

Corporate Governance and Communication Committee Report

52nd Annual General Meeting

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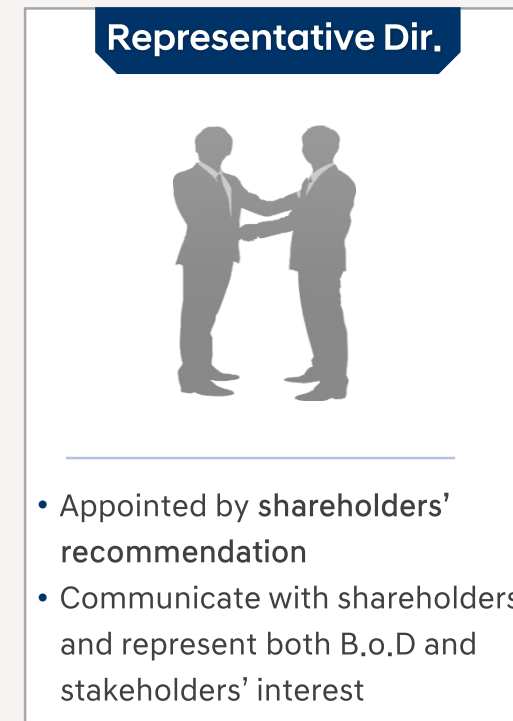
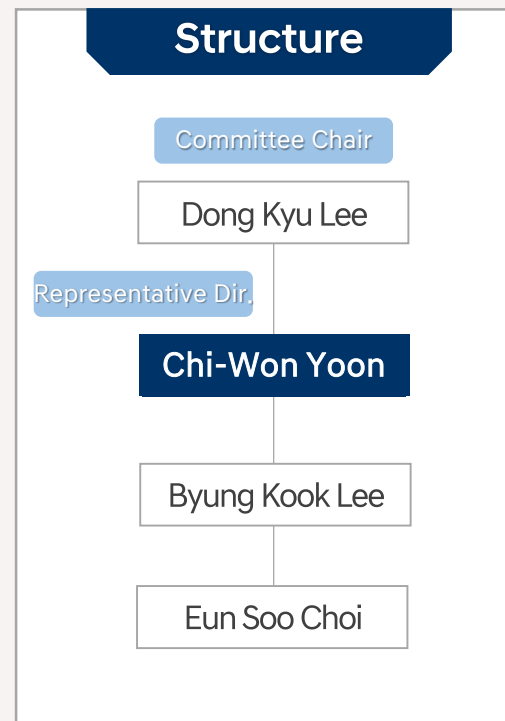
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■ I . Introduction

Corporate Governance and Communication Committee

- Established as an independent committee in April 2015
- Comprised solely 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 2019

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Continuous effort to enhance shareholders' right and transparency in 2020

■ II . Key Activities in 2019 (continued)

Enhance Shareholder Communication

Items		Contents
Governance NDR	Date	July 2 nd ~ 10 th
	Purpose	To enhance communication and build trust with major shareholders
	Participants	Representative Director for Shareholders, Head of Strategy & Technology Division(U.S.), Head of IR Team
	Investors	<p>Corporate governance managers of 34 major shareholders</p> <ul style="list-style-type: none"> □ Hong Kong : 6 shareholders/institutions including Capital Group, BlackRock, APG □ Singapore : 7 shareholders/institutions including GIC, Wellington, ISS □ London : 8 shareholders/institutions including Silchester, HSBC □ New York : 6 shareholders/institutions including Lazard, Oaktree □ Boston : 3 shareholders/institutions including Westwood, Fidelity □ San Francisco : 4 shareholders/institutions including Matthews, Glass Lewis
	Agenda	<p>Strategic plan for mid-to long-term profitability improvement and financial target achievement</p> <p>Prospect of group restructuring</p> <p>Effort to improve ESG and enhancement strategy</p> <p>Guideline for mid-to long-term technology strategy for future competitiveness</p>

■ II . Key Activities in 2019 (continued)

Enhance Shareholder Communication(continued)

