective quality management system, and other practical measures to achieve sustained growth.

- Zero Defect Quality Control at Production Line

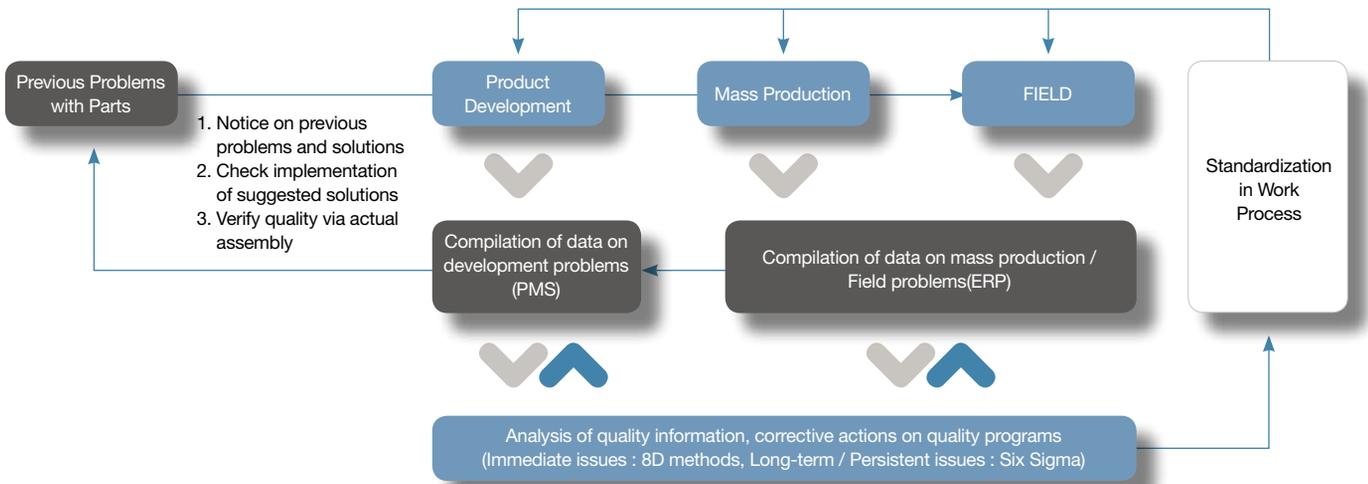
MOBIS implemented an ‘Error Proofing System’ in its production lines to achieve zero defect quality control. Specifically on the module production lines, the production process is designed to allow workers to conveniently check faults at each stage of the production process to ensure production of the correct parts that meet customer specifications. In addition, an assembly torque guarantee system is also in place to ensure that parts are strong enough for sustained torques for increased safety. An automated system has also been implemented to check for broken wire connections for electric components, safe-guarding zero defect quality control.



- Customer-oriented Quality Improvement Activities

MOBIS is striving to understand problems from the customer’s perspective and reflect our findings in quality improvement activities for improved customer safety and convenience. First, we review and analyze problems experienced in the past at development and mass-production stages and reflect the lessons in the design of new parts. Also we respond quickly to customer complaints by improving the problematic parts, while maintaining a record of issues addressed in a database. The database is then used as a complaint prevention system to ensure that problems are not repeated.

SOCIAL ACHIEVEMENTS



Six Sigma Six Sigma is a part of customer-oriented innovation activities. We are carrying out company-wide Six Sigma activities on important issues including quality management. Since 2006, we began to expand the scope of the activities, and further expanded its application to suppliers and overseas branches. A total of 68 Six Sigma projects were conducted in 2009 with benefits estimated to be equivalent to 8.2 billion KRW.

Six Sigma Implementation Goals

Stage	Introduction 2006 ~ 2007	Expansion / Proliferation 2008 ~ 2009	Institutionalization / Standardization 2010 ~ 2011
Management Plan	Established basis for company-wide application	Expanded to suppliers / Overseas branches	Establish independent management structure by division
Infrastructure	Developed customized in-house training program	Established on-line project bank system	Establish a company-wide management structure
Application Areas	Module parts business division	Module parts / After-sales parts / Management Support / Overseas sites / Suppliers	

MOBIS wins the Korean Management Quality Grand Prize



MOBIS' Quality & Environmental Management System With its growing global presence and a reputation as a top class auto parts manufacturer, MOBIS has implemented an environmental management system in addition to its quality management system, as a part of our sustainable management initiative. Basically, all processes at MOBIS including product development, production management, and operation processes are all defined and standardized following ISO/TS 16949 quality management system and ISO 14001 environmental management system standards. In recognition of our success in innovative management via sustained effort to improve the quality and environmental management systems, the Korea Management Association Consulting awarded us with the Korean Management Quality Grand Prize.

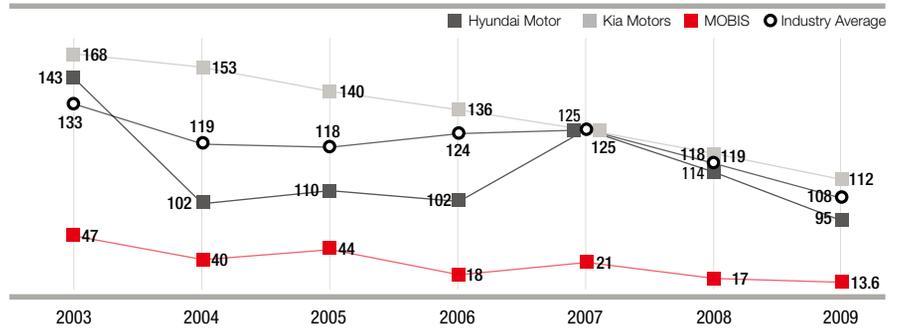
- Achievements in Quality

Our biggest client, the Hyundai Motor, was ranked as the best performer in the North America Initial Quality Study in the non-luxury vehicle category with a record-setting score. It ranked

as the top fourth performer overall, including luxury brands. The Kia Motor company's performance has improved by two spots compared to last year. Performance of our key clients, Hyundai-Kia Motors can be largely credited to the 20% improvement over the past year in quality of our parts including modules.

Quality Achievement of MOBIS

(Hyundai Motor 34% improvement, Kia Motors 33% improvement, **MOBIS 71% improvement**)

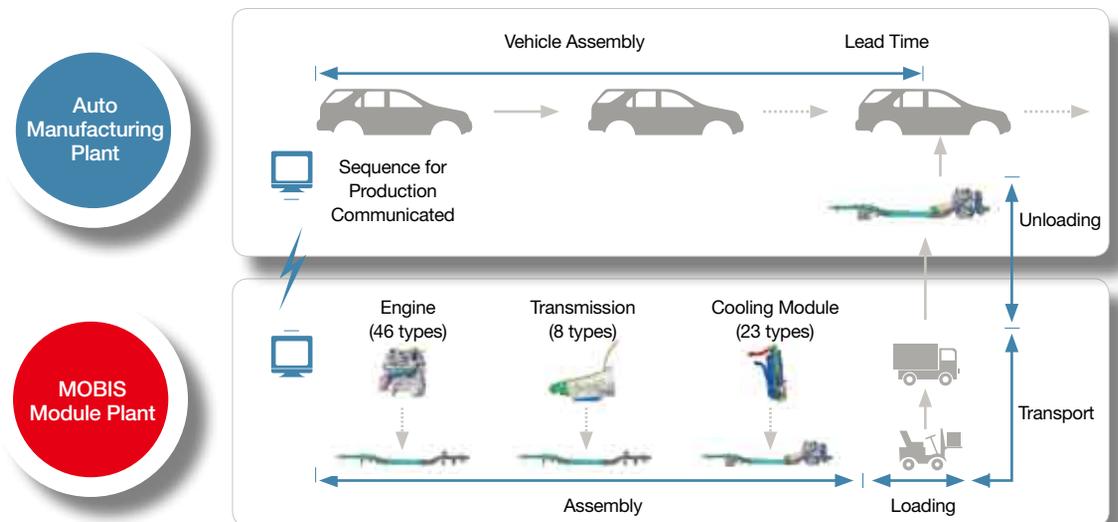


■ Distribution System for Customers

- Just-in-Sequence Module Production

In order to better accommodate auto manufacturer demands for 'timely production and supply of various products that meets requirements', MOBIS has implemented the Just-In-Sequence (JIS) production method that supplies many types of modules according to production sequence. By sharing vehicle production sequence information with the auto manufacturing plant, the JIS system allows us to produce various modules that meet the specifications for each vehicle and deliver them just when they are needed.

In this highly coordinated production system, the location of the module plant is crucial. The module plant has to be in close proximity to the auto plant, thus allowing timely module assembly, loading, shipping and unloading of parts with precision timing. Therefore, we always establish our module production plants in close proximity of our client's auto manufacturing plants.



SOCIAL ACHIEVEMENTS



Three-dimensional Distribution Management System

- On-going Effort in Rationalizing Distribution System

Thanks to efforts made in improving our distribution system, in addition to restructuring of our distribution centers, we improved parts supply efficiency and enabled timely delivery. Distribution innovation activities including the standardization of warehouse design, reduced inventory and the distribution process improvement has led to a visible outcome of per unit revenue distribution cost reduction of 12.22%.

Since December 2008, we began to operate the 'Three-dimensional distribution system'. This new system allows the user to see the location of the most demanded parts, allowing the user to relocate inventory to an optimal location where they are most easily accessible. This leads to increased productivity and speedy delivery of after-sales service parts to customers, as reduce inventory size. This system is currently in use at 11 regional offices, five distribution centers, 17 parts centers, as well as 21 overseas sites in various regions including North America and China.

■ Authentic Parts for Customer Safety

- Supplying Authentic Parts

Authentic MOBIS parts are the fruits of our sincere effort to provide the best quality parts for customers. Authentic parts meet all specifications and performance requirements of the vehicle manufacturer, and thus they are certified and supplied by the vehicle manufacturers. In addition to providing authentic parts for new vehicles, MOBIS is ensuring customer convenience and vehicle safety by supplying authentic parts for repairs and maintenance.

In order to ensure delivery of necessary parts promptly upon customer request, we have established 75 domestic branch offices with storage facility in size of 628,099m² and 28 distribution centers with storage capacity of 1,157,024m² around the world. Although, we are only required to maintain parts for 8 years by the consumer protection act, we maintain parts stocks beyond 8 years to satisfy consumer needs.

In addition, we have created a new brand, 'BESTFITS', for parts used on vehicles for more than 10 years. With the supply of 'BESTFITS' parts at a low price, we managed to improve customer satisfaction, as well as that of vehicle maintenance service providers.

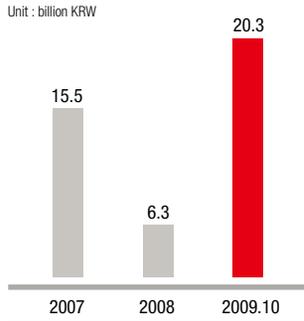
- Promoting Customer Safety

Due to a lack of understanding in intellectual property rights, some foreign parts makers are fabricating MOBIS parts. These fabricated parts are not only sold in the country of their origins, but are also sold in neighboring countries, presenting a threat to vehicle maintenance and customer safety. Some fabricated parts are also sold in Korea as well, inflicting damage to the domestic auto parts industry.

In addition to violating intellectual property laws, fabricated parts may cause engine damage, potentially leading to a sudden engine stoppage. In December 2006, the Trade Information Patent Association was established in collaboration with Korea Customs Service and private companies to prevent such accidents and enforce property rights law.

MOBIS collaborated closely with TIPA by identifying illegally fabricated parts and removing them from the market. As a result, we received 'Korea Customs Service Commissioner's Award' for our contribution in the enforcement of property rights.

Change in Fabricated MOBIS Parts Trading Volume



Cross section of authentic MOBIS oil filter



- Capable of withstanding repeated oil pressure (can withstand over 20,000 shocks)
- Large filter paper size of 1,080cm² (can filter out 100% of impurities of size of 50µm)

Cross section of fabricated oil filter



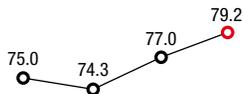
- Not capable of withstanding repeated oil pressure (can only withstand 13 shocks)
- Filter paper size of only 302cm² (can filter out only 63% of impurities size of 50µm)

Fabricated Parts Status

	2007		2008		2009. 10	
	Identified incidents	Amount in billion KRW	Identified incidents	Amount in billion KRW	Identified incidents	Amount in billion KRW
Total	55	15.5	42	6.3	154	20.3
Domestic	10	12.3	13	3.7	8	3.4
Overseas	45	3.2	29	2.6	146	16.9

*All fabrication identification were results of MOBIS' own investigative effort

Customer Satisfaction Survey by Dealers



2008	2008	2009	2009
1st half	2nd half	1st half	2nd half
75.0	74.3	77.0	79.2

Customer Satisfaction Activities

MOBIS is always listening to our customers, hoping to become a true partner in supporting our customer's growth. Our branch offices and parts dealers are responsible for supplying authentic parts for repairs. We also operate customer centers(1588-7278) in order to provide support for our customers 24 hours-a-day throughout the year.

We also established a computerized database which has parts information with price and photos, allowing customers to browse them online via the Web Parts Catalog(WPC). With a goal of achieving 100% customer satisfaction, we have increased monitoring activities at the point of contact with our customers and through surveys. Monitoring results are analyzed and the findings are addressed via improvement activities such as customer satisfaction training.

■ MOBIS Customer Satisfaction Index(MCSI)

Realizing the importance of parts dealers as a channel for dialogue with our customers, we conduct customer satisfaction surveys by the dealership owners and managers on a bi-annual basis. In the survey, we ask for their opinions on the quality of MOBIS dealership support activities, training, parts supply, service claim response, and overall business relationships. In addition, we also ask for suggestions on how to improve distribution and returns of defective parts. We take these surveys very seriously. After analyzing the result, we promptly incorporate findings into our customer satisfaction promotion activities.

SOCIAL ACHIEVEMENTS



Customer Satisfaction Training

■ Customer Satisfaction Support Activities

In order to improve customer satisfaction, customer service trainers visit regional sales offices and dealerships. The trainers survey customer satisfaction status and relevant processes in detail before conducting training.

The customer support center operates 24-hours per day, 365-days per year to provide information and support requested by individual vehicle owners, repair shops, sales offices and other customers. In 2009, the center handled a total of 682,428 requests from customers. Tailored training for dealership owners, desk managers, and distribution staff is provided to achieve the best possible results that will lead to greater customer satisfaction. Market leaders are also identified for best practice sharing.

Starting in May 2009, videos of best practice dealerships have been produced and distributed. In addition, we are conducting online training programs and collective training to further encourage dealers to make greater efforts for increased customer satisfaction.

