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YOUR VALUE CHAIN PARTNER

2018 Hyundai Glovis Sustainability Report

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2018 Hyundai Glovis
Sustainability Report

About this Report

Since 2015, Hyundai Glovis has issued annual sustainability reports to update our internal and external stakeholders on the company's performance in the area of sustainability. Hyundai Glovis Sustainability Report ('the report' hereinafter) has been compiled based on the criteria and procedure recommended by the Global Reporting Initiative (GRI) Standards.

Reporting Period

The report covers company performances in the fiscal year 2017, January 2017 to December 31, 2017. Relevant contents from FY 2018 Q1 have been included in the report when recognized as germane to our stakeholders' interests. The quantitative analysis in the report includes data of the three consecutive years since 2015, as the report aims to show the changes in trends during the past three years. Unless otherwise noted, data contained in the report is collected and reported as of Dec 31, 2017, the end date of the fiscal year.

Reporting Scope

The scope of the report covers the Hyundai Glovis Seoul head office and our domestic businesses, while some qualitative and quantitative data include overseas offices that report 99% of sales. Moving forward, we aim to present the qualitative and quantitative data of the social and environmental data to expand the geographical coverage of our sustainability report to include all of our offices and facilities worldwide.

Reporting Basis and Independent Assurance

The report was prepared based on the GRI (Global Reporting Initiative) Standards' Core option. To ensure its full credibility, the report has been reviewed by DNV GL, an independent verification agency (page 70~71).

Inquiry

Hyundai Glovis Sustainability Report can be downloaded from our website (<http://www.glovis.net>). For further information, please contact Hyundai Glovis External Cooperation/CSR Team.

Hyundai Glovis External Cooperation/CSR Team

csr@glovis.net

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CEO Message

Hyundai Glovis set up its management policy 'Strengthening the management system through change and innovation'. The company will do its best to fulfill your expectation and support by overcoming the difficult management environment.

Dear Stakeholders,

On behalf of all Hyundai Glovis employees, I would like to thank you for the support of our company over the past year.

Hyundai Glovis achieved meaningful results last year under a challenging business environment. Hyundai Glovis faced many external challenges such as stagnation in the auto industry in the U.S., THAAD retaliation of China, and decrease in the won-dollar exchange rate last year. The company once again achieved growth in 2017 with sales of KRW 16.3583 trillion and a net profit of KRW 700 billion.

Internally, Hyundai Glovis strengthened various sales activities to increase non-affiliated sales; this enabled the company to venture into new logistics businesses such as confectionery and solar power. In addition, the company discovered new avenues in the shipping industry such as the crude oil long-term marine transportation project, and established a foothold for expansion of the shipping infrastructure by means such as the acquisition of "G-Marine Service." Externally, Hyundai Glovis received the Korea Ethical Management Award for two consecutive years and got incorporated into both DJSI Asia Pacific and DJSI Korea Indices for three consecutive years. The company's status was further reinforced through its commitment to sustainable development.

Your inputs have allowed our company to make this remarkable achievement. In 2018, the business environment is expected to be as difficult as the last year. It will take more time for China and the US market to recoup. The global economy is likely to continue its low-growth trend. Protective trade policies will be stronger. Growth of demand in the auto market is expected to remain low. Hyundai Glovis has set up its management policy "Strengthening the management system through change and innovation" in anticipation of these difficult circumstances. Notwithstanding the difficult management environment, the company will do its best to fulfill your expectations, and conduct ourselves in a way befitting the unstinted support you have extended.

First, we will improve our competitiveness in automobile logistics.

Corporate competitiveness can be demonstrated by differences in the fundamental competency. In order to perform through this challenging year, the company shall strengthen its essential competitiveness. In February 2018, Hyundai Glovis set up Pyeongtaek Dangjin Port Terminal, which is the result of a major investment to strengthen its fundamental competitiveness. In order to cope with the environment, we will identify and promote new businesses.

Second, we will strengthen our risk management system.

The global economy is anticipated to continue its low-growth trend and is unlikely to recover quickly. In this sense, enhanced risk management capabilities to prepare for the future will be essential for all future corporate activities. Hyundai Glovis will establish an efficient investment plan that fits with the right place, eliminate redundant elements in business activities through continuous innovation and improvements. In addition, the company has plans to establish an organization for integrated risk management to secure preemptive risk response systems.

Third, we will build the basis for our future growth.