Items		Contents
「HMG」 Representative Director for Shareholders Meeting (April)	Summary	Investor meeting with Representative Director for Shareholders from 4 HMG affiliates - Chi-Won Yoon(HMC), Sang-gu Nam(KMC), Dae Soo Kim*(Mobis), Jaeuk Khil(Glovis)
	Investors	Governance managers from major investment institutions - 9 institutions including BlackRock, APG, Robeco, Allianz, ACGA(Asian Corporate Governance Association)
	Agenda	Ways to improve Independency · Diversity of BoD and proactive shareholder communication Guideline of managing BoD to enhance corporate value Governance and ESG enhancement measures in the aspects of BoD
Governance Advisors Meeting (September)	Summary	Governance advisor meeting with Representative Director for Shareholders - 6 institutions including BlackRock, APG, Robeco, Hermes, ACGA(Asia Corporate Governance Associate)
	Agenda	Mid- to long-term competitiveness enhancement strategy and group restructuring forecast Deliver commitment of shareholder value improvement from BoD & Management and discuss enhancement direction Efforts toward ESG improvement and strategy

* Participate on behalf of Representative Director for Shareholders, Ji Soo Yu

■ II . Key Activities in 2019 (continued)

Expertise Enhancement

- **Major Activity** : Enhance expertise for Outside Directors with various activities

Items		Contents
Governance Seminar (April)	Summary	Enhancing expertise for directors through governance seminar - Lecturer : Prof. Hwa Jin Kim(Seoul National University, School of Law)
	Agenda	Role and Responsibility of BoD - Increase request from market for changes in BoD and correspondence measure
Future tech. Seminar (April)	Summary	Understanding company's future growth and competitiveness position
	Agenda	Electrification strategy and Fuel Cell Electric Vehicle development trend
Visit to overseas operation (June)	Summary	Understanding HMC business situation through overseas plant · sales subsidiaries visit
	Agenda	Visiting Russia plant · sales subsidiaries and U.K sales subsidiaries
Visit to domestic operation (October)	Summary	Understanding auto industry through domestic major R&D facility and production plant visit
	Agenda	Visiting Namyang R&D center and Asan plant

■ II . Key Activities in 2019 (continued)

Mid- to Long-term Strategy

- **Procedure** : C.G.C.C review → BoD approval → Mid- to long-term strategy disclosure
- **Announcement** : Hyundai Motor Company CEO Investor Day
- **Expectation** : Securing investors' confidence by sharing growth strategy and plan

Feb.2019		Dec.2019	
Contents	Mid- to long-term financial target · 5-year investment plan	Contents	2025 Strategy · Financial target · 6-year investment plan
Host	CEO Presentation and Q&A - Int'l. investors participate via C.Call	Host	CEO Presentation and Mgmt. Q&A - R&D Div., Strategy & Technology Div., etc
Participants	280 domestic & int'l. investors	Participants	150 domestic investors

■ II . Key Activities in 2019 (continued)

Shareholder Return Policy

- **Dividend** : Continue the level of pay-out ratio as global peers
- **Share Buyback** : Maintain the optimal level between shareholder return and securing future investment source

(Unit: KRW)

Items		2015	2016	2017	2018	2019*
Dividends per Share	Common Share	4,000	4,000	4,000	4,000	4,000
	Series 2 Preferred Share	4,100	4,100	4,100	4,100	4,100
	Series 1 & 3 Preferred Share	4,050	4,050	4,050	4,050	4,050
Total Dividend	Amount	1,079.6 bn	1,079.5 bn	1,079.5 bn	1,066.2 bn	1,053.5 bn
	(Payout Ratio)	(17%)	(20%)	(27%)	(71%)	(35%)
	% of FCF	36%	51%	51%	447%	59%
Share Buyback		314.8 bn			454.7 bn	361.4 bn
Total Shareholder Return		1,394.4 bn	1,079.5 bn	1,079.5 bn	1,520.9 bn	1,414.9 bn

