

Corporate Governance and Communication Committee Report

53rd Annual General Meeting

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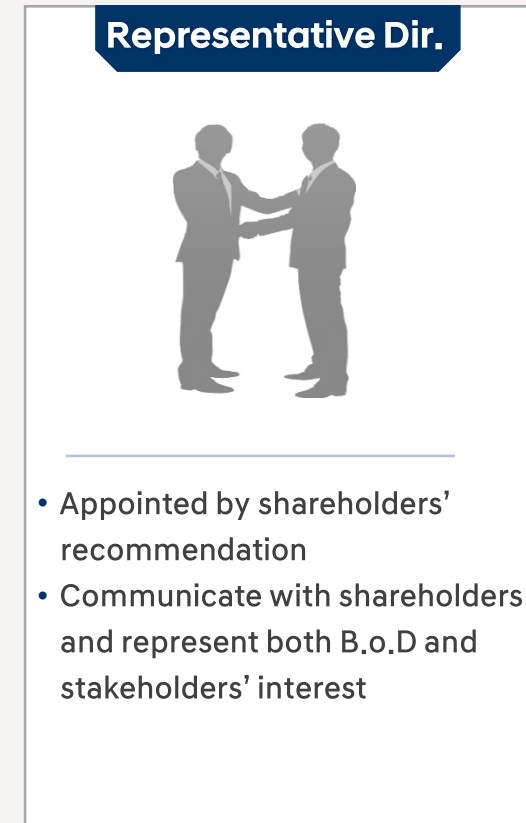
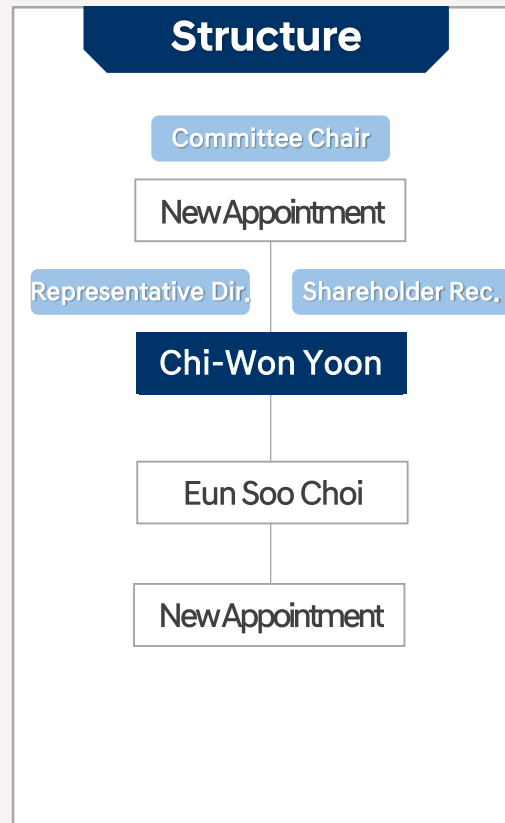
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Corporate Governance & Communication Committee

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



■ II . Key Activities in 2020

C.G.C.C Activities

Main Activities	
Regular CGCC Meeting	<u>4</u>
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Review Large-scale Internal Transactions (in accordance with Korean Fair Trade Law)	11
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**Continuous effort to enhance
shareholders' right · transparency · ESG in 2021**

■ II . Key Activities in 2020 (continued)

Enhance Non-Contact Communication

- Introduce webcasting earnings release and promote online shareholders' meeting

Items		Contents
Webcasting earnings release	Summary	Introduce webcasting earnings release conference call that anyone can participate □ Begin webcasting from April 2020, adopting shareholders' request at the Annual Shareholders' meeting in March 2020.
	Access	Live broadcast of earnings release, management strategy, Q&A contents through HMC Website * https://www.hyundai.com/kr/ko/company-intro/ir-information/ir-condition/ir-result-announcement * Separate English conference call for foreign investors
	Participation	Over 300 people participated every quarter □ 1Q 337 → 2Q 349 → 3Q* 163 → 4Q 487 * A week prior to 3Q earnings release, IR team announced separate meeting
Broadcast shareholders' meeting via online	Contents	Broadcast March 2021 shareholders' meeting through online □ Enhance shareholder convenience and voting through adopting electronic voting system in 2020 and broadcasting annual shareholders' meeting online in 2021 □ Although annual shareholders' meeting is not subject to gathering prohibition, but it is promoted as a measure to protect shareholders to prevent the spread of COVID-19

■ II . Key Activities in 2020 (continued)