Expanding the scope of our business by securing new growth engines is an important task that cannot be emphasized enough. As I mentioned at the beginning, Hyundai Glovis is building a stable business portfolio and continuously securing new market and project groups. The company is also fostering the highest level of customized talents for global logistics through continuous training and support. In addition, the company will seek opportunities for mergers and acquisitions in preparation for the future logistics industry in the 4th Industrial Revolution.

Lastly, we will reinforce sustainability management.

Hyundai Glovis will expand the "Safety Awareness Campaign" to strengthen corporate social responsibility. As a leader in the domestic logistics industry, we will establish a win-win partnership to improve the competitiveness of the logistics industry including our suppliers. In September, the company held a "Mutual Growth Agreement Ceremony" to raise KRW 50 billion in funds to expand its mutual growth activities. In addition, we will continue to support the Foundation of Korea Logistics Industry Promotion established in 2013 and promote and contribute to the development of the entire logistics industry.

Hyundai Glovis hopes that 2018 will mark the first year of efforts to maximize the value of sustainable growth based on your trust. I believe Hyundai Glovis has been able to grow through the crises and troubles the company faced in the past because of the steadfast trust and support our stakeholders always extended. I look forward to receiving your continued trust and support.

Thank you.

June 2018
CEO Kim, Jung-Hoon





08

Management Philosophy



09

Corporate Profile



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Major Achievements in 2017



12

Global Network

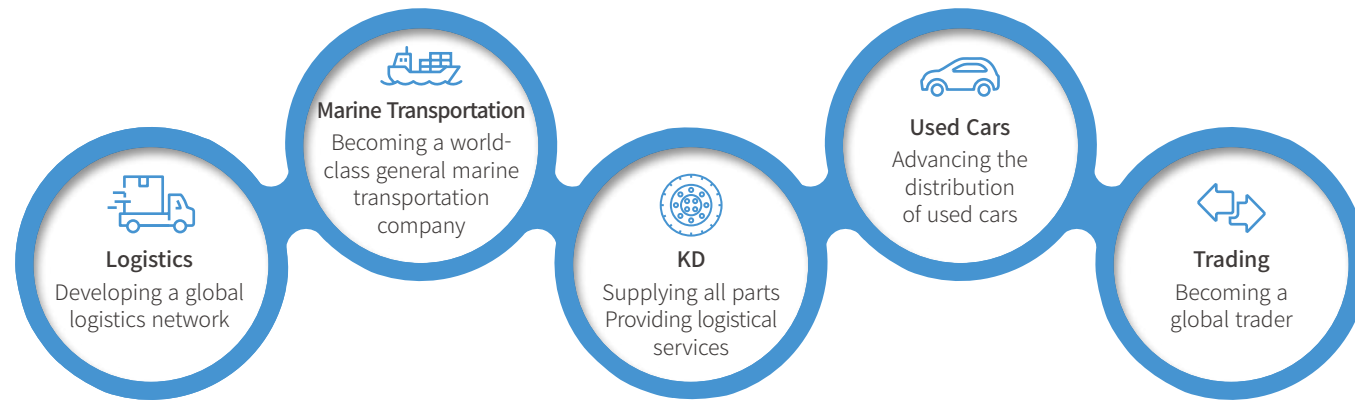
COMPANY OVERVIEW

Management Philosophy

Hyundai Glovis Vision

Your Value Chain Partner

We pursue sustainable growth by achieving efficiency improvements across the entire customer value chain, based on our differentiated value in logistics and distribution services.



Management Philosophy of Hyundai Motor Group

Unlimited Sense of Responsibility

Our vision of unlimited responsibility for the safety and happiness of the customer is realized in our quality management, which leads to the creation of unlimited value for our society.

Realization of Possibilities

We always move forward to the next goal after each success, and create a better future with a challenging spirit.

Respect for Mankind

We offer value, better products and better services for people, and make the lives of our customers more affluent.

Core Values of the Hyundai Motor Group

CUSTOMER

We promote a customer-driven corporate culture by providing the best quality and impeccable service with all values centered on our customers.

CHALLENGE

We refuse to be complacent, embrace every opportunity for greater challenge, and are confident in achieving our goals with unwavering passion and ingenious thinking.

COLLABORATION

We create synergy through a sense of “togetherness” that is fostered by mutual communication and cooperation within the company and with our business partners.