Dealership Customer Satisfaction(CS) Management and CS Training

Detail	2006	2007 1st half	2007 2nd half	2008	2009	
Type of Trainees	Owners and Staff			Staff		
No. of Trainees	1,353	894	441	151	1,397	624
Training Method	Collective training	Collective training	Collective training	Collective training	e-Learning	Collective training
Duration	3hr	3hr	8hr	8hr	16hr	4hr

Customer Request Processing Status by Types

Unit : cases

Customer Request Type	Specification, Customization	Parts Number	Parts Change	Inventory / Price	Complaint	Goods	Others	Total
2007	284,762	163,667	69,777	101,544	1,033	19,865	56,869	697,517
2008	468,704	98,463	70,634	67,081	3,262	13,995	33,249	747,388
2009	400,994	84,534	74,553	78,464	6,190	7,385	30,308	682,428
%	58.8	12.4	10.9	11.5	0.9	1.1	4.4	100

Thank you Letter from a MOBIS Customer

Customer Satisfaction Success Example • A letter from Jang, Hong Soon

Customer Service does not take New Year's off

It was the morning of the New Year's day. I had to get my car repaired, but I could not find the necessary part anywhere. Everything was closed including the near-by MOBIS dealer. After many hours of despair, I tried calling the MOBIS customer service center. The customer service representative listened to my situation and told me that he would get back to me.

About 10 to 20 minutes later, he called me back and asked me whether I could visit the West district sales office in Paju. He gave me address and phone number of the manager in charge of the office. I hurried to the West district sales office.

After a bit of a struggle, I met a gentleman, Ahn, Dong Yul, who was the manager of the office. He went into the warehouse and brought out the part that I needed. His clothes got dirty while he was searching for the part. I felt both sorry for him and also grateful.

Mr. Ahn was with his wife who had to drive for him because he had a little bit to drink as a part of the New Year's ritual for his ancestors. She told me that it took her two hours to get to the office in Paju from Sungsoo-dong in Seoul, although it usually takes about one hour, due to holiday traffic. Regardless, Mr. Ahn said he was thankful for getting to the office before I arrived. Usually, people find an excuse to avoid situations like this, especially during holidays. However, I was truly impressed by Mr. Ahn's sincerity to help me in my situation. I was deeply moved and I am certain that MOBIS has become such a respected company because of people like Mr. Ahn.

■ Customer Satisfaction Support Structure

- Establishment of Web-based Customer Support Structure

MOBIS built a website which hosts various customer support systems. First, the Web Parts Catalog(WPC) allows customers to find the parts they need conveniently by providing photos and names of the parts.

In addition, further enhancement to the parts distribution system will be made by establishing a system that informs users which sales offices and warehouses have the parts that the users need. The system will be capable of sending information on the location of the site that has the part, and is in the closest proximity to the customer location, in a truly customer-focused manner.

- Supporting Warranty Repairs at 30,000 Vehicle Repair Shops

In the past, customers could only get warranty repairs done at about 2,000 after-sales service centers directly affiliated with the Hyundai-Kia Motors Companies. In order to improve customer convenience, we expanded our after-sales service network to include 30,000 non-affiliated vehicle repair shops, allowing customers to conveniently receive after-sales services using authentic parts.

A limited number of parts that need in-depth diagnostics have to be brought to one of the affiliated repair shops before warranty service. However, the expansion of the service network has greatly improved customer convenience and participating vehicle repair shops could also improve their credibility, serving customers with increased confidence.

- Customer Information Protection

Protecting the personal information of our customers is an important basis of trust. MOBIS has established an enhanced security management system, implemented information security policies, and use encryption technologies to safeguard the information. In addition to encryption technologies used for internal information exchange, a real-time information security management system is in place to further protect the personal information of customers.



www.MOBIS.co.kr/kor/support/wpc.asp

Employees

Although we are in the automotive business, we place greater emphasis on people than on automobiles. We fully recognize that the earnest effort of passionate employees have been the key to our success. Therefore, we firmly believe that helping the personal development of our employees is the key to our future success.

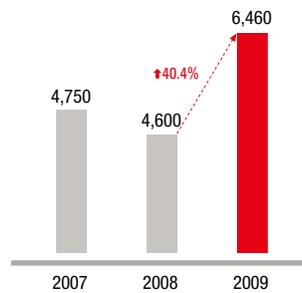
MOBIS is providing a variety of support for personal development, creating a foundation for both the company and employees to take on the global market. In addition, we invest in creating a healthy and safe workplace, while providing competitive employee benefits to ensure our employees work with great pride and sense of satisfaction.

Employee Status

As of December 2009, 6,460 employees were directly employed by MOBIS, 6,207 are based in Korea and 253 are based in overseas locations. We had a 40.4% increase in our work force compared to the previous year, directly contributing to job creation in Korea and also overseas. Our businesses also contribute indirectly to the creation of thousands of jobs in relevant sectors.

Total Number of Employees

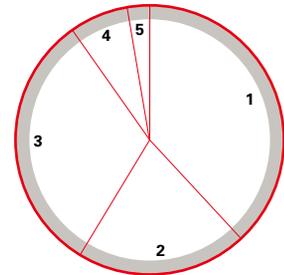
unit : person



*The increase in 2009 is mainly due to merger with Hyundai Autonet Co., Ltd.

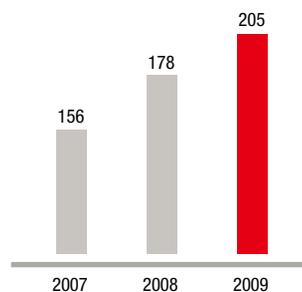
Domestically-based Employee Status by Job Types

1. Administration	38.5%
2. R&D	21.8%
3. Manufacturing sites	33.5%
4. Contract / Outsourced workers	5.0%
5. Others	1.3%



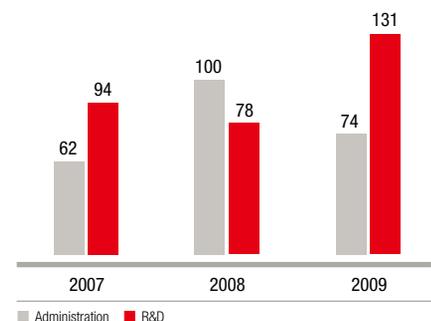
Job Creation Status

unit : person

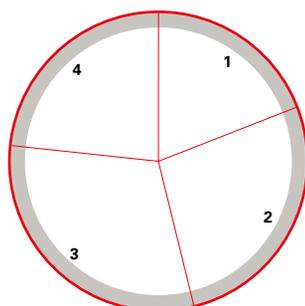


Job Creation Status by Job Types

unit : person

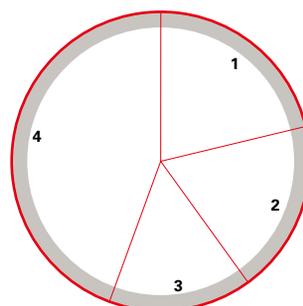


Employee Status by Regions(Domestic)



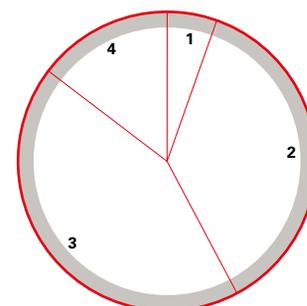
1. HQ	21%
2. R&D Center	24%
3. Plants	32%
4. Parts	23%
Total	6,207 persons

Employee Status by Regions(Overseas)



1. U.S.	23%
2. Europe	22%
3. Asia Pacific	14%
4. China	41%
Total	253 persons

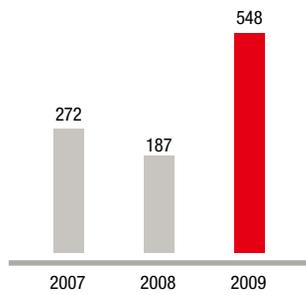
Employee Status by Age Group



1. 50's	6.0%
2. 40's	32.6%
3. 30's	44.0%
4. 20's	17.7%

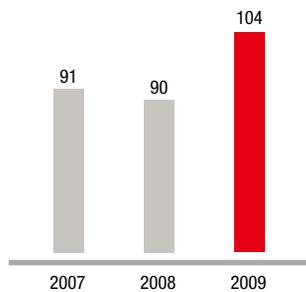
No. of Female Employees

Unit : person



No. of People with Disabilities Hired

Unit : person



■ **Open Hiring Policy**

MOBIS is striving to ensure equal opportunities to all people regardless of gender, nationality, race or religious belief. As a result, the number of females, people with disabilities hired and foreign nationals is increasing.

The number of female employees is 548, which is 8.5% of the MOBIS workforce, and an increase of 193% compared to the previous year. The number of people with disabilities hired is 104, which is 1.6% of our work force and an increase of 13.5% compared to the year before.

Due to the special characteristics of the auto parts industry that involve a great deal of mechanical work, the portion of females, people with disabilities and locally-hired employees are relatively small. However, this status is expected to change dramatically as society continues to evolve and MOBIS expands its global operation. We plan to make a greater effort to provide equal opportunities to females and minorities, while also supporting these groups in any other way possible.

- **Prevention of Child Labor and Forced Labor**

MOBIS is following the UN Global Compact demands to abide by the 10 principles which require mandatory minimum hiring age of 18 years. Also, MOBIS does not force workers to work beyond legally agreed work hours or holidays, and does not penalize workers for not doing so.

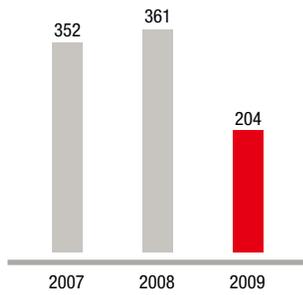
- **Education on Prevention of Sexual Harassment**

All employees receive annual education on the prevention of sexual harassment.

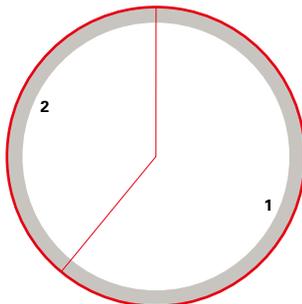
SOCIAL ACHIEVEMENTS

Number of Retirees

unit : person



Proportion of Workers Subjected to Collective Bargaining



1. Non-members 61%
2. Union members 39%

■ Fair Performance Evaluation and Retiree Benefits

All MOBIS employees are given equal opportunities regardless of gender or nationality, and are subjected to a standardized pay scale and fair evaluation. The transparent and fair performance evaluation system and transparent H/R policy has improved employee satisfaction, leading to the maintenance of a great workforce.

A mentoring system has been implemented to help new entry-level employees quickly adapt to the MOBIS corporate culture and begin their professional career with increased stability.

A special compensation program is in place for long-serving employees and employees who retire after long service for MOBIS. Beginning in 2011, a new pension system will be implemented, which will allow the retirees to have a stable income during their post-retirement life.

Employee Salary Paid

Category	2007	2008	2009
Total number of employees(persons)	4,750	4,600	6,460
Average duration of employment(years)	12.4	13.3	12.7
Total annual salary paid(million KRW)	274,700	287,800	373,110
Per employee salary paid(million KRW)	61.1	63.7	65.4

*Salary figures includes retirement compensation, and there is no difference between pay scheme for employees of different genders.

● Job Stability and Building Labor-Management Trust

The Job stability and Labor-Management Trust is an important foundation for robust mutually beneficial cooperation. MOBIS guarantees the right to form unions, representative bodies, and collective bargaining, as also guaranteed by the labor laws in Korea. The company does not discriminate against workers for their participation in union activities within the limits of the law. As of December 2009, 2,562 employees have joined the trade union, which is about 40% of the total employees.

A labor-management council has been established to promote more productive labor relations. The council consists of approximately eight members with equal representation between management and labor union representatives. The council members hold meetings to discuss mutually beneficial development and methods to improve labor-relations. A separate committee on employee complaints is also in place for addressing employee concerns.

In addition, important decisions on policies and businesses that affect trade union members are communicated to the labor union before it is made public, as a means of facilitating better management-labor communication.

[Decisions that must be communicated to the union before public announcement, as agreed to in articles 39 and 40 of the Collective Labor Agreement]

- Matters in regards to merger, take over and sales of business units must be communicated 90 days prior to signing of the contract.
- Matters in regards to production, R&D, research, production of parts in whole or in collaboration with outside agents must be communicated 60 days prior to the establishment of the plan.
- Matters in regards to relocation and reassignment of duties for technical and management needs, and re-training must be communicated to the trade union immediately.

● Personal Development Support Structure

It is our aim to provide training opportunities to not just help employees to work more effectively, but also to help each realize their potential fully and feel a sense of achievement



via personal growth. The training program is classified into four categories of job training, level-based education, global expertise training, and labor relations training. All programs are designed to facilitate employee development and also to contribute to increasing value of the company. Employees now benefit from the establishment of cyber training center which offers more than 320 courses on topics ranging from general management to global business capacity. In-company experts and external experts were hired to create course materials with robust quality.

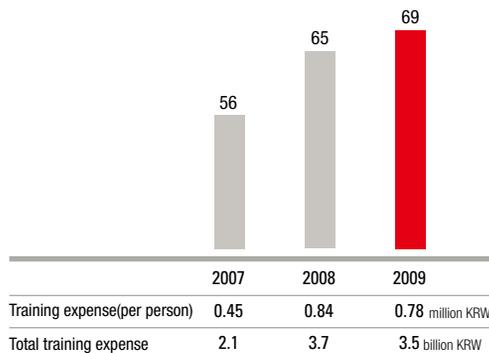
In order to foster global business capacity, a wide array of foreign language training programs, the MOBIS foreign language experience center, and global frontier courses are offered. Locally-recruited, overseas staffs are also given the opportunity to visit domestic plants and R&D centers, improving their understanding of MOBIS operations. We also conduct a global manager training course that offers trainees the opportunity to experience Korean culture.

MOBIS HR Development Vision and Strategic Direction



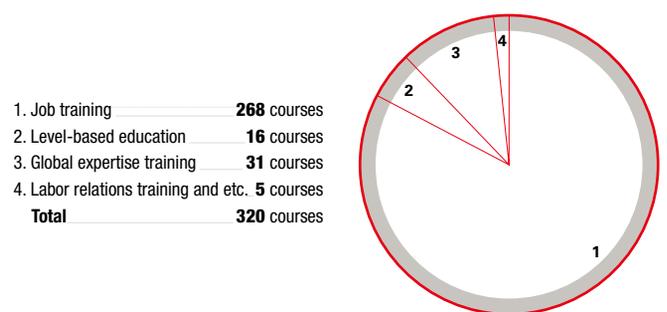
Training Status(time invested on training per person)

unit : hours



*Figures calculated excluding outsourced and contract workers, overseas staffs and the Hyundai Autonet employees.

Training Course Composition



Workplace Health and Safety and Improving Quality of Life

MOBIS is taking a great care to make its workplace safe and protect employee health. A great employee benefit package is also in place to enhance our employee's quality of life.

Employee Benefits

MOBIS provides various employee benefits including Financial Stability benefits, Health benefits, and Convenience benefits. The Financial Stability benefits package includes support for a personal pension, in addition to the national pension subsidy, for added financial stability after retirement. Other benefits included in the package are the children's education expense support package and financial support for special personal events(marriages, funerals of family member), as well as special discounts on cars, parts and repair work.

