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- CGCC Activities
- Shareholder Return Policy

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- Shareholders, BoD, CGCC
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Business Priorities

• Competitive products with innovative design and enhanced technology

• Improving fuel efficiency and eco-friendly technology for sustainable growth

• Securing technology competitiveness for future mobility

• Building trust through ethical and product responsibility

• Enhancing shareholder value through broader communication

• Establishing a future-oriented and constructive relationship with labor union
CGCC Activities

- Apr. 2015 Established CGCC (Corporate Governance and Communication Committee)
- Jul. 2015 Governance NDR (Asia, Europe)
- Jul. 2015 Interim Dividend
- Dec. 2015 Governance Seminar (Compliance, Sung Jai Choi, Lawyer)
- Mar. 2016 Corporate Governance Charter
- Jun. 2016 Governance Seminar (CG Codes and the role of BoD, Prof. Kyungsuh Park)
- Jul. 2016 Governance NDR (Asia, Europe, US)
- Oct. 2016 Governance Seminar (Dividend Policy and Corporate Value, Prof. Sungmin Kim)
- Nov. 2016 ACGA Conference
- Jan. 2017 Dividend Policy Announced
- Jan. 2017 Governance Seminar (2017 CG Outlook, Prof. Woochan Kim)
- Apr. 2017 Governance Workshop (Shareholder Activism, Y.K. Park of APG)

· CGCC was established for Kia in 2016 and Mobis in 2017
Shareholder Return Policy

Mid-Long Term Policy

- Allocate 30 to 50% of annual free cash flow for shareholder returns
- Aim to lift our payout ratio to the global peers’ average

Shareholder Return

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend Per Share (KRW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>'12</td>
<td>0.5</td>
</tr>
<tr>
<td>'13</td>
<td>0.5</td>
</tr>
<tr>
<td>'14</td>
<td>0.8</td>
</tr>
<tr>
<td>'15</td>
<td>1.1</td>
</tr>
<tr>
<td>'16</td>
<td>1.1</td>
</tr>
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</table>

Dividend Per Share

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend Per Share (KRW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>'12</td>
<td>1,900</td>
</tr>
<tr>
<td>'13</td>
<td>1,950</td>
</tr>
<tr>
<td>'14</td>
<td>3,000</td>
</tr>
<tr>
<td>'15</td>
<td>4,000</td>
</tr>
<tr>
<td>'16</td>
<td>4,000</td>
</tr>
</tbody>
</table>

Payout Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Payout Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>'12</td>
<td>6%</td>
</tr>
<tr>
<td>'13</td>
<td>6%</td>
</tr>
<tr>
<td>'14</td>
<td>11%</td>
</tr>
<tr>
<td>'15</td>
<td>17%</td>
</tr>
<tr>
<td>'16</td>
<td>20%</td>
</tr>
</tbody>
</table>

(HYUNDAI)
Appendix

Corporate Governance and Future Business Strategy
Shareholders

- Total number of outstanding shares: 285,478,625 (common 220,276,479 / preferred 65,202,146)
- Treasury Stock: 16,825,493 / 5.9% (Common 13,222,514 / 6.0%)
- Foreign Ownership: more than 40% (common stock) / more than 70% (preferred stock)
## Board of Directors

### BoD Status

- **Members:** 9 (4 Internal Directors, 5 External Directors)
- **Committee:**
  - **External Director Recommendation Committee** (3 External Directors)
  - **Audit Committee** (4 External Directors)
  - **Corporate Governance and Communication Committee** (4 External Directors)

<table>
<thead>
<tr>
<th>Status</th>
<th>Name</th>
<th>Title</th>
<th>Appointed</th>
<th>Term</th>
<th>Responsibility</th>
<th>Member Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal</td>
<td>Mong Koo Chung</td>
<td>Chairman &amp; CEO</td>
<td>2017</td>
<td>3 year</td>
<td>Management</td>
<td>External Director Recommendation Committee (EDRC)</td>
</tr>
<tr>
<td></td>
<td>Eui Sun Chung</td>
<td>Vice Chairman</td>
<td>2016</td>
<td>3 year</td>
<td>Management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Won Hee Lee</td>
<td>President</td>
<td>2016</td>
<td>3 year</td>
<td>Management</td>
<td>EDRC</td>
</tr>
<tr>
<td></td>
<td>Gap Han Yoon</td>
<td>President</td>
<td>2015</td>
<td>3 year</td>
<td>Management</td>
<td></td>
</tr>
<tr>
<td>External</td>
<td>You Jae Yi</td>
<td>Chairperson of CGCC</td>
<td>2016</td>
<td>3 year</td>
<td>Marketing</td>
<td>CGCC, EDRC</td>
</tr>
<tr>
<td></td>
<td>Dong Kyu Lee</td>
<td></td>
<td>2015</td>
<td>3 year</td>
<td>Law</td>
<td>CGCC, Audit Committee</td>
</tr>
<tr>
<td></td>
<td>Byung Kook Lee</td>
<td></td>
<td>2015</td>
<td>3 year</td>
<td>Finance</td>
<td>CGCC, Audit Committee</td>
</tr>
<tr>
<td></td>
<td>Eun Soo Choi</td>
<td></td>
<td>2017</td>
<td>3 year</td>
<td>Law</td>
<td>CGCC, Audit Committee, EDRC</td>
</tr>
<tr>
<td></td>
<td>Sung Il Nam</td>
<td>Chairperson of Audit Committee</td>
<td>2016</td>
<td>3 year</td>
<td>Strategy</td>
<td>Audit Committee, EDRC</td>
</tr>
</tbody>
</table>
Board of Directors

Internal Director (Appointed since)