PEOPLE

We believe the future of our organization lies in the hearts and capabilities of individual members, and will help them develop their potential by creating a corporate culture that respects talent.

GLOBALITY

We respect the diversity of cultures and customs, aspire to be the world’s best at what we do, and strive to become a respected global corporate citizen.

Corporate Profile

Company Overview

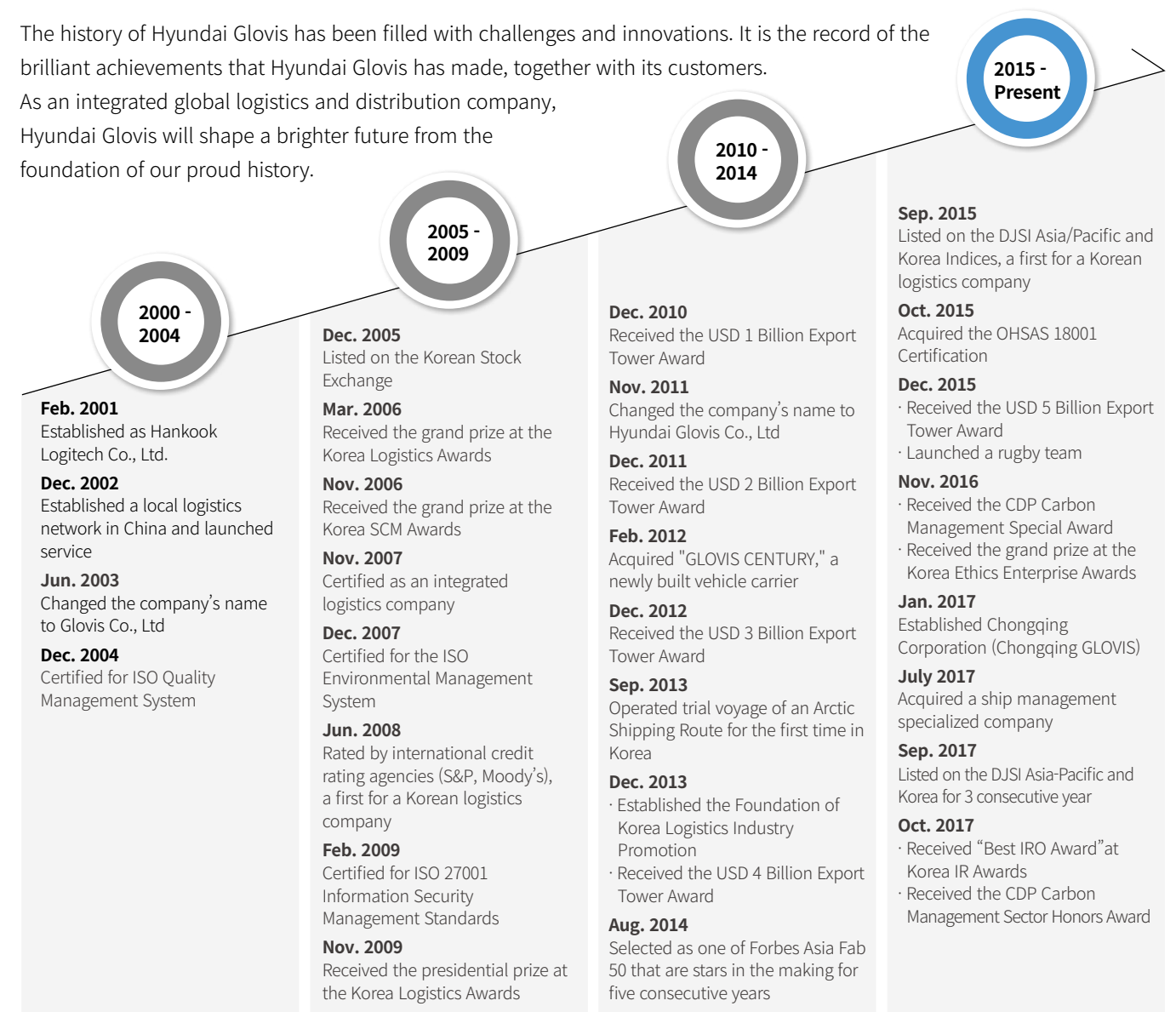
Hyundai Glovis is a comprehensive logistics and distribution business. We provide the best service in a range of industries such as shipping, KD, used car auction business, and trading, as well as the design of the logistical environment strategies and processes.