The Convenience benefits package includes holiday gifts, travel expense subsidies, and shuttle buses for commuters. Health Benefits include medical expense subsidies, regular health check-ups by age group and etc.

In 2009, 4,600 employees benefited from the Health Benefit Program, as did 600 employee family members, in the amount of 550 million KRW. The Health benefit expenses include expenses for abdomen ultrasonic waves, tumor marker test, breast ultrasonography, uterine cervical cancer test, although they are not required by the Occupational Health and Safety Act.

Employee Benefits Expense in Detail

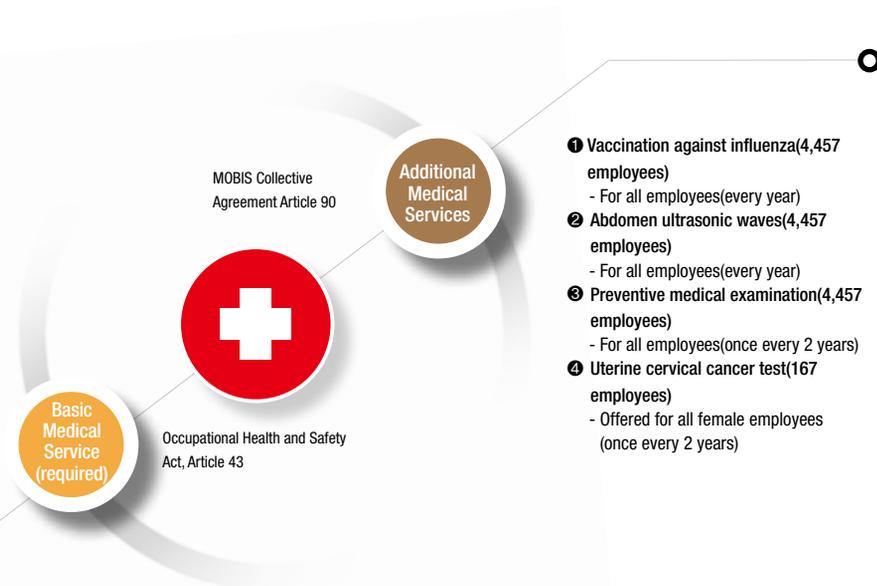
unit : million KRW

Type of Benefits	Amount
National Pension Service	10,046
National Health Insurance(long-term care insurance for senior citizens)	9,381
Employment Insurance	3,443
Accident Insurance	94
Health / Safety / Sanitation	3,474
Culture / Recreation	27,637
Others	13,103
Total	67,178

Illness Prevention Program

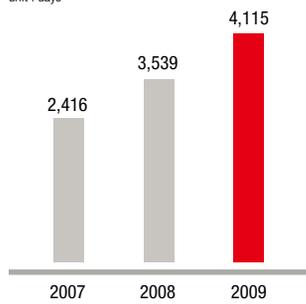
- ❶ Height, Weight , Obesity, Eyesight, Hearing, Blood pressure
- ❷ Chest X-Ray
- ❸ Urine test : Glycosuria, Proteinuria
- ❹ Blood : Pigment, Blood sugar, Cholesterol and etc.
- ❺ Hepatitis : Hepatitis(type) B
- ❻ Electrocardiogram : For employees over 40 years old
- ❼ Oral examination

- Office workers : once every two years(HQ, R&D center)
- Plant workers : once a year(plants, regional offices)
- Some workers who used to do desk jobs may not be eligible for the annual health check up for up to one year.



Number of Days off due to Workplace Accidents

unit : days



'Stop, Think, Check' activities for accident prevention

Industrial Health and Safety

MOBIS is taking all possible measures to prevent workplace accidents including workplace improvements and safety check-ups. MOBIS requires strict implementation of the Safety Health Management System and provides a health and safety manual for accident prevention. Specifically, monthly Health and Safety Council meetings are held on a regular basis resulting in the identification of 742 improvement areas, addressing of which, decreases the risk factors for not only MOBIS employees, but also for supplier employees. We have also taken measures to reduce noise levels, implemented a hearing protection program, and eliminated identified factors that may lead to musculoskeletal disorders.

In 2009, MOBIS experienced 11 workplace accidents, which is two more incidents than we had in 2008. The number of days missed due to workplace accidents also increased by 576 days, to 4,115 days total. However, the increase is mainly due to the significant increase in the number of total employees by the merger with Hyundai Autonet Co., Ltd.

MOBIS has purchased a collective accident insurance policy, and thus relevant employee medical expenses are covered. In addition, relevant medical records are also maintained to ensure continued monitoring of the affected employee's health status. MOBIS also plans to receive OHSAS18001 – Occupational Health and Safety Management System certification in 2010 to more effectively manage employee health and safety.

Fostering Positive Corporate Culture

MOBIS is striving to create a pleasant workplace. In order to create a truly great place to work, top management has incorporated a great number of employee opinions.

In 2009, a new 'Healthy Behavior Encouragement System' was implemented to encourage employees to refrain from over-drinking, quit smoking, and to reduce obesity. A new program called 'Power Sponsorship' has also been implemented, as recommended by employees, which allows MOBIS employees to access hospital, gym facilities, and other facilities at a discounted rate. An overseas training program is also in place, which allows employees to develop global expertise by spending a short period of time at overseas sites, fostering the development of overseas experts.

An annual survey is also conducted to find out how employees feel about 12 key categories including workplace environment, benefits, and HR policies to identify improvement ideas. Using the survey result, MOBIS prioritizes areas of improvement, and implements changes to further improve employee satisfaction.



A close-up photograph of a pair of hands, one from an older person and one from a younger person, gently holding a small green seedling with three leaves in dark brown soil. The hands are positioned as if planting the seedling. The background is a textured surface of soil.

MOBIS does not think solely of creating parts that will make cars run faster because speed is not the only aspect in motor vehicle evolution. Instead, we pursue technologies that will enable cars to run more safely, stop more quickly in a more stable manner, while causing less pollution. Under the motto of *'driving science'* we firmly believe that a sustainable society, where humanity can peacefully coexist within the natural environment, is the greatest asset that can be handed down to future generations.

MOBIS is promoting environmental management in all corporate activities including the development of innovative technologies for tackling climate change and global environmental regulation compliance activities.

Environmental Achievements



56

Input & Output Assessment 2009

57

Tackling Climate Change

1. **Development of Environmentally Friendly Parts**
 - Hybrid Electric Vehicle Core Component Production
 - Development of Lightweight Components
 - Energy Efficient Parts Development
2. **Greenhouse Gas Reduction Activities**
 - Greenhouse Gas Emission Management
 - GHG Emission Reduction Activities

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Hazardous Materials Management

1. **Chemical Materials Information Management System**
2. **Prohibition on the Use of Four Heavy Metals**
3. **Prohibition on Use of Ozone Depletion Chemicals**

66

Resource Efficiency Improvement

1. **Raw Materials**
 - Metals
 - Plastics
 - Solvents
2. **Waste Reduction and Recycling**
3. **Energy Usage**
4. **Water Resource Usage**

69

Clean Production

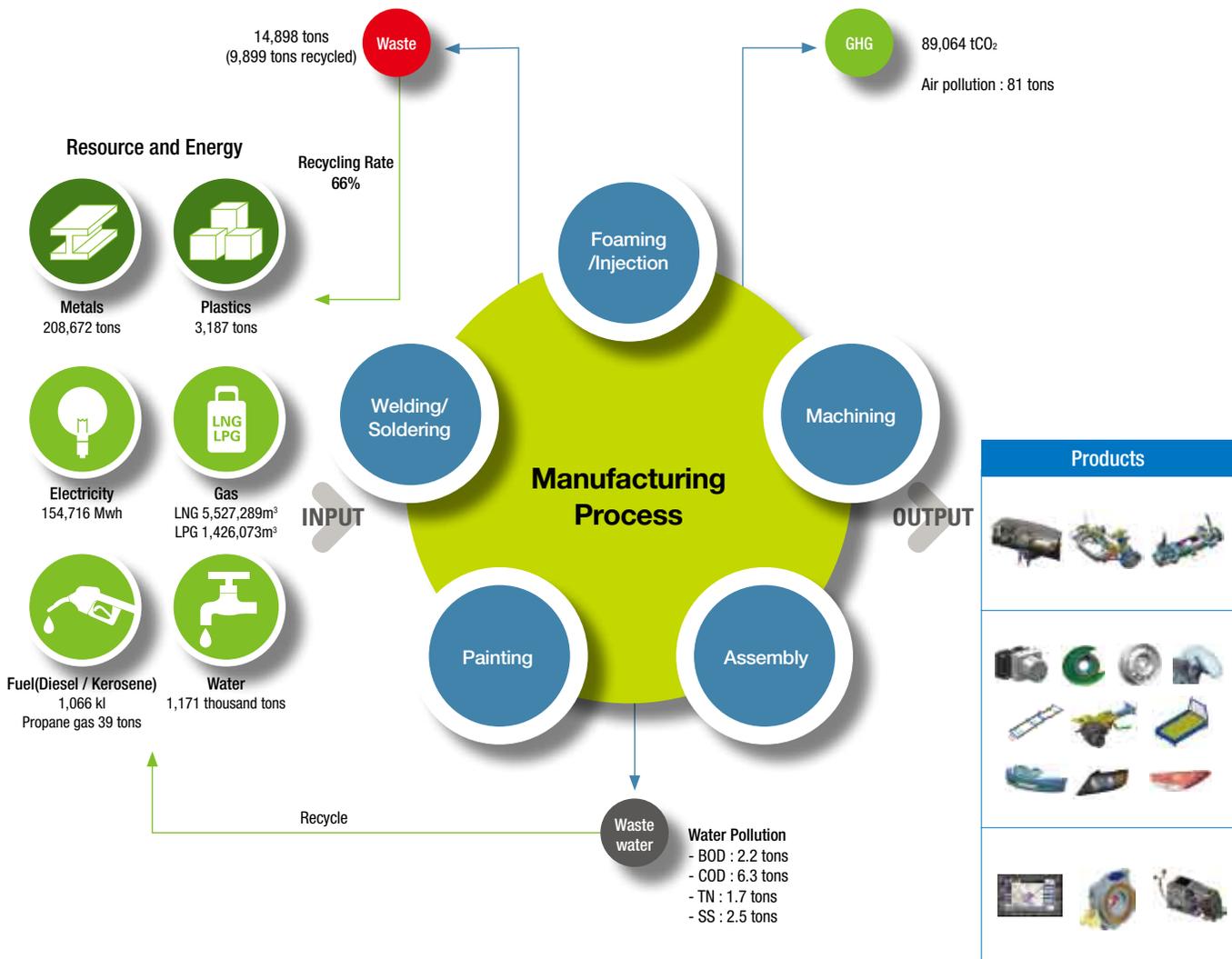
1. **Air Pollution**
2. **Water Pollution**
3. **Environmental Emergency Response Capacity**

**ENVIRONMENTAL
ACHIEVEMENTS**

**Input & Output
Assessment
2009**

We are conducting on-going quantitative analysis on raw materials and energy input. Comprehensive assessment of environmental impact caused by our business activities is also conducted to identify effective response measures that would ultimately lead to the reduction of the overall environmental damage.

**Input & Output at
Manufacturing Plants**



Tackling Climate Change

Climate change is the most important global environmental issue today. As a global auto parts manufacturer, we recognize our responsibility to tackle climate change, and therefore have strengthened development of environmentally friendly parts, as well as GHG emission reduction efforts. Our high-efficiency electric drive-train is contributing to reducing fossil fuel use and we are making significant achievements in GHG emission reduction by improving our manufacturing processes.

Development of Environmentally Friendly Parts

In September 2008, MOBIS began pioneering the core components for hybrid electric vehicles, which is widely regarded as the next generation of environmentally friendly vehicles. Since then, we have taken on a number of initiatives to solve energy problems and global environmental issues including the development of electric motors and hybrid powertrain components; electric motor and power electronics, expanded car electronics component development efforts, research in weight reduction, and development of new materials that can be more easily recycled.

We have also accelerated our effort to develop parts that can contribute to the creation of more energy efficient vehicles in collaboration with auto manufacturers from the early stage of development. This ultimately results in the creation of high-efficiency vehicles that will achieve a great reduction in carbon emissions and reduce the automotive industry's reliance on oil. We are making significant progress in the development of proprietary technologies including electric motor which requires reduced amount of rare materials and advanced motor controls mechanism.

Hybrid Electric Vehicle Core Component Production

The motor is an important core component of hybrid cars which plays multiple roles including engine start-up, torque boosting during acceleration, and regeneration of energy during

Core Component of Hybrid Electric Vehicles



ENVIRONMENTAL ACHIEVEMENTS

Development Plan for Core Components of Next Generation Automobiles



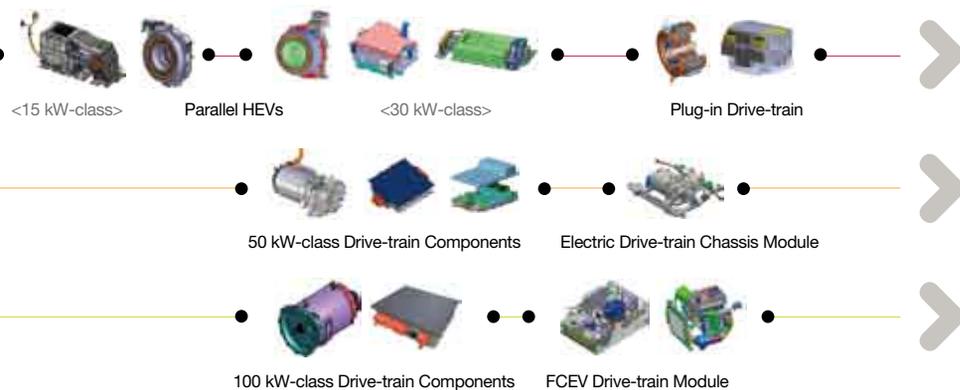
HEVs



EVs



FCEVs



deceleration. MOBIS' IPM(Integrated Power Module) is comprised of a high-capacity battery, an inverter that controls the motor, and a converter that supplies electric power to car electronics by converting high-voltage electric power of battery to lower voltage electricity. The core technologies employed in the components of hybrid electric vehicles including the motor, battery, inverter and converter can also be used for other environmentally friendly vehicles including plug-in hybrid electric vehicles, electric vehicles, and fuel cell electric vehicles. As a result, there is fierce competition for development of relevant technologies. With strong in-house capacity and co-work experience with car OEMs in terms of development of electric motor and power electronics and chassis module assembly technologies, MOBIS plans to develop electric motor and power electronics integrated into chassis module with reduced size and cost and supply comprehensive solution to auto-makers in the future.

