



Corporate Governance and Communication Committee Report

51st Annual General Meeting

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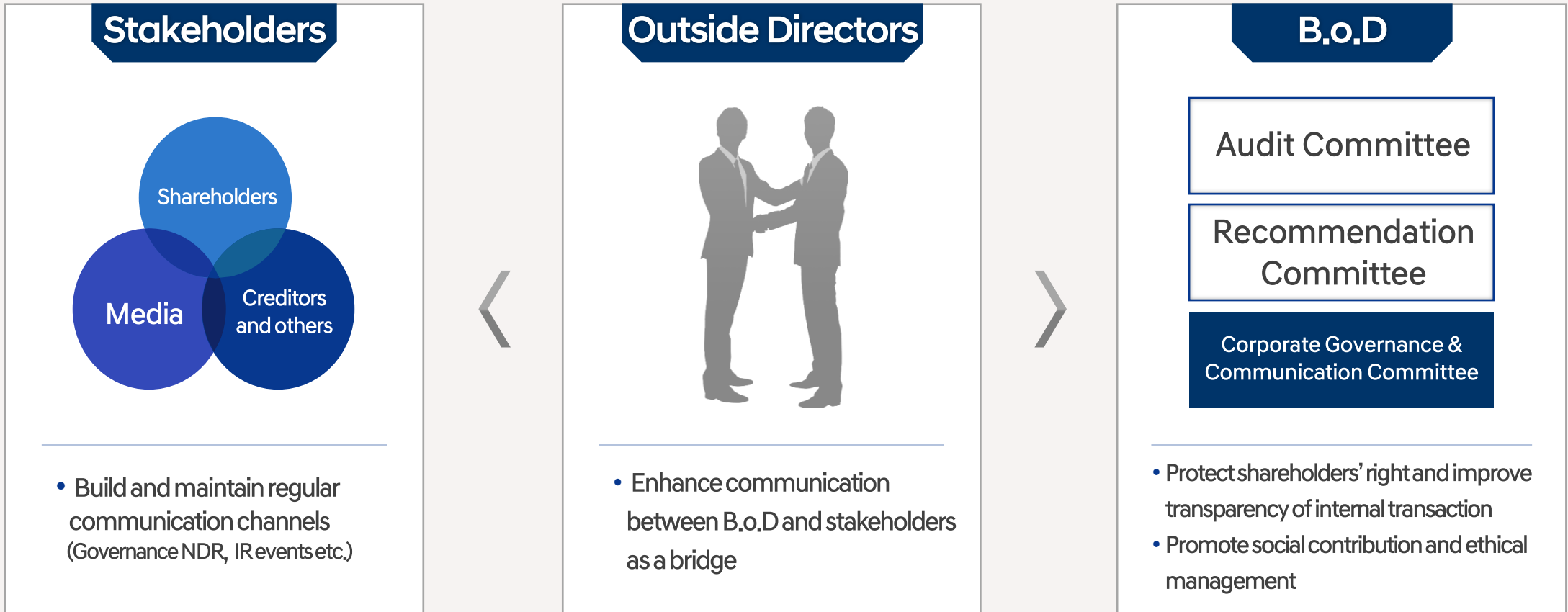
Key Activities in 2018

III

Future Plans

Corporate Governance and Communication Committee

- Established as an independent committee in April 2015
- Solely comprised of 4 outside directors in order to promote transparency and independence
- Group affiliates followed adoption of CGCC (KIA(2016), Mobis · Glovis(2017), E&C · Steel (2018) etc.)



II. Key Activities in 2018

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**Target to improve transparency
through enhancement of roles of CGCC in 2019**

II . Key Activities in 2018

Communication with Shareholders

		Details
Governance NDR	Date	July 5 th ~ July 12 th
	Purpose	To enhance communication and form trust with major shareholders
	Participants	Outside Director, IRO, Head of Strategy & Technology Team and IR Team
	Shareholders	<p>Corporate governance managers of 27 major shareholders</p> <ul style="list-style-type: none"> □ Hong Kong : 7 shareholders including Capital Group, Schroders and APG □ Singapore : 5 shareholders including GIC and ISS □ Frankfurt : 2 shareholders including Allianz and Deka □ London : 6 shareholders including Tweedy Browne, HSBC and Elliott □ Boston : 3 shareholders including Westwood and Finpoint □ New York : 4 shareholders including Indus and Lakewood
	Agenda	<p>Mid-long term dividend policy and shareholder return enhancement</p> <p>Prospect of future group restructuring and shareholders' rights protection policy</p> <p>Guideline for mid-long term technology strategy for future competitiveness</p>