(As of 12/31/2017, consolidated)

| | | | |
|-----------------------|--|-------------------------|-------------------------|
| Company Name | HYUNDAI GLOVIS Co., Ltd. | Sales | KRW 16.3583 trillion |
| Head Office | 301 Teheran-ro, Gangnam-gu, Seoul, Korea | Operating profit | KRW 727,071 million |
| CEO | Jung-Hoon Kim | Net income | KRW 680,454 million |
| Major Business | Integrated logistics, Distribution and sales | Credit Rating | Baa1(Moody's) BBB+(S&P) |
| Established | February 22, 2001 | Employees | 1,236 |

History

The history of Hyundai Glovis has been filled with challenges and innovations. It is the record of the brilliant achievements that Hyundai Glovis has made, together with its customers. As an integrated global logistics and distribution company, Hyundai Glovis will shape a brighter future from the foundation of our proud history.



Major Achievements in 2017



Acquired Eusu Ship Management Co., Ltd. (July)

Hyundai Glovis acquired Eusu Ship Management Co., Ltd., a specialized ship management company, to strengthen competitiveness in the shipping business. On July 14, we signed a share purchase agreement (SPA) with Eusu Ship Management Co., Ltd. to acquire 100% of its shares for KRW 11 billion at our office in Yeoksam-dong, Gangnam-gu, Seoul. Eusu Ship Management Co., Ltd., established in 2006, is a company specialized in ship management that manages ship equipment, maintenance, and operation and also trains and provides crew members, supervises new ships and supplies ship equipment.



Improvement of the Rest Area for Drowsy Drivers (August)

In August 2017, we completed an environmental improvement project in Gwangju, Gyeonggi-do called "Sangbeoncheon Rest Area for Drowsy Drivers." As part of a public safety awareness campaign, 100% of the budget for this improvement project was raised from the participation fees paid for the Safety Awareness Marathon in May held in cooperation with the Korea Highway Corporation. Sangbeoncheon Rest Area for Drowsy Drivers is a large rest area, but many visitors complained of its lack of facilities and shade for rest. Hyundai Glovis planted 114 trees including zelkova trees, bamboo trees, and azaleas, and installed five benches to provide drivers with a pleasant place to rest.



Acquired the CDP 'Leadership A' (October)

Hyundai Glovis acquired Leadership A, the highest level for responding to climate change, in the CDP assessment, a financial institution-led information disclosure initiative relating to climate change, water, and forest resources. Of the 6300 companies worldwide that have published environmental information on CDP, only 112 have achieved a Leadership A rating, making Hyundai Glovis a world leader in responding to climate change.



Logistics industry promotion conferences (October)

The Foundation of the Korea Logistics Industry Promotion held the 2017 Logistics Industry Promotion Conference" under the theme of the "Creation of Hope and Win-Win Logistics Ecosystem Creating a Logistics Ecosystem" sponsored by the Ministry of Land, Infrastructure and Transport and Hyundai Glovis. The conference consists of research, case presentations and special lectures for the development of the logistics industry. In addition, it provided various stakeholders with opportunities such as Children's writing contest, Essay contest, and Excellent Logistics SME Awards. The Foundation of Korea Logistics Industry Promotion plans to invest a total of KRW 7 billion in business expenses for three years to upgrade existing projects and to discover new projects that will help logistics SMEs.



Listed on the DJSI Asia-Pacific and Korea Indices for 3 consecutive years (September)

Hyundai Glovis has been included in both 2017 DJSI Asia/Pacific and DJSI Korea for three consecutive year. It was added to the DJSI index in 2015 for the first time in the country's logistics industry. Its world class sustainability management has been recognized for three straight years through the 2017 incorporation. DJSI is a sustainability evaluation index jointly developed by S&P Dow Jones Indices, a global financial information provider, and RobecoSAM, a global sustainability evaluation agency.



Mutual Growth Fundraising of KRW 50 Billion (September)

Hyundai Glovis announced a mutual growth fundraising plan (KRW 50 Billion) at a "Mutual Growth Agreement Ceremony" to strengthen mutual growth with our suppliers. To promote the growth of the logistics industry, the plan includes direct support for suppliers and employees engaged in domestic logistics industries such as transportation, packing and unloading of finished cars, steel and parts. By 2020, we plan to commit a total of KRW 50 billion to the mutual growth funds, and to pursue three mutual growth strategies that include supporting safety and welfare for employees in the logistics industry, operating mutual growth funds, and improving environmental and consulting support for suppliers.