Development of Lightweight Components

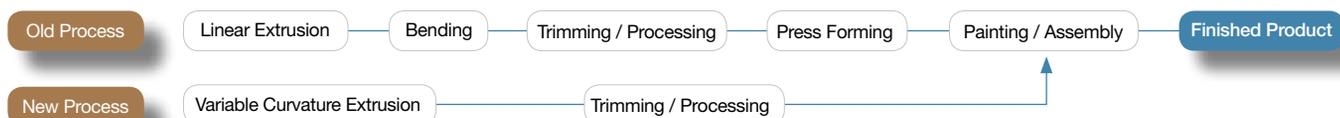
Weight reduction is an important factor to improving fuel-efficiency. Therefore, great progress has been made in reducing vehicle weight significantly without compromising vehicle safety and performance. Generally speaking, per kilometer CO₂ emission can be decreased by 5.2 grams when the vehicle weight is reduced by 10%.

MOBIS is achieving weight reduction by reducing the number of parts used in modules, along with the application of new light-weight materials. High-tensile steel, magnesium, aluminum and plastics are light-weight materials often used for achieving weight reduction.

MOBIS recently became the first company to receive the New Technology Development Certificate by the Korea Industrial Technology Association for weight reduction achievement made via the successful application of Variable Curvature Extrusion technologies to produce control arms and bumper back beams using aluminum(Emissions reduction impact made for 2008 and 2009 vehicle models).

Variable Curvature Extrusion(VCE) Technology

The Variable Curvature Extrusion Technology simplifies the manufacturing process by achieving needed curvature via an extrusion process, eliminating the need for the forming process





Aluminum Control Arm



Aluminum Bumper Back Beam



New Technology Certificate for Variable Curvature Extrusion Technology

- Control Arm

MOBIS has been using A6000 series extrusion materials for the manufacture of control arms to meet specifications required by prominent auto makers overseas. Recently, MOBIS developed a modified 6,000 series aluminum alloy to further increase part strength and strain properties. In addition, the successful application of patented VCE technology in control arm production simplified the production process leading to the production of high quality control arms at low cost. Currently, a new control arm with 50% weight reduction(3.5kg → 1.75kg) is used in Kia Motors Sorento and Mohave for export to the North American market(VCE technology patent pending in Germany, US and China).

- Bumper Back Beam

The bumper back beam is the core component of bumpers, softening and absorbing the impact energy, leading to the prevention of personal injuries. MOBIS developed the A7000 series alloy for use in the production of bumper back beams and applied VCE technology to increase impact energy absorption capacity by three fold.

Deformation resistance was increased by three fold accordingly, and achieved 5 MPH frontal crash sustenance requirement. The development of a low cost aluminum bumper back beam was also completed. By replacing the old bumper back beam(8.3kg) with the new light weight beam(4.9kg), the company achieved a reduction of 3.4kg(41%)(Data source : Automotive Parts Innovation Center, Safety Test Center Test Report)

- Natural Fiber Reinforced Compound Material

Due to many factors including depletion of oil resources, recyclability, cost reduction, climate change, strengthened environmental regulations, and the demand for environmentally friendly materials, use of natural fiber-reinforced compound materials is spreading widely. One of the greatest benefits in using natural fibers is the weight reduction effect of up to 10% compared to existing materials. We are developing technologies that make use of natural fiber-reinforced polypropylene as a material for instrument panels. Various tests on odor reduction, heat resistance, light resistance and long-term stability are under way to assess the viability in practical applications. The successful application of the new material is expected to result in 10% weight reduction in the instrument panel component. For application in Sonata model, a 0.4kg reduction from 4kg → 3.6kg is expected.

■ Energy Efficient Parts Development

- LED Vehicle Headlamp

The LED headlamp is a high-tech component that requires the fine application of various multiple core technologies including optical design technology, a cooling system, driver module and semiconductor devices, which in combination contribute to reducing electricity consumption and in the same time CO₂ emissions. Our LED headlamp is 2.45 times more energy efficient with an energy consumption rate at 148.8W, which is significantly smaller than commonly used halogen lamps that are rated at 365W on average.

Specifically, efficiency improvements made for the daytime running light energy consumption

LED Headlamp



The pictured headlamp assembly consists of low beam, high beam, signal light, day time running lamp and side-marker lights. (Refer to the fuel use reduction and CO₂ emission reduction impact study published by the University of Michigan Transportation Research Institute for more details)

ENVIRONMENTAL ACHIEVEMENTS

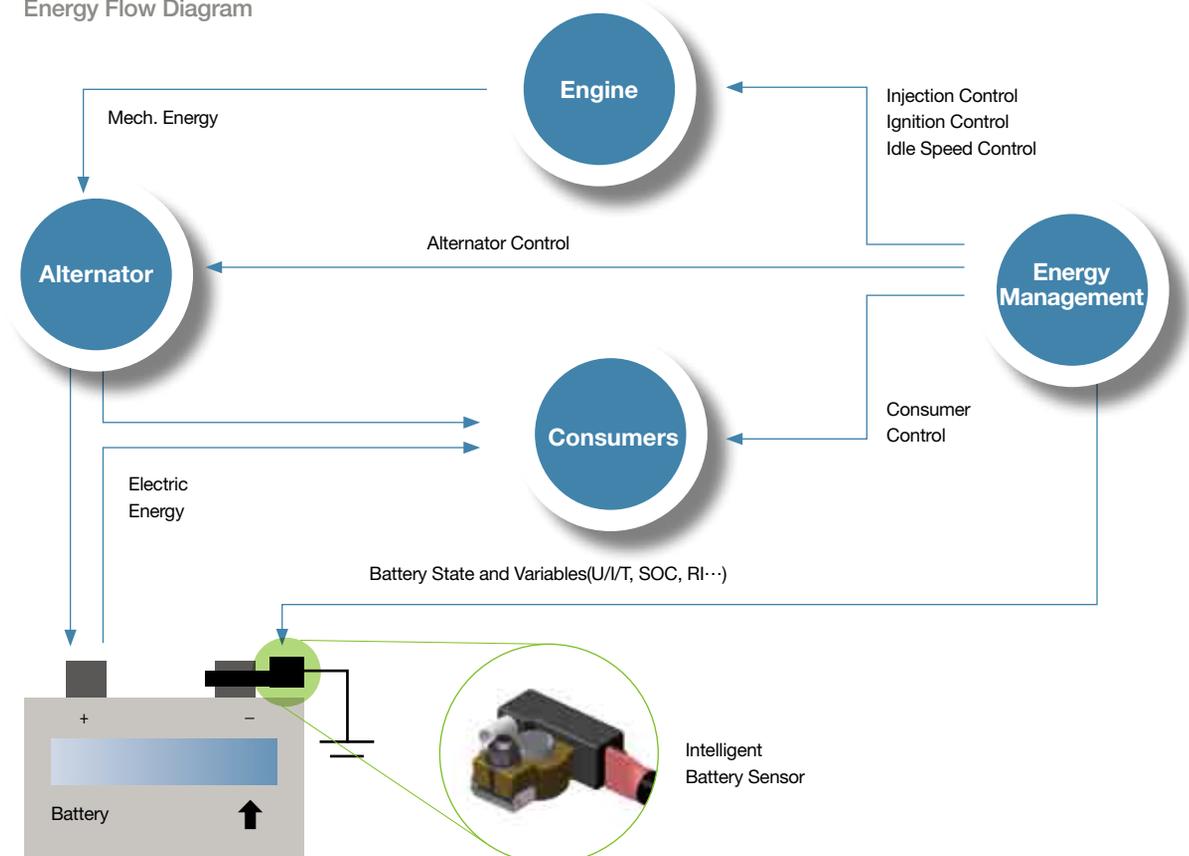
from 57W to 10.8W is expected to contribute to a 18.5ℓ reduction in gasoline use and 42.5kg reduction in CO₂ emission per year. Our LED headlamp units utilize optical modules optimized for each vehicle segment class and have a plastic, aspheric lens for improved light color and lighter weight. A custom control system has also been developed for the headlamps. Development has begun on the application of LED headlamps on high-value Adaptive Front Lighting System and Smart Light system units. We have invested 70 billion KRW on the construction of a new headlamp assembly plant in Gimchun, Korea with an annual production capacity of 1 million units. With the new plant on line, in addition to the IHL company's 2.9 million and 1.1 million unit annual production capacity of Jiangsu Lamps, MOBIS is now able to produce 5 million headlamps a year.

- Intelligent Battery Sensor

The Intelligent Battery Sensor(IBM) monitors battery voltage, electrical current, and temperature, in addition to assessing charge status, aging status and the ability to re-start the engine, which in turn contributes to fuel efficiency and a reduction in emissions.

The Idle Stop and Go system that eliminates unnecessary engine idling by stopping the engine when a vehicle is at a standstill, and restarts the engine when the vehicle is about to move, relies on the battery status information generated by the IBM. The Alternator Management System that determines the operation of the alternator for battery charging, also relies on the battery status information from the IBM, leading to an overall increase in the energy efficiency of the vehicle. MOBIS became the first Korean company to develop IBM in September 2009 and it was installed into many vehicles including the C and E class models by Daimler Benz. We are currently in the process of developing a custom algorithm for IBM, which will be used for Hyundai-Kia models in 2010.

Energy Flow Diagram



Greenhouse Gas Reduction Activities

MOBIS is making a company-wide effort to comply with the international climate change treaty and tackle climate change issues by reducing GHG emissions. We have set energy use reduction targets and have begun taking measures to lower energy use and CO₂ emission. We have also incorporated energy conservation issues into our employee training program.

Greenhouse Gas Emission Management

A great majority of GHG emission by MOBIS is due to energy use. Our main energy sources are electricity and LNG. In 2009, electricity accounted for 79% of energy use and LNG/LPG accounted for 19%. Other fossil fuels accounted for the remaining 2%. In order to achieve a reduction in energy use, energy managers were appointed and an energy conservation plan has been created for implementation.

GHG emissions from MOBIS sites have increased from 86,666 tons in 2008 to 89,064 tons in 2009 due to the expansion of the organization via merger with the Hyundai Autonet Co., Ltd. In reality, MOBIS has implemented energy cost reduction measures which led to a 9% reduction in CO₂ emission per sales from 0.92 tons to 0.84 tons.

MOBIS is managing the emissions of six majors GHGs including CO₂, PFC, HFC, SF₆, N₂O, and CH₄ listed in the Kyoto Protocol. All domestic plants and distribution centers are managing their emissions, while a plan is in place to implement GHG emission at overseas sites. We plan to establish a detailed GHG inventory in order to assess reduction potential and manage GHG emissions in a more systematic manner.

GHG Emission Reduction Activities

- Reducing Electricity Use

We are making continued progress in reducing our environmental impact by employing various technologies including energy conservation and improvements in productivity.

Most of our emissions are due to electricity use which accounts for 79% of our emissions. In order to contribute to the global GHG emission reduction effort, we began electricity use reduction activities starting in December 2007.

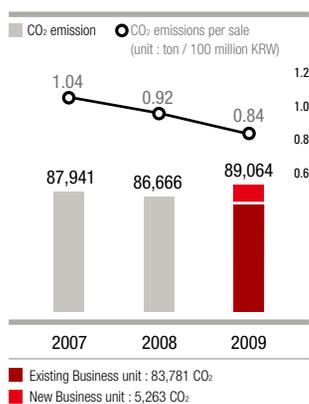
In 2009, a total of 2.9 billion KRW was invested in the installation of high-efficiency inverters for fans, pumps and compressors, as well as energy efficient LED lights, leading to a 15,675 MWh reduction in energy use. The Changwon plant has signed a voluntary GHG emission reduction agreement with Changwon city government is collaborating with the local community to achieve the reduction.

Energy conservation measures will be implemented in all other domestic and overseas plants, while new systems including overnight charging systems will be implemented to achieve further GHG emission reductions at our manufacturing sites.

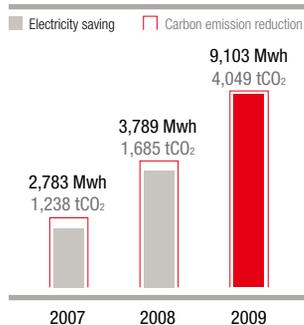
Installation of High-Efficiency Inverter Since the fans, compressors, water circulation pumps, and cooling systems at most major facilities are controlled by magnetic contractors, that turn on each facility at full power, they often lead to unnecessary power consumption.

Installation of a high-efficiency, inverter-based control system allowed the operation of motors at variable speeds. New pressure sensors were installed at compressor receiver tanks, leading to the prevention of over-production of compressed air and achieving 30~37% reduction in energy use.

GHG Emission(Domestic Sites)



Emission Reduction Achievements



ENVIRONMENTAL ACHIEVEMENTS

Parts Distribution Network

Distribution Centers

- Osan Distribution Center
- Asan Distribution Center
- Gyeongju Distribution Center
- Naengcheon Distribution Center
- Ulsan Distribution Center

5
Locations

Parts Sales Office

- Bukbu
- Seobu
- Incheon
- Dongbu
- Gangwon
- Chungcheong
- Jeonbuk
- Jeonnam
- Gyeongbuk
- Busan
- Gyeongnam

11
Locations

Parts Centers

- Jangan
- Siheung
- Daehyung
- Suwon
- Seosan
- Daejeon
- Chuncheon
- Gangreung
- Andong
- Gimcheon
- Iksan
- Pohang
- seosan
- Jinju
- Mokpo
- Suncheon
- Jeju

17
Locations

Parts Teams ● 42 Locations

Parts List Support Center ● 232 Locations

Dealerships ● 1,440 Locations

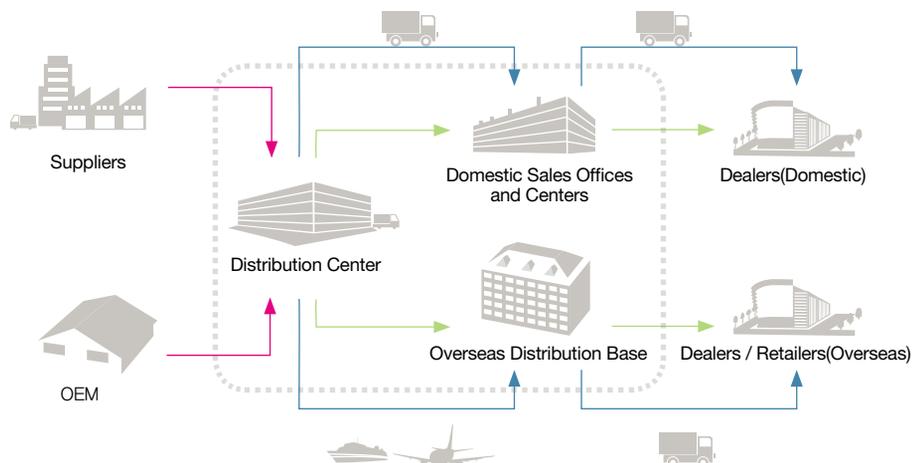
*As of Dec. 2009

Improving Lights Most of our plants and distribution centers have metallic and fluorescents lights installed. In 2009, we implemented a pilot LED light installation program at four operation sites.