* 2019 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

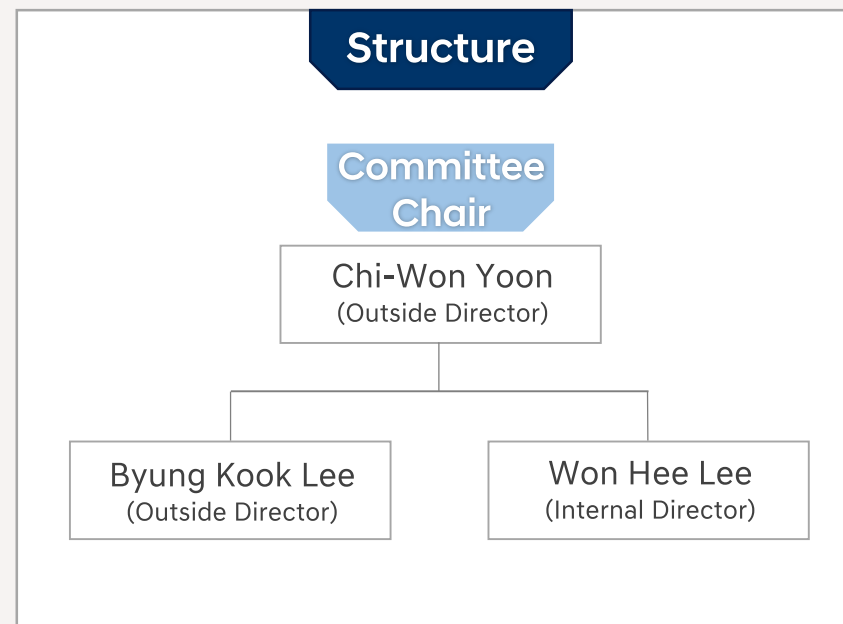
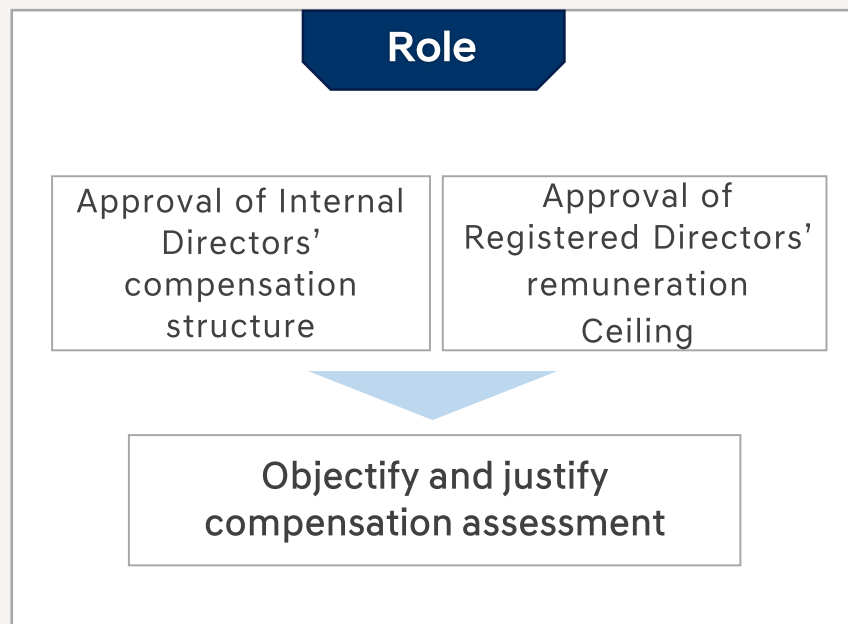
- 2019 Share Buyback : Jan~Feb,2019 (2019 portion, 1% of outstanding shares announced in Nov.2018) , Dec.2019(2019 portion, 1% of outstanding shares announced in Dec.2019)

- FCF : Cash flow from Operating activities - Tangible/Intangible asset gain(Based on Non-finance, Excluding equity investment)

III. Governance Enhancement

Establishing Compensation Committee

- **Establishment** : After Compensation Committee regulation was approved in 2019, Compensation Committee members have been appointed in 2020
- **Role** : Approve internal directors' compensation structure and registered directors' remuneration ceiling
- **Structure** : 2 Outside Directors, 1 Internal Director (Outside Director takes Committee Chair)



■ III. Governance Enhancement (continued)