Enhance Non-Contact Communication

- 2020 Governance NDR and Governance seminar have been suspended due to COVID-19
- Representative Director for shareholders participated non-contact communication with shareholders and on-line seminar

Items		Contents
Representative Director for Shareholders Meeting (May, December)	Summary	Investor meeting and with Representative Director for Shareholders(Chi-Won Yoon) and correspondence with governance managers - Investors : May - HSBC December - 14 investors from BlackRock, GIC, APG, Robeco, Hermes, ACGA, etc.
	Agenda	Expected timeline for group governance structure Direction of capital allocation and shareholder return policy Governance improvements in the past year and performance index for BoD · Management (KPI, Compensation standards, BoD evaluation, etc) Climate change and ESG enhancement measures in the aspects of BoD · Management
Enhance governance expertise and network (November)	Purpose	Enhancement of expertise and promotion of investor networks for Representative director for Shareholders through participating ACGA conference
	Topic	Establishment of enhanced governance for the development of ESG in Asia Pacific □ Status of governance improvement of major Asian countries, necessity of reinforced ESG, securing diversity of BoD, etc.

■ II. Key Activities in 2020 (continued)

Expertise Enhancement

- Proceeded with non-contact activities of Outside Director seminar due to COVID-19

February

「Contact + Non-Contact」

Status of auto industry and forecast

July

「Non-Contact」

Status of UAM (Urban Air Mobility) industry and forecast

Status of HMC compliance support system and plan

■ II . Key Activities in 2020 (continued)

Compliance Check

- **Summary :** Major compliance activities are reported from the compliance officer and are inspected quarterly
- **Effect :** Ensuring fairness and independence in compliance, reinforcement of employee compliance capabilities and spread of compliance culture

Compliance Check

1

Receiving reports on the company's major compliance activities

2

Request for active prevention activities on major legal issues (Technology data hijacking, Severe accident punishment law, etc.)

major compliance activity

Operation of Compliance Manager System

- Performing departmental compliance activities by each department head who is designated to compliance manager

Conduct of Compliance Self-Assessment

- Compliance Self- Assessment on major laws related to work

Establishing a culture of compliance

- Expansion of Compliance Management System, conducting of compliance education, distribution of Compliance Newsletter and Global Monthly Legal Report

Publication of Compliance Management Handbook

- Guidance on the necessity of compliance management, company's compliance system, and key legal issues

■ II . Key Activities in 2020 (continued)

Mid- to Long-term Strategy

- **Announcement** : 2020 Hyundai Motor Company CEO Investor Day (Dec.10th)
- **Procedure** : BoD approval → Mid- to long-term strategy disclosure
- **Contents** : Strategy 2025 & mid- to long-term financial target from 2019 CEO Investor Day update and four future technology strategies unveil

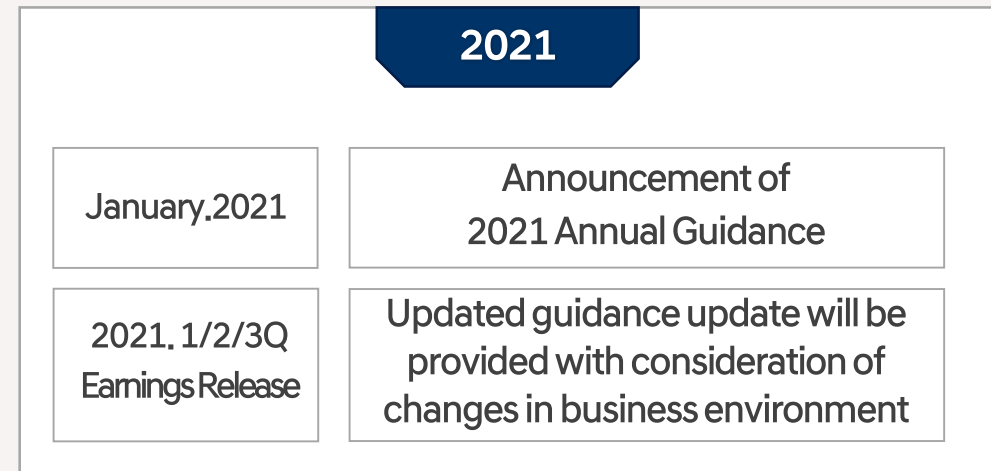
Summary	
Title	Future Tech · Strategy 2025 · Mid-to Long-term Financial target
Host	CEO / Management presentation and Q&A - Presentation : YouTube / Q&A : Conference Call
Participants	Domestic & Int'l. Investors - Post KOR/ENG scripts on HMC homepage for investor convenience