Compared to existing metallic lights, LED lights used 70~80% less electricity and the improvement in quality of working conditions had the positive impact of reducing fatigue of the workers. The LED lights also last about five times longer than the old lights, contributing to a significant reduction in waste due to bulb replacement. We plan to expand our LED light installation program further improving our clean production practices.

- Distribution

In an effort to minimize GHG emissions due to our distribution operations, MOBIS has overhauled domestic and overseas distribution networks by merging some of them and establishing a network among the centers. Also, an inventory optimization system has been introduced, reducing the use of forklifts and other energy using devices for inventory management, which has reduced associated emissions.



Expansion of Repair Parts Distribution Network MOBIS has established distribution bases (distribution centers, parts sales office, and parts centers) in strategic locations to ensure all Hyundai-Kia Motors customers have access to the parts they need.

The number of distribution bases was reduced from 65 in early 2000 to 33 in 2009. Due to this optimization effort made to the distribution network and more efficient shipping operations, we are making constant progress in reducing our GHG emissions throughout our distribution operation.

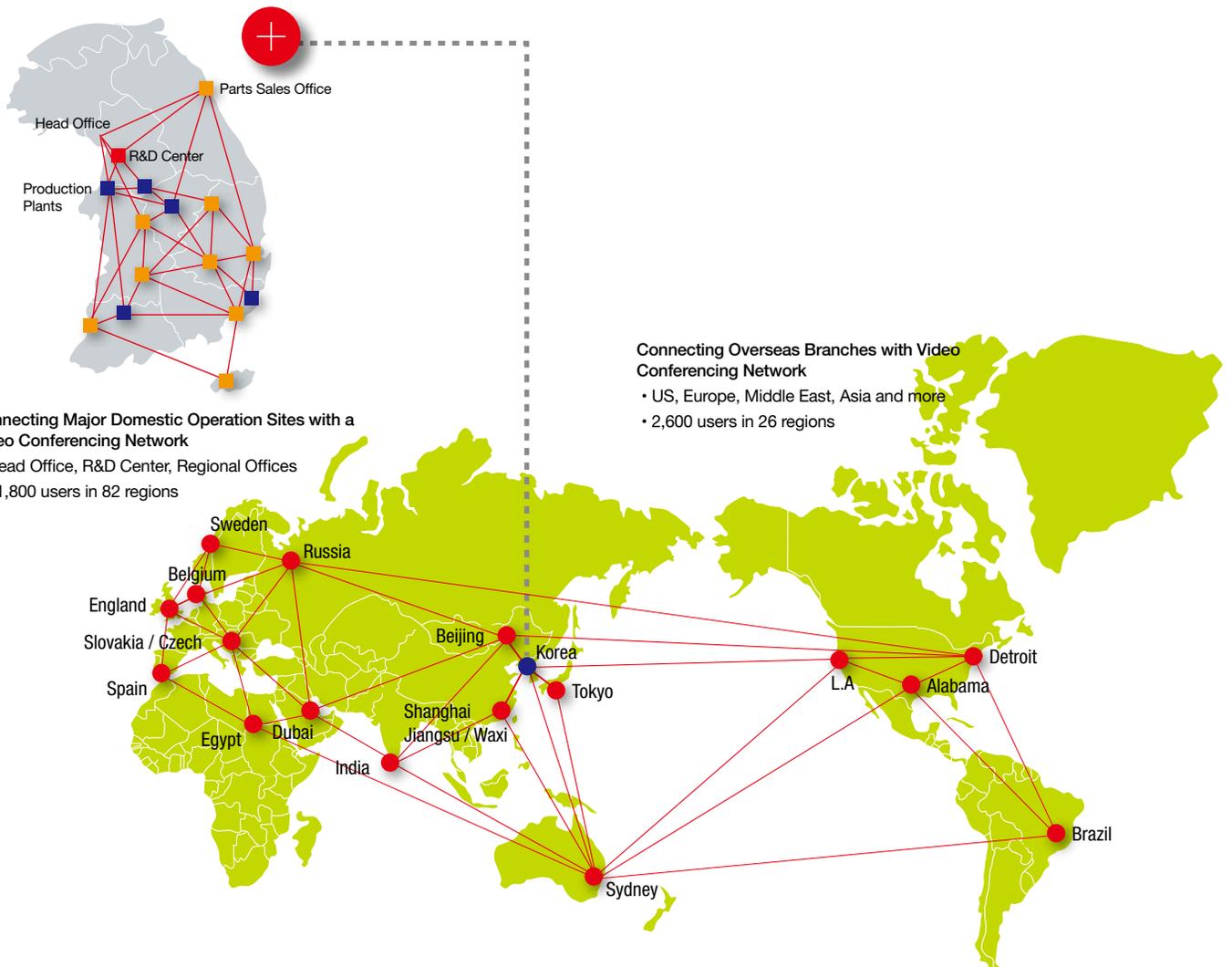
- Indirect GHG Emission

MOBIS has launched a great number of initiatives to reduce not just the emissions associated with production and distribution, but within offices. First, we have installed an online video conference system which significantly reduced travel needs. Also the head office joined a 'Green Building' initiative and began activities such as turning off unnecessary lights.

Online Video Conference System A video conference system capable of allowing 300 people to participate in a single session has been implemented to allow remote conferencing. The system has been made available to all MOBIS employees as well as to the Hyundai-Kia Motors Group companies and suppliers. More than 100,000 sessions have taken place allowing the speedy exchange of opinions that is needed in today's dynamic business environment. In addition, notable management efficiency has been gained, as well as improved internal communications.

Since the video conferencing system makes it possible for all MOBIS employees and business partners to have meetings without the need to travel, the system is contributing greatly to GHG emission reductions.

Major Domestic Operation Sites and Overseas Video Conferencing Network

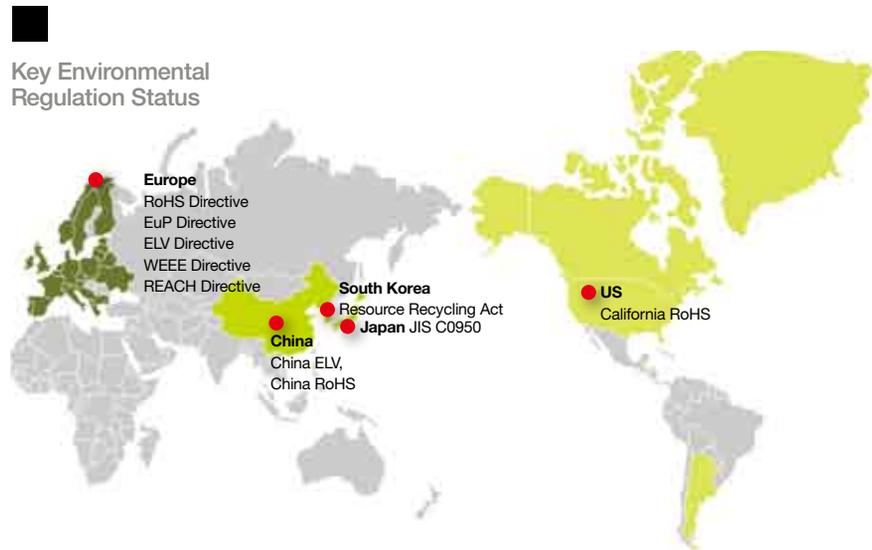


Hazardous Materials Management

- **RoHS**
Restriction of Hazardous Substances
- **EuP**
Eco-design requirement for Energy-using Product
- **ELV**
End of Life Vehicle
- **WEEE**
Waste Electrical and Electronic Equipment
- **REACH**
Registration, Evaluation and Authorization of Chemicals

An effort is being made all over the world to reduce use and discharge of harmful substances, with various regulations coming into practice. The most notable ones are the EU's RoHS Directive, EuP Directive, ELV Directive, WEEE Directive, REACH Directive, and Resource Recycling Act, as well as various other regulations soon to be implemented.

MOBIS has implemented strict restrictions on use of harmful substances that can have a negative impact on human health and the environment. Additionally we are striving to minimize the use of such substances by managing all business processes from design to production. There is also a materials data management system that has been implemented at suppliers and client companies, ensuring regulation compliance and meeting the standards demanded by our stakeholders.



Chemical Materials Information Management System

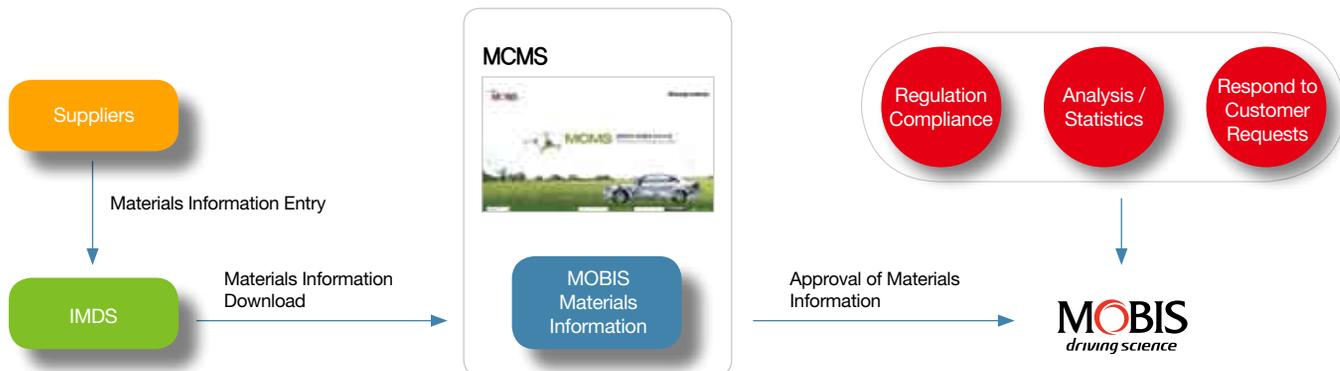
Starting in June 2007, the European Union has implemented a new chemical management policy named, REACH : Registration, Evaluation and Authorization of Chemicals, to minimize the release of harmful chemicals to the environment and increase accountability by the companies who use them.

In light of this new policy, MOBIS has assessed all modules and repair parts exported to Europe and registered 15 oil products as required by the new policy. We have developed and implemented the MOBIS Chemical Management System in order to ensure compliance with these new reporting requirements and have created a more systematic chemical management system.

We have been using the International Material Data System for monitoring the use of hazardous materials in auto parts.

In addition, we have implemented a material information management system for testing environmental performance, material composition, environmental regulation compliance check, client requirements satisfaction check and etc. The system is connected to the Parts Bill of Material Management system, which allows us to immediately respond to materials information requests by stakeholders.

MOBIS Chemical Management System



● **Prohibition on the Use of Four Heavy Metals**

To ensure compliance with EU and Korean ELV regulations, which practically bans the use of four heavy metals including lead, cadmium, hexavalent chromium and mercury, the Hyundai-Kia Motors Group has incorporated 'the Elimination of Four Heavy Metals' as a global standard policy.

Specifically, MOBIS successfully developed high quality unleaded solder for electronic circuits which is now used in the production of parts for overseas markets. The unleaded solder is also used for some circuit boards. We plan to expand the application of this environmentally friendly technology in collaboration with domestic auto makers.

● **Prohibition on Use of Ozone Depletion Chemicals**

Since ozone depleting chemicals damage the stratospheric ozone layer that blocks harmful ultraviolet light from reaching the surface of the earth, their use is strictly regulated.

Since the 'Montreal Protocol' for phasing out of ODC was signed in 1987, all countries began to implement measures to reduce the use of ODC. In 1989, the US implemented strict ODC regulation policies including on ODC use.

The South Korean government has implemented a complete ban of CFCs, halons, CCl₄ and more beginning in 2010. Other ODCs will be phased out in the future, including a ban on Methyl Chloroform use by 2015. We have banned the use of ODCs that have been phased out and we are searching for suitable alternatives for ODCs that will be phased out in near future.

Resource Efficiency Improvement

As we are becoming increasingly aware of depleting natural resources, climate change and various other environmental issues, it has become crucial for companies to maximize resource efficiency. MOBIS is always looking for ways to increase resource efficiency in areas including product design, production technology development and implementation. We have launched the 4R initiative(Reduce, Reuse, Recycle and Recovery) with the ultimate goal of achieving closed-loop resource use.

Raw Materials

The quantity of raw materials used is proportional to the sales, as well as environmental impacts. We are aware of this relationship, and thus particularly focusing on reducing raw materials use, in addition to the treatment of emissions and wastes from our own operations, from the product design stage to distribution.

Metals

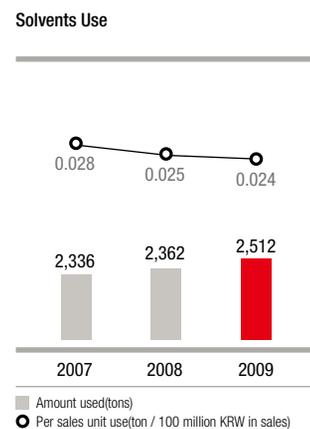
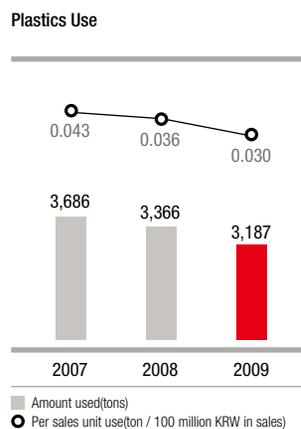
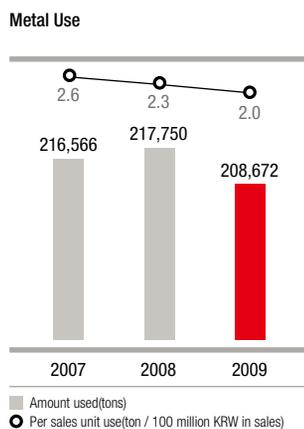
In terms of volume, 95% of the metals we use are steel, although we also use some aluminum and stainless steel as well. A great number of components that make up the chassis and body are made mainly using steel. We are currently striving to reduce the usage of steel, by expanding the appliance of alternative materials which would contribute in weight reduction and improving steel recycling rate. In 2009, a total of 208,672 tons of metals were used. Per sales unit use of metals was 2.0 tons per 100 million KRW, which is a 16% decrease over 2008.

Plastics

A total of 3,187 tons of plastics were used, which was 179 tons less than the amount used in 2008.