Mong Koo Chung (1999–)
- Hanyang University, BS in Industry Business Admin.
- Chairman of Hyundai Motor
- Chairman of Kia (Former)

Eui Sun Chung (2010–)
- University of San Francisco Master in Business Admin.
- Vice Chairman of HMC
- CEO of Kia (Former)

Won Hee Lee (2016–)
- Western Illinois University Masters in Accounting
- President of HMC (Strategy, Sales, Marketing and Finance)

Gap Han Yoon (2012–)
- Keimyung University
- President of HMC (President of HMC Ulsan Plant)

Distinguished Service Citation 2001 (Automotive Hall of Fame)
Best CEO in Auto Business 2004 (Businessweek)
Asia Best CEO in Auto Business 2010 & 2011 (Automotive News)

World Economic Forum Global Next Generation Leaders 2006
Board of Directors

External Director (Appointed since)

**You Jae Yi (2011~)**
- Professor of Business Administration, Seoul National University
- Ph.D. from Stanford University

**Byung Kook Lee (2015~)**
- Chairman of e-Chon Tax Accounting Corp.
- Commissioner of Seoul Regional Tax Office (Former)

**Sung Il Nam (2010~)**
- Professor of Economics, Sogang University
- Ph.D. from Rochester University
- Chairman of Korea Labor Economic Association (Former)

**Dong Kyu Lee (2015~)**
- Advisor of Kim and Chang Law Group
- Seoul National University
- Secretary General of Korea Fair Trade Commission (Former)

**Eun Soo Choi (2017~)**
- Lawyer at DR&AJ
- President of Daejeon High Court (Former)
- President of Patent Court (Former)
### CGCC

**Major activities during 2015 ~ 2017**

<table>
<thead>
<tr>
<th>Year</th>
<th>Date</th>
<th>Content</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>4/23</td>
<td>Approval of Internal Transaction, Appoint a Representative Director of CGCC</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7/23</td>
<td>Review Governance NDR, Interim Dividend, Internal Transactions</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>10/22</td>
<td>Review Internal Transactions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10/26</td>
<td>Review ownership transaction among subsidiaries</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2/4</td>
<td>Meeting with Seoul City regarding GBC</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3/11</td>
<td>Reappoint Representative Director of CGCC</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>4/26</td>
<td>Review Internal Transactions, Social Contribution</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7/26</td>
<td>Review Governance NDR, Internal Transactions, Social Contribution</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10/26</td>
<td>Review Internal Transactions, Social Contribution</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3/17</td>
<td>Reappoint Representative Director of CGCC</td>
<td>75%</td>
</tr>
</tbody>
</table>
Eco-Friendly Vehicle Strategy

28 Eco-friendly vehicle line-ups by 2020 (Hyundai 14 models, Kia 14 models)

- 2013: Tucson FCEV
- 2015: Sonata PHEV
- 2016: Ioniq HEV · EV
- 2017: Ioniq PHEV
- Roadmap: EV exclusive platform
- Strategy:
  - 2018: EV SUV Model
    - (390km with single charge)
  - FCEV Model
    - (800km with single charge)
  - Roadmap: EV exclusive platform
    - Obtain Cost Competitiveness
      - (Internalize Motor, Control unit and Battery)
Autonomous Vehicle Strategy

Autonomous Roadmap

<table>
<thead>
<tr>
<th>Level (SAE)</th>
<th>Level 0</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
<th>Level 5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No Automation</td>
<td>Driver Assistance</td>
<td>Partial Automation</td>
<td>Conditional Automation</td>
<td>High Automation</td>
<td>Full Automation</td>
</tr>
<tr>
<td>HMC</td>
<td>LKAS, SCC, FCA</td>
<td>HDA</td>
<td>Advanced Development</td>
<td>In Progress</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Status

- HDA (Level 2) adopted to G90 (Dec. 2015)
- Ioniq autonomous vehicle (Level 4) demonstrated in city road (CES 2017, Las Vegas)
- Established Intelligent Safety Technology Center (Feb. 2017)
  - Exclusive teams and experts for ADAS R&D
  - Securing Technological Competitiveness

Future Plan

- Affordable autonomous vehicle to serve safety for all people
- Increase collaboration with the leading companies in other business fields to secure technological competitiveness on core technology (recognition, decision and control)
- Commercialize Level 4 ADAS by 2020
  Level 5 ADAS by 2030

- LKAS (Lane Keeping Assist System), SCC (Smart Cruise Control), FCA (Forward Collision-Avoidance system), HDA (Highway Driving Assist)
Genesis Brand Strategy

6 Full line-ups including SUV models by 2020

Genesis Roadmap

<table>
<thead>
<tr>
<th>Year</th>
<th>Model</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>Genesis · G90</td>
<td>launched</td>
</tr>
<tr>
<td>2016</td>
<td>G80</td>
<td>launched</td>
</tr>
<tr>
<td>2017</td>
<td>G70</td>
<td>to be launched</td>
</tr>
<tr>
<td>~2020</td>
<td>Lg SUV, Mid CUV, Coupe</td>
<td></td>
</tr>
<tr>
<td>2021~</td>
<td>Independent Sales Networks</td>
<td></td>
</tr>
</tbody>
</table>

Sales Result ('15~'16)

- G90 (EQUUS): 9, 26 (Unit: 000)
- G80 (Genesis): 72, 73

Korea, N. America, Middle East and Russia

IQS (Premium brand)

- 2016: ① Porsche, ② BMW, ③ Lexus, ④ Lincoln, ⑤ Infinity
- 2017: ① Genesis (new), ② Porsche, ③ BMW, ④ Lincoln, ⑤ Lexus

Line-ups

- 6 model lineups including 2 SUVs
- High performance and eco-friendly
- Genesis model