Content	
Future Strategy	- EV : Albert Biermann - UAM : Jaewon Shin - Fuel Cell : Saehoon Kim - Autonomous : Woongjun Jang
Mid-to Long-term Strategy	- Strategy 2025 update & Mid-to Long- term financial target : Wonhee Lee

■ II . Key Activities in 2020 (continued)

Annual Guidance

- **Background :** Provide reference materials for investor through annual guidance disclosure
- **Announcement :** 2020 4Q Earnings Release Announcement (Jan. 26th, 2021)
- **Procedure :** C.G.C.C review → BoD approval → Mid- to long-term strategy disclosure
- **Contents :** Key management index such as sales Target, Profitability, Investment plan



■ II . Key Activities in 2020 (continued)

Shareholder Return Policy

- **2020 Annual Dividend :** Interim dividends cancelled due to COVID-19 crisis management, maintain year-end dividend
- **Direction :** Maintain the optimal level between shareholder return and securing future investment source

Items		2016	2017	2018	2019	2020*
Dividends per Share	Common Share	4,000	4,000	4,000	4,000	3,000
	Series 2 Preferred Share	4,100	4,100	4,100	4,100	3,100
	Series 1 & 3 Preferred Share	4,050	4,050	4,050	4,050	3,050
Total Dividend	Amount	1,079.5 bn	1,079.5 bn	1,066.2 bn	1,053.5 bn	7,855 bn
	(Payout Ratio)	(20%)	(27%)	(71%)	(35%)	(55%)
	% of FCF	51%	51%	447%	59%	30%
Share Buyback				454.7 bn	361.4 bn	1,837bn
Total Shareholder Return		1,079.5 bn	1,079.5 bn	1,520.9 bn	1,414.9 bn	9,692 bn

* 2020 Dividend : Based on BoD report

- 2018 Share Buyback : Apr~Jul,2018 (Canceled 1% of outstanding shares announced in Apr.2018) , Dec.2018 (2018 portion, 1% of outstanding shares announced in Nov.2018), Excluding treasury shares canceled amount of 559.4 bn
- 2019 Share Buyback : Jan~Feb,2019 (2019 portion, 1% of outstanding shares announced in Nov.2018) , Dec.2019(2019 portion, 1% of outstanding shares announced in Dec.2019)
- 2020 Share Buyback : Jan~Feb,2019 (2020 portion, 1% of outstanding shares announced in Dec.2019)
- FCF : Cash flow from Operating activities - Tangible/Intangible asset gain(Based on Non-finance, Excluding GBC and equity investment)

III. Direction of ESG improvement

ESG Improvement

- Newly organized dedicated team in 2019, established ESG improvement plan in 2020, build ESG governance in 2021

2020 ESG meetings	
Investors	NPS, BlackRock, GIC, AIA, L&G, Skagen, Schroders, Hermes, etc
ESG Rating co.	Sustainalytics, ISS, MCSI, Sustainvest
Key questions & requests	<p>ESG ratings and Strategy</p> <p>Strategy for climate change 「Mid-to Long-term target post 2030, Carbon neutral plan, supply chain management, TCFD adopting plan, etc」</p> <p>Quality risk management plan</p> <p>HR management plan</p> <p>Enhance diversity and expertise of BoD</p>

History of ESG improvement	
2018	<p>Recognition of need for ESG reinforcement</p> <ul style="list-style-type: none">- Demand for active climate change response from investors
2019	<p>Enhancement of ESG evaluation, review dedicated ESG team</p> <ul style="list-style-type: none">- Awarded the best company in response to climate change from CDP *, Incorporated into DJSI Korea index
2020	<p>Establish ESG improvement plan</p> <ul style="list-style-type: none">- Identify key improvement tasks from 5 areas, Supply chain management, Human right, CG, Eco-friendly products, climate change
2021	<p>Establish ESG governance, Full-scale promotion of ESG improvement</p> <ul style="list-style-type: none">- ESG progress report to C.G.C.C twice a year- Applying TCFD / SASB on Sustainability report

* 2018 result released in 2019

Future Plan

Continuous effort to improve shareholder value through

BoD Reinforcement · Expand Shareholder Returns · ESG Improvement · Increase Transparency

BoD Reinforcement

Continuously promote
Diversification · Independence
· Expertise of BoD

Expand Shareholder Return

Execute shareholder return
policy under consideration of
corporate value enhancement

ESG Improvement

Establish ESG improvement
system to engage climate
change risk and sustainable
growth

Increase Transparency

Active sharing of key
management messages
through CEO Investor day &
earnings guidance

**Enhance Corporate Governance to global standards
and strengthen ESG management**