Solvents

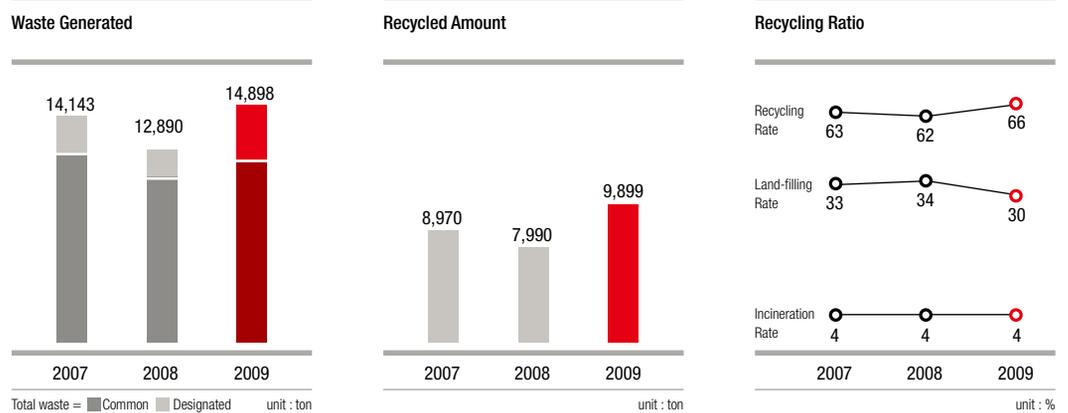
It is necessary to use various solvents including thinner, machine oils, and cleaning agents during production operations. Many of the older facilities were replaced during recent renovations of the painting shops, and paint and thinner use had been reduced significantly. Moreover, new techniques to reduce painting are now being developed. For example, we were the first company in Korea to successfully replace TPO exterior coating for crash pads, eliminating the use of paints. Despite additional use by the newly acquired Hyundai Autonet Co., Ltd. and the new Gimchun lamp plant, we achieved a 0.024 ton reduction in solvent use, a 6% decrease compared to the previous year.



Waste Reduction and Recycling

MOBIS is promoting clean production by managing waste generation at its source and improving production technologies to minimize the amount of waste generated. When dealing with waste, we try to reuse and recycle as the first option, avoiding land-filling and incineration as much as possible. We also identified resource recycling companies that utilize waste, that are usually land-filled or incinerated.

A strict waste sorting system for recycling has been implemented at production plants and parts sales offices. Sorted wastes are filtered once more, then shipped and treated accordingly in a transparent manner using the online waste disposal system protocol.



Changwon Plant Waste Treatment & Recycling Center
Ulsan Plant Waste Treatment & Recycling Center

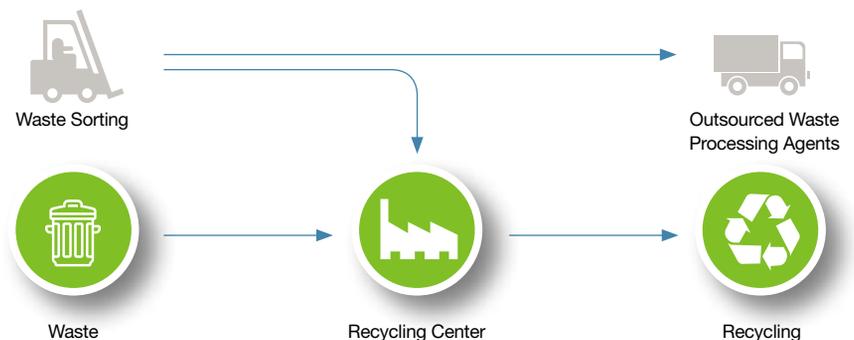


Designated Waste Oil(liquid, solid, and etc.), Machine Oil, Solvents, Paints(6 types)

Common Waste Industrial Sludge, Waste Water Sludge, Burnable Wastes, Scrap Steel, Powder Steel, White Steel, Paper, Wood, Vinyl(9 types)

* Different types of wastes are managed separately for reduction in soil, air contamination and improved recycling rate.

Recycling Flow Process



ENVIRONMENTAL ACHIEVEMENTS



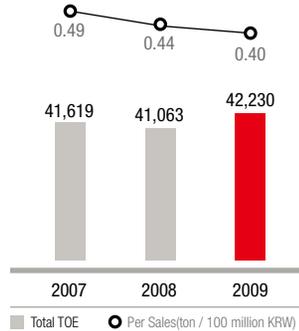
Interior of brighter and more energy efficient plant with LED lights

Energy Usage

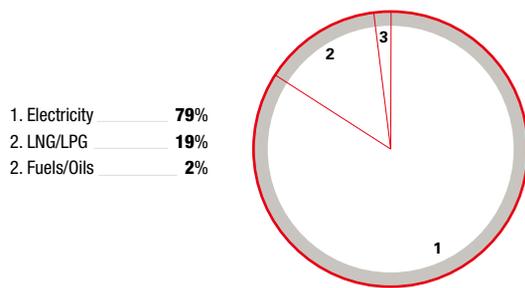
Electricity use accounts for 79% of the total energy use by MOBIS. Therefore, we have installed energy-efficient LED lights and improved equipment energy efficiency by installing inverter controllers. We also replaced boiler fuels with LNG, reducing both air pollutants and GHG emissions. Our facilities also receive energy audits by expert organizations on a regular basis.

To ensure energy use reduction, the Changwon and Ehwa plants have adopted an energy peak system which turns off some equipment according to a programmed sequence. Due to the energy peak system and other measures, MOBIS' energy use per sales has decreased to 42,230 TOE, a 9% improvement compared to 2008.

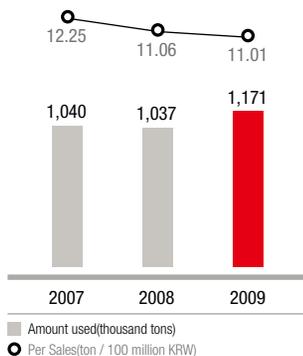
Energy Usage



Energy Use by Types



Water Use



Water Resource Usage

Due to increases in population and industrialization, there is an increasing need to conserve water resources and reduce the strain on water resources. Recognizing this need, we are striving to minimize water use by reusing and recycling. So far, we have implemented practical measures including cooling tower overflow improvements, steam condensation reuse, installation of water conservation devices in bathroom facilities, and a company-wide campaign on water conservation.

Specifically, water used to make steam for the paint shops used to be discharged after use. However, we have installed facilities that allow us to reuse the water, which amounts to 9,200 tons per year. All MOBIS facilities use only industrial water and municipal water supplies. Therefore we are not using any water source that directly has a negative impact on biodiversity.

Clean Production



Enhanced R.T.O System

MOBIS is implementing an increasing number of clean production processes. We have implemented pollution prevention facilities, improved production processes to reduce resource use and prevent pollution at the source, in addition to waste reduction and recycling to reduce environmental impacts and create a more pleasant workplace. We have also set a stringent internal air and water pollution effluent standards which exceeds national regulation standards. A robust pollution effluent monitoring system has been implemented to carefully manage emissions, with additional pollution prevention measures. As a result of all the measures taken, there has not been a single non-compliance or environmental accident (accidental overflow of emissions and etc.) for a period of three years between 2007 and 2009. We will strive to sustain this record and concentrate on production of environmentally friendly products using the cleanest possible production technologies available.

Air Pollution

Air pollution from our production plants includes dust from pre-production processes and VOCs from various painting processes. In response to increasing concern about odor and VOCs, we installed regenerative thermal oxidizers that treat the pollutants and minimize their release into the atmosphere.

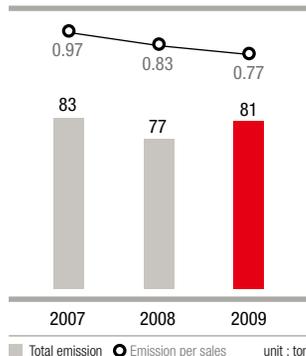
Recently, an enhanced R.T.O system was introduced with 108% improvement in the treatment efficiency in emission treatment. The new system uses VOC and air pollutants as a thermal energy source, leading to more than a 43% reduction in fuel use and an equivalent reduction in GHG emissions from R.T.Os.

A major transition was made at paint shops with the replacement of oil-based paints to water-based paints which led to a significant reduction in associated air pollution.

In addition, transition to cleaner fuels, reduction in utility use through the optimization of environmental facilities, replacement of aged air pollution management facilities, and treating scrubber cleaning water using electrolysis were implemented to minimize air pollution and GHG emissions.

The total emissions by MOBIS facilities was 81 tons in 2009, a 5% increase compared to 2008.

Change in Air Pollution(Domestic)



Air Pollution Management Standard and Actual Emission

Pollutant Type	Unit	Regulation Standard	Internal MOBIS Standard	2007	2008	2009
NOx	PPM	200.0	40	3.0	2.6	3.5
SOx	PPM	500.0	100	0.8	2.3	2.3
Particulate Matters	mg/m ³	100.0	30	9.3	9.2	7.8

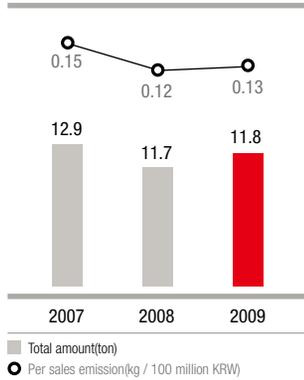
*Annual emission data is in average concentration.

ENVIRONMENTAL ACHIEVEMENTS



Changwon Plant Waste Water Treatment Facility

Water Pollution Emission Status



Water Pollution

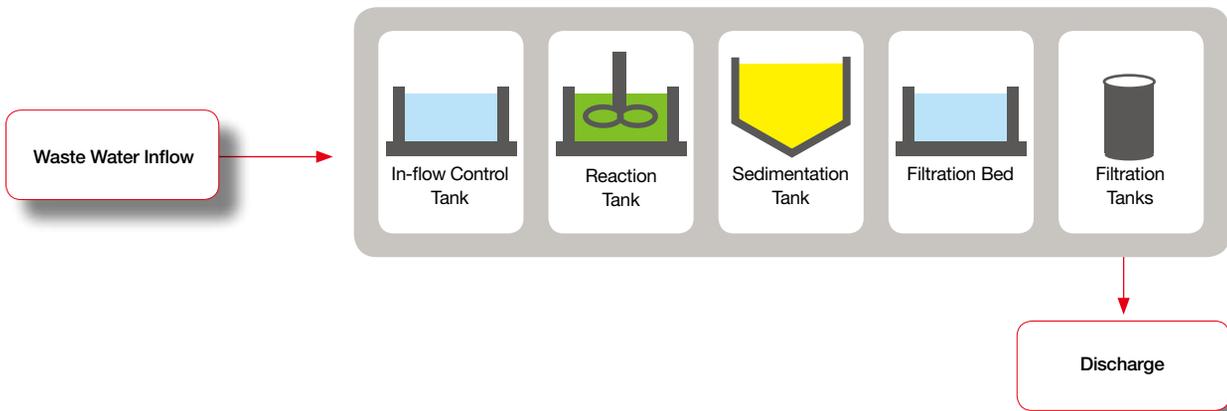
Most waste water is generated from various cleaning processes, which is then treated at waste water treatment facilities, and then directly released or treated once again at municipal waste water treatment facilities before its release to the environment.

At MOBIS, we have implemented an internal standard twice as stringent as the regulation standards, and we are taking various necessary measures, at all stages of production, to achieve compliance and continued improvement.

Water Quality Status at Waste Water Treatment Facilities

Pollutant Types	Units	Regulation Standard	Internal MOBIS Standard	2007	2008	2009
BOD (Biological Oxygen Demand)	mg/l	120.0	60.0	7.2	7.4	6.4
COD (Chemical Oxygen Demand)	mg/l	130.0	65.0	11.4	16.6	16.0
TN	mg/l	60.0	30.0	5.8	5.2	4.9
SS(Suspended Substance)	mg/l	120.0	60.0	4.5	5.4	7.1

Waste Water Treatment Process





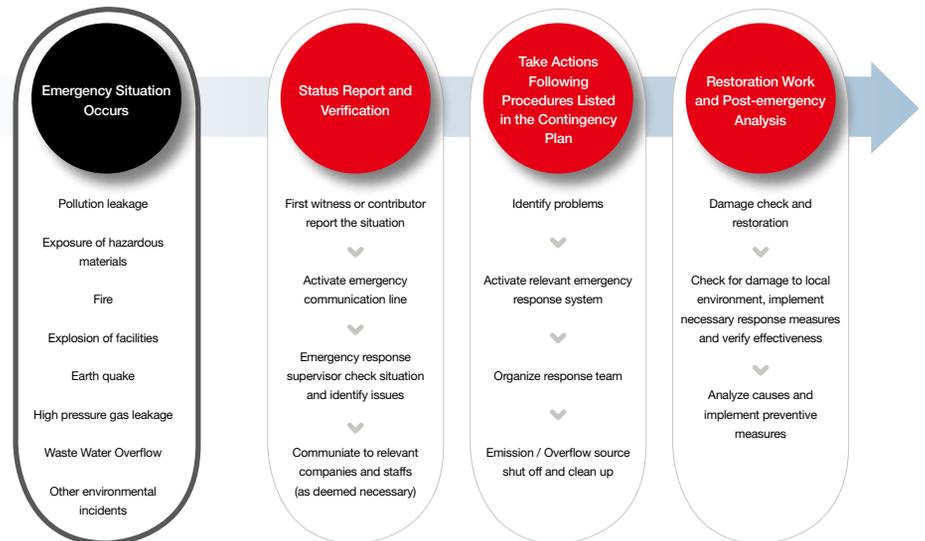
Emergency Response Training

Environmental Emergency Response Capacity

All MOBIS operation sites have emergency contingency plans in place to minimize damage to workers and properties, as well as negative environmental impact. Emergency drills are also conducted to ensure proper implementation of the plans.

We have also increased our activities on prevention, early detection and fire prevention, prevention of proliferation, and early recovery stages, which contributed to zero incidents of environmental accidents in 2009.

Operation Site Risk Management Structure



Contributing to the society via sustained high profit generation is the prime reason for the existence of all businesses. MOBIS bases all activities in our automotive parts business, including product development, marketing and customer services, with the highest emphasis on quality and the utmost care for customers. We are also striving to share economic gains from improved brand image with all our stakeholders.

MOBIS is sustaining its growth, with relentless effort to produce distinguished products with new technologies and provide competitive service.