Signed a KRW 210 billion crude oil transportation contract (December)

In December 2017, we signed a long-term transport contract with GS Caltex worth KRW 210 billion. Hyundai Glovis will transport a total of 18.55 million tons of crude oil from Saudi Arabia and Iraq to the GS Caltex plant in Yeosu-si, Jeollanam-do for ten years, starting in the fourth quarter of 2019. We plan to introduce a new 300,000-ton Very Large Crude-Oil Carrier (VLCC).



Safety Awareness Campaign (year round)

Hyundai Glovis is carrying out various social contribution activities to reflect our safety-first management policy. We continue to carry out our prominent corporate social responsibility program, known as the Safety Awareness Campaign all year long to emphasize the importance of safety to everyone. We emphasize road traffic safety by hosting the Safety Awareness Marathon, improving rest areas and providing safe driving kits, and contributing to disaster prevention through child disaster safety camps, the transportation of relief goods and a Safety Awareness Mural Painting Event.

Global Network

Hyundai Glovis has established a global network connecting the entire world to provide speedy and reliable services to its customers.

Global Network

| Area | Corporation name | Address |
|-----------------|-------------------------|---|
| The Americas | GLOVIS America | 17305 Von Karman Ave, Irvine, CA 92614, USA |
| | GLOVIS Canada | 90 burnhamtorpe Road West, Suite# 1005, Mississauga ON LSB 3C3, Canada |
| | GLOVIS Alabama | 300 Hyundai Blvd, Montgomery, AL 36105, USA |
| | GLOVIS Georgia | 6101 Sorento Rd, West Point, GA 31833, USA |
| | GLOVIS Brazil | Av. Hyundai, 905, Bairro: Agua Santa, Piracicaba-SP / Cep: 13413-500, Brazil |
| | GLOVIS Mexico | Carretera Pesqueria – Los Ramones KM 13-15 Int. 13, Municipio Pesqueria, Nuevo Leon, Mexico, C.P. 66679 |
| Europe | GLOVIS Europe | Kia Motors Bldg., 6F Theodor-Heusse-Allee 11, 60486 Frankfurt, Germany |
| | GLOVIS Czech | Pre-Assembly Hall / CC main office Prumyslova Zona, Nosovice 739 51, Czech Republic |
| | GLOVIS Slovakia | P.O. Box 5, 013 01 Teplicka nad Vahom, Slovakia |
| | GLOVIS Russia | Atlantic City, 126, Savushkina str., St.Petersburg, 197374, Russia |
| | GLOVIS Turkey | Sehit Mehmet Fatih Ongul sokak. Eskiyapanlar Plaza, no. 1 Kat: 8Kozyatagi, Kadikoy, Istanbul, Turkey |
| | Adampol S.A. | Adampol S.A. ul. Uslugowa 3, 15-521, Zascianki, Bialystok, Poland |
| China | Beijing GLOVIS | Shunjie Building Room 605, No.9-1, Nanfaxin Sector, Shunping Road, Shunyi District, Beijing, China |
| | Tianjin GLOVIS | No.51 Aviation Road, Airport Economic Area, Tianjin, China |
| | Beijing Zhongdu GLOVIS | 26th building No.9, linhenan Street, Renhe Region, Shunyi District, Beijing 101300 China |
| | Jiangsu Yueda Glovis | Floor6, Building No3, No.5, Xiwang South, Economic Development Zone Of Yancheng |
| | Sichuan GLOVIS | No.2 B13, Sichuan Xiandai Road, Chengnan Xinqu, Ziyang Economic Development Zone, Yanjiang District, Ziyang City, Sichuan Province, China |
| | Zhongdu Chonging GLOVIS | No.3, Anbo Logistics Center, No. 67 Defu Road, Jianbei District, Chongqing Municipality |
| India/Australia | GLOVIS India Chennai | F-98, 8th Main Rd, SIPCOT Industrial Park, Kattrampakkam Village, Sriperumavudur, Kanchipuram Dist T.N-602 117, India |
| | Glovis India Anantapur | Plot No 7, Konapuram Road, Narayanamma Colony, Penukonda Village, Penukonda Mandal City, AndhraPradesh State 515110 |
| | GLOVIS Australia | 394 Lane Cove Road Macquarie Park NSW 2113, Australia |