Amendment of Corporate Governance Charter

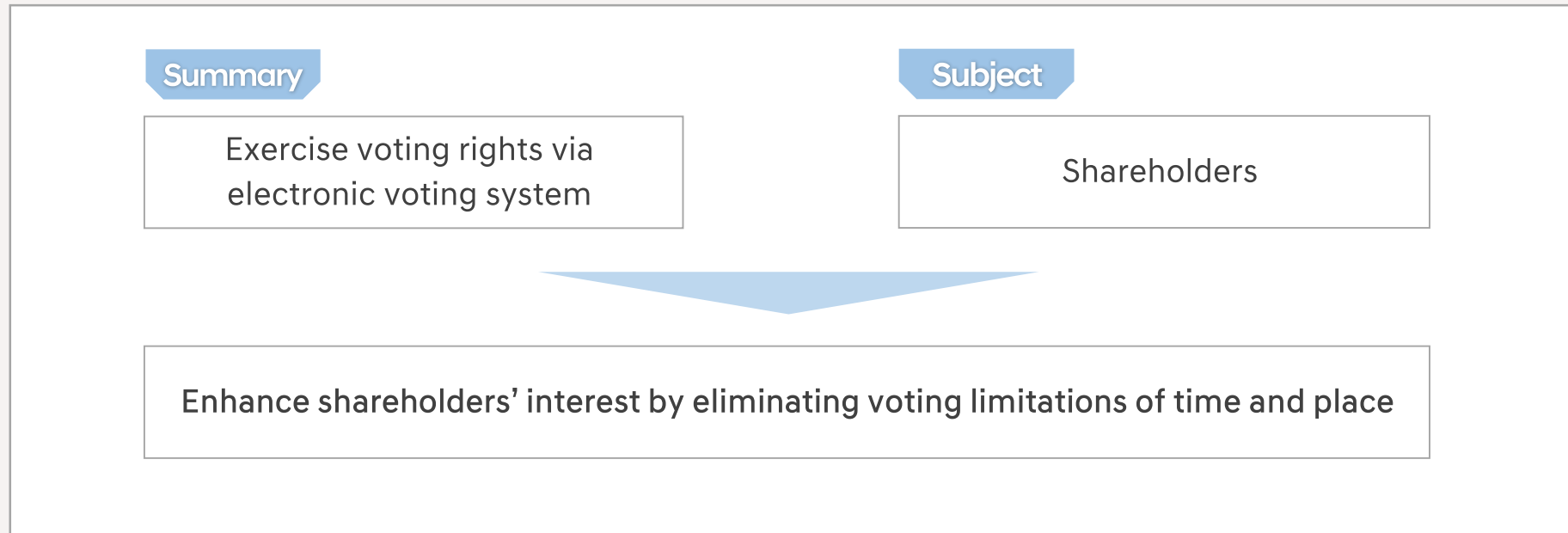
- **Amendment** : Oct.2019, amend major adjustments since its enact in Feb.2016
- **Contents** : Director appointment and supplementing evaluation articles, establishing compensation committee

Items		Contents
Preface	Direction of mid- to long-term strategy	Hyundai Motor Company is committed to becoming a leading global enterprise under rapidly changing auto industry by creating new values based on continuous challenge and innovation.
	ESG improvement	Additionally, the Company contributes to enhancing the sustainability of corporate and society through various active and active ESG improvement activities.
Director appointment	Diversification of BoD, enhancing expertise	A director must not be discriminated on the basis of gender, age, nationality, ethnicity, religion, educational attainment, disability, etc; and be able to contribute to enhancing the Company value and shareholder interests.
		The Company shall promote diversification of BoD member
Evaluation and remuneration	Execute BoD evaluation, establish compensation committee	The Company executes regular evaluation for BoD and outside director to enhance efficiency of BoD.
		The BoD may delegate matters concerning remuneration to be received by directors including the ceiling amount of remuneration, etc to the Compensation Committee.
Article amendment	Article amendment of CGCC and appointment of external auditor	Article amendment of Corporate Governance and Communication Committee and External Auditor appointment

■ III. Governance Enhancement(continued)

Adopting Electronic Voting System

- **Purpose :** To expand shareholders' voting and to enhance shareholders' convenience
- **Adopting period :** Annual General Meeting in March 2020



Future Plan

Continuous effort to improve shareholder value through
BoD Reinforcement · Shareholder Return Expansion · ESG Improvement

BoD Reinforcement

Continuously promote
Diversification · Independence ·
Expertise of BoD

Shareholder Return Expansion

Execute shareholder return policy
under consideration of corporate
value enhancement

ESG Improvement

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

Enhance Corporate Governance to Global Standards