II. Key Activities in 2018

Corporate Governance

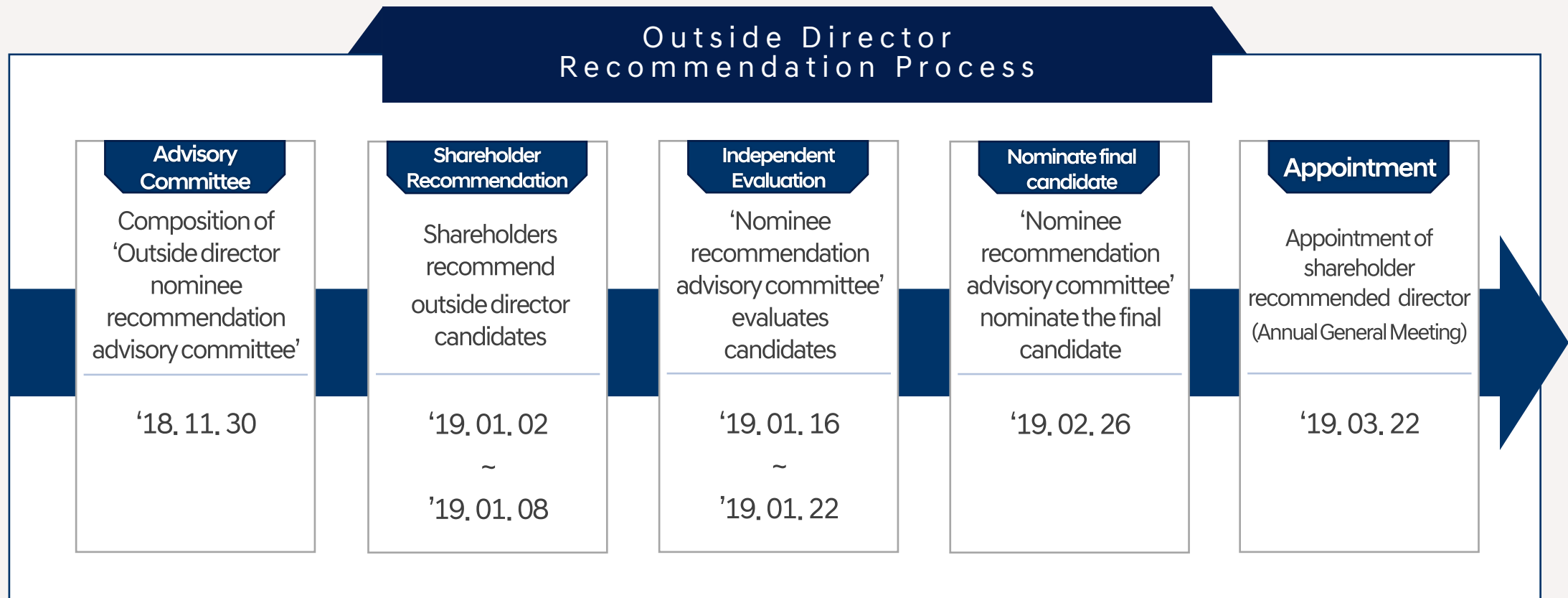
- **Main Activities** : Meeting with major shareholders and proxy advisories, governance seminars on regular basis
- **Effects** : Enhancing shareholder value through better communication and improved expertise

		Details
Major Shareholder Meetings	Summary	<p>Investor meetings with governance managers of major financial institutions (Including meetings with Outside Director)</p> <ul style="list-style-type: none"> □ NPS, Capital Research, APG, Skagen, Hermes
	Agenda	<ul style="list-style-type: none"> · Current governance performance and future plans for the Committee · Hyundai Motor's continuous endeavor on improvement of shareholder value
Governance-related Advisors	Summary	<p>Meetings with proxy advisory and governance advisors</p> <ul style="list-style-type: none"> □ ISS (Proxy advisory), GES (Europe governance advisory), ACGA (Asia Corporate Governance Association)
	Agenda	<ul style="list-style-type: none"> · Strategy for ESG enhancement · Mid-long term strategic direction for governance improvement
Governance Seminars (April, October)	Summary	<p>Enhancement of expertise of outside directors through governance seminar with</p> <ul style="list-style-type: none"> - Instructor : Cho, Myeong Hyun (President of KCGS), Yeongjae Ryu (CEO of Sustinvest)
	Agenda	<ul style="list-style-type: none"> · Current status of domestic proxy advisories and proxy-voting practice of domestic institutional investors · Importance of responsible investment and Corporate response

II. Key Activities in 2018

Outside Director Recommendation

- **Purpose :** Appointment outside director in charge of shareholder protection by shareholder recommendation to strengthen shareholder value and business transparency
- **Date :** One outside director is to be appointed in 51st Annual General Meeting
- **Standard :** Independent 'Outside director nominee recommendation advisory committee' nominated final candidate with transparency and fairness



II. Key Activities in 2018

Improving Shareholder Value

Maintained the same dividend amount despite weaker earnings and increased uncertainties in the business environment

Dividends

(Unit: KRW)

		2014	2015	2016	2017	2018
Dividends Per share	Common Share	3,000	4,000*	4,000*	4,000*	4,000*
	Series 2 Preferred Share	3,100	4,100	4,100	4,100	4,100
	Series 1 & 3 Preferred Share	3,050	4,050	4,050	4,050	4,050
Total dividend	Amount	817.3 bn	1,079.6 bn	1,079.6 bn	1,079.6 bn	1,066.2 bn
	(Payout Ratio)	(11%)	(17%)	(20%)	(27%)	(71%)
Share Buyback		144.9 bn	314.8 bn			1,014.1 bn
Total Shareholder Return		962.2 bn	1,394.4 bn	1,079.6 bn	1,079.6 bn	2,080.3 bn

* Interim dividend: KRW 1,000 / Year-end Dividend : KRW 3,000

* Share buyback history: Nov. '14 ~ Feb. '15 (1% of outstanding shares) / Apr. '18 (1% buy-back of outstanding shares and cancelled 2% of T-shares) / Nov. '18 (1% of outstanding shares)

Vision

Enhance Independence · Expertise · Diversity
Continuously improve Corporate Governance

Independence

Director with governance-
expertise, nominated by
shareholder recommendation

Professionalism

Director with proven
competence in global
business

Diversity

Director with expertise in
diverse fields such as ICT ·
finance or with different
nationality

Enhance Corporate Governance to Global Standards