Domestic Network



| Area | Corporation name | Address |
|--------------------------|---|--|
| Head Office | Hyundai Glovis | 301 Teheran-ro, Gangnam-gu, Seoul, Korea |
| Logistics Center | Pyongyang Port Processing Center | 23, Poseunggongdan-ro, Poseung-eup, Pyeongtaek-si, Gyeonggi-do, Korea |
| | Hyangnam Port Processing Center | 742-27, Baran-ro, Hyangnam-eup, Hwaseong-si, Gyeonggi-do, Korea |
| | Asan KD Business Center | 75-60, Injusandan-ro, Inju-myeon, Asan-si, Chungcheongnam-do, Korea |
| | Asan 2nd KD Center | 774, Sinhu-ri, Eumbong-myeon, Asan-si, Chungcheongnam-do, Korea |
| | Ulsan KD Business Center | 100, KCC 5B 1L~2L Hwalcheon-ri, Duseo-myeon, Ulju-gun, Ulsan, Korea |
| | Jeonju KD Center | Wanju Techno Valley general industrial complex san 4block-BL-5 Janggu-ri, Bongdong-eup, Wanju-gun, Jeollabuk-do, Korea |
| | Jeonju C/C | Wanju Techno Valley general industrial complex san 4block-BL-5 Janggu-ri, Bongdong-eup, Wanju-gun, Jeollabuk-do, Korea |
| | Ulsan 1C/C | 9, Budu-ro, Nam-gu, Ulsan, Korea |
| | Ulsan 2C/C | 161, Modulehwa saneop-ro, Buk-gu, Ulsan, Korea |
| | Gwangju C/C | 15, 15 beon-gil, Maewol 2-ro, Seo-gu, Gwangju, , Korea |
| Seosan C/C | 101 Seongyeon-myeon, Seosan-si, Chungcheongnam-do, Korea | |
| Sales Office | Incheon Sales Office | 29, Bangchuk-ro 9beon-gil, Dong-gu, Incheon, Korea |
| | Dangjin Sales Office | E-1BL Songsan-myeon, Dangjin-si, Chungcheongnam-do, Korea |
| | Gwangyang Sales Office | 360-156, Indeok-ro, Gwangyang-eup, Gwangyang-si, Jeollanam-do, Korea |
| | Pohang Sales Office | 45, Songdeok-ro 212beon-gil, Ocheon-eup, Nam-gu, Pohang-si, Gyeongsangbuk-do, Korea |
| | Ulsan Sales Office | 26, Sanseong-ro, Buk Gu, Ulsan, Korea |
| | Daegu Sales Office | 802-2, 217, Seongseogongdan-ro, Dalseo-gu, Daegu, Korea |
| Used Car Auction Centers | 'AUTOBELL' Bundang Center | 167, Neungpyeong-ro, Opo-eup, Gwangju-si, Gyeonggi-do, Korea |
| | 'AUTOBELL' Sihwa Center | 271, Jeongwangcheon-ro, Siheung-si, Gyeonggi-do, Korea |
| | 'AUTOBELL' Yangsan Center | 33, Sanmakgongdanbuk 9-gil, Yangsan-si, Gyeongsangnam-do, Korea |
| Freight Offices | Ulsan Freight Office | 2F Hyundai Motor Co., 700, Yeompo-ro, Buk-gu, Ulsan, Korea |
| | Pyeongtaek Freight Office | Kia Motors Export Docks, 1352, Poseung-eup, Pyeongtaek-si, Gyeonggi-do, Korea |
| | Pyeongtaek International Terminal | 1234-7, wonjeong-gil, Poseung-eup, Pyeongtaek-si, Gyeonggi-do, Korea |
| Office | Gwangju Office | 277, Hwaun-ro, Seo-gu, Gwangju, Korea |
| | Busan Office | 12, Jungang-daero 132beon-gil, Jung-gu, Busan, Korea |
| | Seosan Office | 703-19, Galhyeon-ri, Seongyeon-myeon, Seosan-si, Chungcheongnam-do, Korea |
| | Sohari Office | Kia Motors Co. Soha-ri Plant, 113, Gia-ro, Gwangmyeong-si, Gyeonggi-do, Korea |
| | Asan Office | Hyundai Motor Asan Factory, 1077, Hyundai-ro, Asan-si, Chungcheongnam-do, Korea |
| | Ulsan Office | Hyundai Motor Co., 700, Yeompo-ro, Buk-gu, Ulsan, Korea |
| | Changwon Office | 71, Sangnam-ro, Seongsan-gu, Changwon-si, Gyeongsangnam-do, Korea |
| | Cheonan Office | Hyundai Glovis in the Oil Pipeline Corporation, 1198-16 Cheonandaero, Seobuk-gu, Cheonan-si, Chungcheongnam-do, Korea |
| | Hwaseong Office | Kia Motors Co.Hwaseong, 95, Kiajadongcha-ro, Ujeong-eup, Hwaseong-si, Gyeonggi-do, Korea |
| | Donghae Office | 210, Daedong-ro, Donghae-si, Gangwon-do, Korea |
| Chungju Office | 868, Daesowon-myeon, Chungju-si, Chungcheongbuk-do, Korea | |