Economic Achievements





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Distribution of Economic Values

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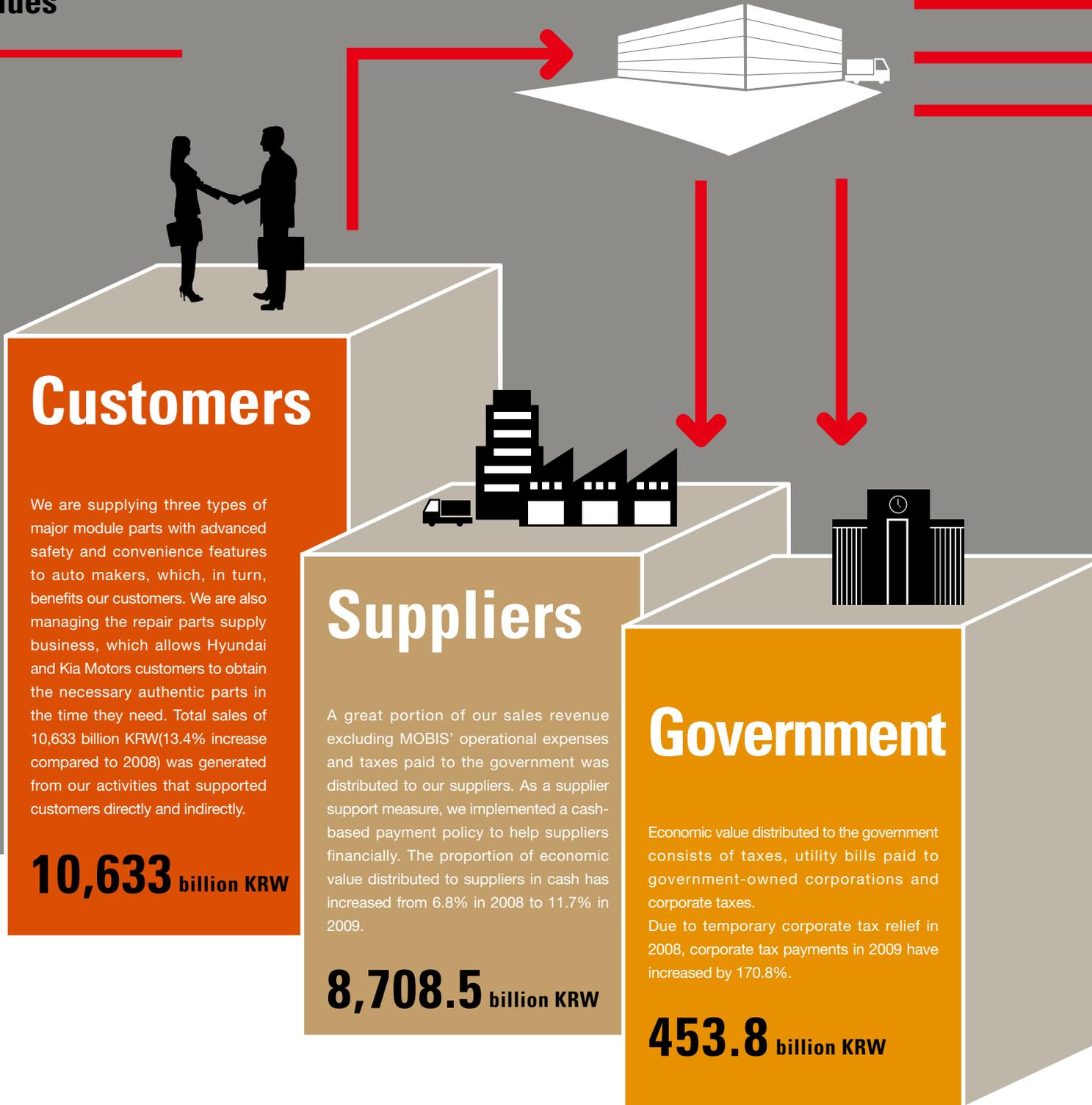
Business Management Achievements

1. Business Achievements

- Module Parts Business
- Parts Business
- 3 year Business Performance by Business Units
- Global Sales Status

Distribution of Economic Values

In 2009, MOBIS made relentless effort in improving our business performance which resulted in a sustained increase in sales and the generation of good returns on our investments. MOBIS is sharing the economic gains from our operations with various stakeholders.



Customers

We are supplying three types of major module parts with advanced safety and convenience features to auto makers, which, in turn, benefits our customers. We are also managing the repair parts supply business, which allows Hyundai and Kia Motors customers to obtain the necessary authentic parts in the time they need. Total sales of 10,633 billion KRW(13.4% increase compared to 2008) was generated from our activities that supported customers directly and indirectly.

10,633 billion KRW

Suppliers

A great portion of our sales revenue excluding MOBIS' operational expenses and taxes paid to the government was distributed to our suppliers. As a supplier support measure, we implemented a cash-based payment policy to help suppliers financially. The proportion of economic value distributed to suppliers in cash has increased from 6.8% in 2008 to 11.7% in 2009.

8,708.5 billion KRW

Government

Economic value distributed to the government consists of taxes, utility bills paid to government-owned corporations and corporate taxes.

Due to temporary corporate tax relief in 2008, corporate tax payments in 2009 have increased by 170.8%.

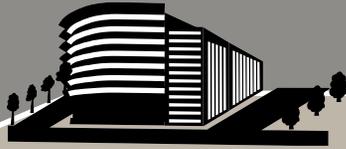
453.8 billion KRW

Direct Economic Value Created

Total economic value of 11,234.7 billion KRW were produced including sales revenue, gains from financial investments, gains and expense from liquidation of assets. Due to ever increasing MOBIS sales in module parts, system units and repair parts, we have been experiencing sustained increases in sales. In 2009, we managed to increase direct economic value created by 13.4%.

11,234.7 billion KRW

(Economic Value created via sales and return on investments)



Society

MOBIS spent 11.4 billion KRW on social contribution initiatives. MOBIS plans to increase its social contribution initiatives to respond to increased emphasis on corporate social responsibility and the increasing importance of corporation's contribution to local communities.

11.4 billion KRW

Employees

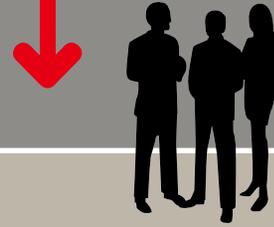
Salary and employee benefits are economic value distributed to our employees, which consist of salaries, retirement benefits and other employee benefits. Due to increased R&D capacity and activities, R&D staff salary increased by 30.4% in 2008 and 63.2% in 2009.

485.9 billion KRW

Shareholders Investors

The economic value distributed to shareholders and investors is calculated by subtracting interest gained from the sum of interest expenses and dividend payments to shareholders.

110.1 billion KRW



Business Management Achievements

Due to the global economic slowdown, 2009 was a difficult year for all. However, we firmly believe that opportunity lies in crisis. As offense can be the best defense, aggressive business management is often the best solution to overcome difficult times. With our sustained growth and high profitability as a basis, MOBIS is fulfilling its prime role as a corporate citizen with healthy growth and good internal capacity building, in addition to financial performance with robust profits.

Business Achievements

In sales, MOBIS recorded 8,490.9 billion KRW in 2007 and achieved 10,633 billion KRW in 2009. The sales figures increased by 13.4% in 2009 compared to 2008, which is a notable achievement considering the global economic slowdown and general downturn in the auto industry. Such an achievement was made possible due to a merger with the Hyundai Autonet Co., Ltd., strong sales of new vehicle models, and tax relief from the government, which helped create a rebound in auto sales. Operating profit was 1,422.3 billion KRW, marking an increase of 13.4%, which was a 0.7% leap from the previous year. Additionally, net profits for 2009 have increased by 48.2%, to 1,615.2 billion KRW. Finally, MOBIS' assets have increased by 44.4% to 11,189.7 billion KRW.

All these achievements were made possible due to MOBIS' continued efforts for improvement, which has resulted in continued improvements in the production process and distribution operations through innovation activities, expansion in overseas businesses, and the development of new technologies.

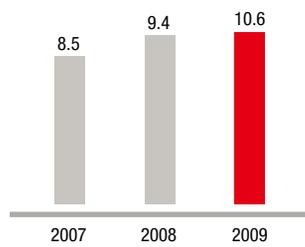
■ Module Parts Business

MOBIS has supplied chassis, cockpit, and front end modules for many vehicle models including the Hyundai YF Sonata and the Kia Sorento, launched in 2009. In addition, MOBIS supplied a number of sales boosting core components including headlamps and motor driven power steering units. In 2009, MOBIS began to supply soft-type HEV components including drive motor and drive-train modules for Hyundai and Kia's first HEV models, the Avante Hybrid and the Forte Hybrid, respectively. MOBIS plans to expand its hybrid component



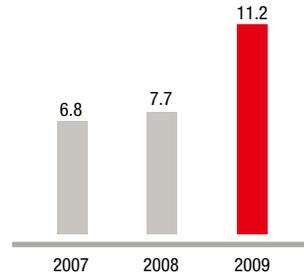
Sales

unit : trillion KRW



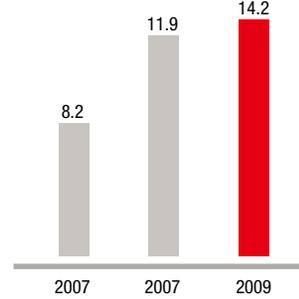
Assets

unit : trillion KRW



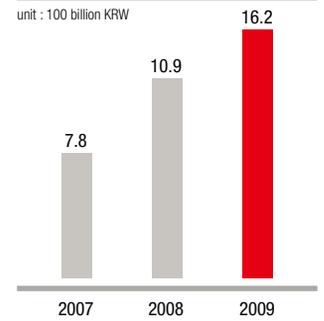
Operating Profit

unit : 100 billion KRW

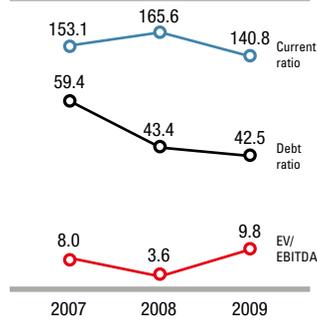


Net Profit

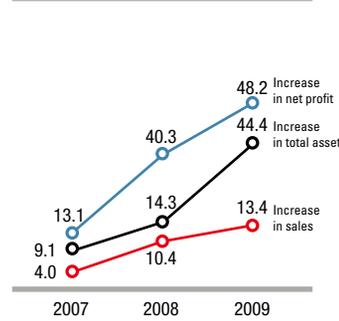
unit : 100 billion KRW



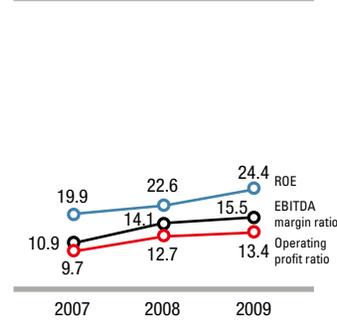
Financial Stability



Growth



Profitability



supply capacity, and provide core HEV components including drive motors, battery modules, inverters, and converters. In preparation, MOBIS has established a joint venture with LG Chemicals for advanced battery research and production.

■ Parts Business

Initiating with Los Angeles, USA in January, MOBIS progressed with its expansion of global parts distribution business in 2009. In September, a high-tech distribution base was established in Egypt to respond to repair parts demand for Hyundai-Kia vehicles in the African region.

- Airbag Production Reaches 20 million Units

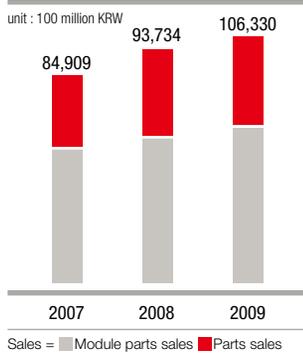
MOBIS began production of airbags in 2002 at the Cheonan plant using cutting-edge test equipments and automated production lines. Four types of airbags are produced including driver seat, passenger seat, side, and curtain. As of October 2009, cumulative production of air bags reached 20 million units. Currently 40% of air bags produced at the Cheonan plants are advanced air bags, which adjust intensity of the explosion for inflation, by calculating the weight of affected driver/passenger and the impact intensity, reducing potential injury due to airbag inflation.

ECONOMIC ACHIEVEMENTS

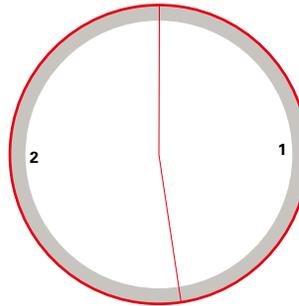
■ 3 year Business Performance by Business Units

Over 3 years, MOBIS has achieved 67% of sales in module parts business and 33% from parts businesses. A steady growth in both business divisions was achieved, and continued progression is expected through developing and supplying parts for environmentally-friendly vehicles such as HEVs.

Change in Sales over 3 years



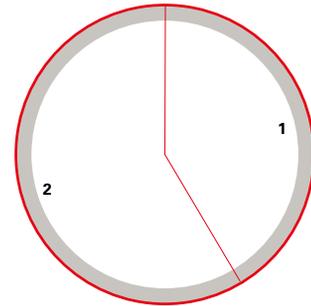
2009 Module Parts Business
(7,193.9 billion KRW)



1. Modules **49.4%**
2. Core components **50.6%**

- Increase in CKD volumes due to expanded overseas production in locations including China
- Increased sales in electrical components and multimedia devices due to merger with Hyundai Autonet Co., Ltd.
- Increased sales due to increased supply of core components for new models including XM, LM, YF, VG

2009 Parts Business
(3,439.1 billion KRW)



1. Exports **43.0%**
2. Domestic sales **57.0%**

- Exchange rate change, expanded marketing efforts in Europe, Asia and Middle East region, launch of second brand, increase in sales of multimedia devices due to merger with Hyundai Autonet Co., Ltd. has contributed to increase in sales
- Regional breakdown of exports
- North America : 26.1%, Europe : 29.5%, Other regions : 44.4%

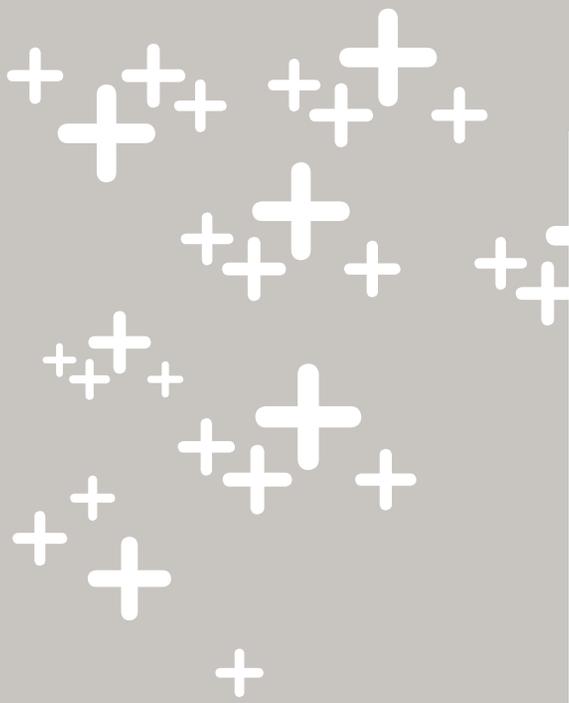
■ Global Sales Status

MOBIS' rank in the auto parts industry continued to rise over the past 5 years. MOBIS ranked 19th in 2006, 18th in 2007 and 2008 with sales of 8.6 billion USD, 9.1 billion USD, and 8.5 billion USD respectively. Due to the notable appreciation of the Korean Won to 929 Won per 1 USD, sales in dollar amount has decreased in 2007. In 2008, MOBIS maintained sales results comparable to the sales in 2007, despite notable slowdowns in sales of U.S. and Japanese competitors, and the appreciation of USD which shifted exchange rates to 1,102 KRW per 1USD(2007, 929 KRW/USD).

Global Auto Parts Supplier Ranking

Rank	2006	2007	2008	Sales(million \$)
1	Robert Bosch	Robert Bosch	Robert Bosch	38,782
2	Denso Corp.	Denso Corp.	Denso Corp.	30,280
3	Delphi	Delphi	Continental	26,422
4	Johnson Controls	Magna	Johnson Controls	23,941
5	Magna	Aisin	Aisin	21,016
17	Toyota Boshoku	ThyssenKrupp	Sumitomo	9,102
18	Arvin Meritor	MOBIS	MOBIS	8,505
19	MOBIS	Continental	JTEKT	8,263
20	Dana Corp.	Dana Corp.	Magneti Marelli	7,979

Source) FOURIN, Inc. "Top 100 Auto Parts Suppliers Sales Ranking" The 2009 ranking is expected to be announced in July 2010.



+ APPENDIX

- 80** Abridged Financial Statement
- 81** List of Major Awards Received
- 82** Third-Party Assurance Report
- 84** GRI Index

Abridged Financial Statement

Unit : 100 million KRW

Items	The 33rd term (2009)	The 32nd term (2008)	The 31st term (2007)
Current Assets	36,802	31,009	27,038
Quick Assets	30,435	26,111	22,102
Inventory Assets	6,367	4,899	4,936
Non-current Assets	75,095	46,479	40,738
Investment Assets	53,743	33,450	28,013
Tangible Assets	13,627	11,401	10,884
Intangible Assets	6,680	865	1,153
Other fixed Assets	1,046	763	688
Total Assets	111,896	77,488	67,776
Current Debts	26,142	18,729	17,662
Non-current Debts	7,253	4,728	7,606
Total Debts	33,395	23,457	25,268
Capital	4,911	4,423	4,418
Capital Surplus	13,420	3,142	3,108
Capital Adjustment	-1,650	-114,901	-113,427
Other Cumulative Comprehensive Income	1,857	2,409	390
Earned Surplus	59,964	45,206	35,728
Total Capital	78,501	54,031	42,509
Sales	106,330	93,734	84,909
Operating Profit	14,223	11,866	8,245
Net Profit	16,152	10,900	7,767

List of Major Awards Received

Time	Awards Received	Judging Institution
2009. 2	Top 100 Regional Economic Players(Beijing MOBIS, 6 years in a row)	Beijing City, China
2009. 4	2009 'Ministry of Knowledge Economy New Technology Development Award'	Korea Industrial Technology Association Ministry of Knowledge Economy
2009. 6	Korea Custom Services Commissioners Award for contributions in the protection of intellectual property rights and national interests	Private-public Council for Protection of Property Rights / Korea Custom Services
2009. 8	One to One Rural Community Support Award(Gyung-in plant)	Farming Community Support Movement Center / Agricultural Cooperative Federation
2009. 8	'New Technology Award' for digital amplifier	Korea Industrial Technology Association Ministry of Knowledge Economy
2009. 9	'IR52 Jangyoungsil Inventor's Award' for development of low-injury passenger seat airbag system	Korea Industrial Technology Association Ministry of Knowledge Economy
2009. 10	The Mikel Harry award at the 10th Six Sigma Mega Conference	Korea Standards Association
2009. 10	The Best Booth Award at the SAE Exhibition	SAE
2009. 11	CEO of the Year Award and Korea Management Quality Award(for 5 consecutive years)	Korea Management Association
2009. 12	Prime Minister's Award of the 16th Corporate Innovation Awards	Korea Chamber of Commerce and Industry
2009. 12	'The Minister of Knowledge Economy Award' of the National Competitiveness Contribution Awards	Ministry of Knowledge Economy / Korea Institute of Management Evaluation
2009. 12	Awards for Commendable Fair Trade Practices with Suppliers	Fair Trade Commission
2009. 12	Ranked as the top performer in overall shareholder value in auto parts industry at the 2009 Global Automotive Shareholder Value Award	Automotive News / Price Waterhouse Coopers

*For Period Between Jan 1st to Dec. 31st 2009

Regulation Noncompliance Cases

Type of Incidents	2007	2008	2009
Number of major pollution discharge cases and amount of discharge	None	None	None
Number of environmental regulation non-compliance cases filed and financial and non-financial penalties imposed	None	None	None
Number of noncompliance cases filed for violation of customer information protection standards	None	None	None
Number of noncompliance cases filed for violation of marketing communications standards	None	None	None



Third-Party Assurance Report

Scope and Objectives

MOBIS commissioned Two Tomorrows(Asia) Limited to undertake independent assurance of its 2009 Sustainability Report.

The assurance process was conducted in accordance with AA1000AS(2008). We were engaged to provide moderate level, Type 1 assurance, which includes evaluation of adherence to the AA1000AS(2008) principles of inclusivity, materiality and responsiveness(the Principles).

We undertook no checking of sustainability performance data and consequently offer no assurance over performance data or associated claims included in the Report. Although we did check that financial data from the separate Annual Report had been consistently reproduced in the Sustainability Report, any claims relating to financial information are excluded from the scope of this assurance process.

Responsibilities of the directors of MOBIS and of the assurance providers

The directors of MOBIS have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of MOBIS. However our statement represents our independent opinion and is intended to inform all of MOBIS' stakeholders. We adopt a balanced approach towards all of MOBIS' stakeholders.

We were not involved in the preparation of any part of the Report. We have no other contract with MOBIS and this is the first year that we have provided the independent assurance.

Our team comprised Jun, Min Gu project leader, Yang, In Mog, Yang, Se Young and Park, Sang Mook and this assurance statement was prepared by the team in English, and reviewed and signed off by Jon Woodhead, a Two Tomorrows Group Director. All the team members have completed the IRCA certified sustainability assurance module and individual competencies relating to the team can be found at : www.twotomorrows.com.

Basis of Our Opinion

Our work was designed to gather evidence with the objective of providing moderate level, Type 1 assurance as defined in the AA1000AS(2008). We undertook the following activities:

- Identification of the current sustainability issues that are of interest to stakeholders and could affect MOBIS, alongside a media review;
- Review of the automotive industry's material sustainability issues as identified by the assurance team and MOBIS' sustainability strategy development activities to determine assurance priorities;
- Interviews with 4 vice presidents and 2 directors selected from the corporate social responsibility committee and senior management team in Seoul headquarters, Mabuk Research & Development center and Changwon manufacturing sites. Two Tomorrows was free to choose the focus areas for interviews and the interviewees;
- Review of information provided to us by MOBIS on its reporting and management processes, relating to the Principles;
- Review of supporting evidence for key claims in the report relating to the Principles, using the Global Reporting Initiative(GRI) G3 Guidelines as a tool.

Findings

We reviewed and provided feedback on drafts of the Report and where necessary changes were made. On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe MOBIS' adherence to the Principles.

Observations

Without affecting our assurance opinion we also provide the following observations.

MOBIS has identified material sustainability issues in this first sustainability report and is able to demonstrate how activities in ethics management and social contribution have been prioritised.

'Value creation for safety and environment by cutting-edge components of the future' is a well-defined concept which is compatible with the aims and objectives of MOBIS' sustainability strategy. This strategy includes economic value creation, environment improvement, and pursuit of social development.

MOBIS has set a vision of becoming a '2020 Global Top 5' company. An essential element in achieving this vision will be the further development of governance arrangements and performance targets for material social and environmental issues. We also recommend that future reports should include systematic information on innovation activities to address sustainability issues.

The gradual, but comprehensive self-learning approach taken by the CSR team has been successful in improving capability of team members, and will be fundamental for expanding sustainability activities within the business going forward.

Inclusivity concerns the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

- MOBIS factored various stakeholders' opinions into its first sustainability report and information requirements identified through such activities has been used to frame the strategy and the report. We now recommend that an official stakeholder engagement process, integrated throughout

the whole organisation, should be established in order to develop and improve such activities. Key objectives of this process should be to ensure that official communication channels on sustainability issues with key stakeholders such as shareholders, clients, agencies and partners are further developed, and that existing ad-hoc communication mechanisms are formalised with groups such as regulatory authorities, consumer groups, and maintenance firms.

- The process for identifying material environmental issues would be strengthened through more systematic engagement with a broader range of stakeholder groups. This process should also consider environmental impacts at each manufacturing site. We also recommend that MOBIS should conduct environmental impact assessments for product life-cycles.
- The social contribution plan currently being planned by MOBIS is a good example of work by the company to address social impacts related to product use, such as transport safety, by using the company's core technical capabilities. We recommend that MOBIS determines the direction of its social contribution activities by engaging with local communities and disclosing information on the outcomes of these engagement activities.

Material issues are those which are necessary for stakeholders to make informed judgments concerning MOBIS and its impacts.

- MOBIS identifies and discloses information on its most material issues, however the materiality process for identifying these sustainability issues is yet to be formalized and integrated into the organization. The process for identifying material issues should take account of those issues identified by stakeholders at the enterprise risk management, and the process should be managed and supported at a senior level(for example, by the social responsibility committee).
- We also recommend that MOBIS transparently discloses this materiality process and its outcomes in the report or on the website, to encourage stakeholder feedback which would further enhance the process.
- Resource efficiency of the automotive industry is a material issue that can significantly affect the competitiveness of the company due to the depletion of natural resources. Although MOBIS already discloses information on its reduction of resource use and recycling of waste materials, we recommend additional disclosures around future plans and performance for recycled material use.

Responsiveness concerns the extent to which an organisation responds to stakeholder issues.

- In these early stages of MOBIS' sustainability programme, the assurance process identified that it is not clear, for some issues, which of the company's officers hold ultimate responsibility and accountability. To enable MOBIS to achieve a more effective response at a corporate level, a more explicit governance structure should be established, including the role of the social responsibility committee.
- MOBIS runs its business through a complex value chain involving auto-manufacturers, agencies, general/partial component firms, insurance firms, clients, and various regulatory authorities. It is possible that these relationships could give rise to tensions as the company seeks to improve its sustainability performance. We recommend that MOBIS should adopt a more proactive approach to communications with these different stakeholders to ensure that understanding and alignment with the company's sustainability objectives is achieved.
- MOBIS discloses information around various efforts to mitigate its impacts on climate change, for example, product innovation, manufacturing, logistics and administration. We recommend that a more formal, robust climate change strategy should be established at corporate level, including strategic activities and goals to manage climate change risks.
- A wide range of win-win partnership programs have been implemented to support suppliers. We recommend that MOBIS extends the scope of these initiatives to include environmental management, health and safety and labor rights activities in order to further manage the social and environmental impact of its suppliers

Two Tomorrows(Asia) Limited
Seoul, Korea
19th Mar, 2010



AA1000
Licensed Assurance Provider
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Two Tomorrows(Asia) Limited trading as Two Tomorrows was formed from the merger of Csnetwork and Sd3 in January 2009, Two Tomorrows is an international consultancy that helps companies to perform better and create value by doing business in a sustainable way.
www.twotomorrow.com

GRI Index

N/A(Not Applicable)

Category	Sub-category	Section	Type	Description of Indicators	Page
1. 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, 6
		1.2		Organization and Sustainability : Description of key impacts, risks and opportunities	4, 6
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		2.2		Primary brands, products and services	10-12, 45, 7-60
		2.3		Operational structure of the organization, including main divisions, operation companies, subsidiaries and joint ventures	13
		2.4		Location of organization's headquarters	8, 13
		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	13
		2.6		Nature of ownership and legal form	20
		2.7		Markets served(Regions, Business Area, Customer / Beneficiary types)	13, 21, 78
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3. Report Parameters	Report Profile	3.1		Reporting period	2
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		3.3		Reporting cycle(annual, biennial, etc.)	2
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		3.5		Defining report content	2
		3.6		Boundary of the report	2
		3.7		State any specific limitations on the scope or boundary of the report	2
		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	2
		3.9		Data measurement techniques and the bases of calculations	2
		3.10		Explanation of the effect of any re-statement of information provided in earlier reports, and the reasons for such re-statement	N/A
	3.11		Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	N/A	
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		4.6		Processes in place for the highest governance body to ensure conflicts of interest are avoided	20
		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	20
		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	9, 16-18
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Category	Sub-category	Section	Type	Description of Indicators	Page
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		EC6	Core	Policy, practices, and proportion of spending on locally-based suppliers	29
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		EN9	Additional	Water sources significantly affected by withdrawal of water	68
		EN10	Additional	Percentage and total volume of water recycled and reused	68
	Biodiversity	EN11	Core	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
		EN12	Core	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	Additional	Habitats protected or restored	N/A
		EN14	Additional	Strategies, current actions, and future plans for managing impacts on biodiversity	N/A
		EN15	Additional	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
	Emissions, Effluents, and Waste	EN16	Core	Total direct and indirect greenhouse gas emissions by weight	56, 61
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		EN24	Additional	Weight of transported, imported, exported, or treated waste deemed hazardous under the Basel Convention and percentage of transported waste shipped internationally	N/A
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	Transport	EN29	Additional	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	62-63
Overall	EN30	Additional	Total environmental protection expenditures and investments by type	61	

GRI Index

N/A(Not Applicable)

Category	Sub-category	Section	Type	Description of Indicators	page
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		LA3	Additional	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	52
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		LA5	Core	Minimum notice period(s) regarding significant operational changes(& its inclusion in the collective bargaining)	50
	Occupational Health and Safety	LA6	Additional	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	52
		LA7	Core	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities(by regions)	52
		LA8	Core	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	52
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	Training and Education	LA10	Core	Average hours of training per year per employee by employee category	51
		LA11	Additional	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	51
		LA12	Additional	Percentage of employees receiving regular performance and career development reviews	50
	Diversity and Equal Opportunity	LA13	Core	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	20, 48, 49
LA14		Core	Ratio of basic salary of men to women by employee category	50	
Human Rights	Investment and Procurement Practices	HR1	Core	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	N/A
		HR2	Core	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	
		HR3	Additional	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	49
	Non-discrimination	HR4	Core	Total number of incidents of discrimination and actions taken	49
	Freedom of Association and collective bargaining	HR5	Core	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	50
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	Forced and Compulsory Labor	HR7	Core	Operations identified as having significant risk for incidents of forced or compulsory labor and measures taken for prevention	49
	Security Practices	HR8	Additional	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	N/A
	Indigenous Rights	HR9	Additional	Total number of incidents of violations involving rights of indigenous people and actions taken	N/A
Society	Community	S01	Core	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	56-71
	Corruption	S02	Core	Percentage and total number of business units analyzed for risks related to corruption	16-19, 30, 31
		S03	Core	Percentage of employees trained in organization's anti-corruption policies and procedures	18, 19
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	Public Policy	S05	Core	Public policy positions and participation in public policy development and lobbying	21
		S06	Additional	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	N/A (Prohibited by law)
	Anti-Competitive Behavior	S07	Additional	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	
	Compliance	S08	Core	Monetary value of significant fines and total numbers of non-monetary sanctions for non-compliance with laws and regulations	
Product Responsibility	Customer Health and Safety	PR1	Core	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	44, 57-60
		PR2	Additional	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	44, 81
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		PR4	Additional	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	43
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	Communications	PR7	Additional	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
	Customer Privacy	PR8	Additional	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	47, 81
	Compliance	PR9	Additional	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	

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