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Logistics



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Marine Transportation



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Distribution Business



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Major Business
Performance Metrics

BUSINESS PORTFOLIO

Logistics

Export & Import Logistics

Hyundai Glovis provides a one-stop logistics service encompassing export, import, packing and storage of products through its global network and cutting-edge systems.



Major services

| | |
|--------------------------------------|---|
| Export & Import Logistics | <ul style="list-style-type: none"> • Promptly and accurately supplies information (cargo location tracking, storage, expected arrival date, etc.) through the export and import logistics system (GOALS) • Provides high-quality service anywhere in the world • Improves customers' import and export competitiveness by proposing optimal freight and transportation route based on a large-scale trade volume • Provides customized services through various combined transportation services at home and abroad |
|--------------------------------------|---|

Finished Car Logistics

We provide car transportation, vehicle quality inspection, storing and stevedoring services.



Major services

| | |
|--|---|
| TP (Transporter) transportation | <ul style="list-style-type: none"> • Delivering finished cars produced at automobile factories to local warehouse centers and export shipping ports on schedule with our TP transportation equipment • Providing on-time service with our GTMS (Glovis Transportation Management System) • Providing a real-time location tracking service |
| Delivery | <ul style="list-style-type: none"> • Delivering finished cars at the time and place desired by customers who can tap into our real-time location tracking service • Providing on-time service with our GTMS (Glovis Transportation Management System) • Providing a real-time location tracking service |
| Pre-release Service | <ul style="list-style-type: none"> • Prior to the delivery of finished cars to customers, we carry out vehicle quality inspections through a PRS(Pre-Releasing Service) system that includes storage, inspections and car wash at shipping centers. |
| Finished Car Port Processing | <ul style="list-style-type: none"> • We carry out pre-shipment inspections of vehicles to be shipped overseas at the Pyeongtaek Port Logistics Base, as well as storing and stevedoring services by country and mother ship. |

Parts Logistics

We provide a one-stop parts logistics service that includes the transportation of parts for vehicle production and after-sales services and the rental of logistics equipment, both in Korea and abroad.



Major services

| | |
|--|---|
| Procured Parts Transportation | <ul style="list-style-type: none"> • Supplying components produced by parts suppliers to the finished car production line • Providing a small-amount-multiple-journey logistics service to meet automakers' JIT (Just In Time) production system |
| A/S Parts Transportation | <ul style="list-style-type: none"> • Providing transportation services to automakers nationwide AS centers and parts sales networks. • Our emergency transport system delivers parts within 24 hours, when requested through our relay bases installed in seven locations across the country. |
| Operation of Consolidation Center (C/C) | <ul style="list-style-type: none"> • Through our consolidation centers, we supply the parts needed by automobile production plants together with our proper inventory, JIT(Just In Time), JIS (Just In Sequence) and sub-assembly supply services. |
| Logistics Container Lease | <ul style="list-style-type: none"> • Our logistics equipment lease service includes container supply, collection and maintenance, in Korea and abroad. |

Bulk Logistics

A major focus for Hyundai Glovis is overseas logistics for key industries such as steel, construction and automobile production, based on heavy cargo logistics in the steel, equipment and construction sectors of the Hyundai Motor Group. We provide one-stop tailored logistics services to our customers, ranging from domestic and international logistics to third-party logistics (3PL).



Major services

| | |
|----------------------------|--|
| Steel Logistics | <ul style="list-style-type: none"> • Domestic logistics: Providing comprehensive domestic logistics services for steel products including an air and offshore shipping service and the operation of steel logistics centers. • International logistics: Providing import and export forwarding services for steel products and import services for steel scrap and raw materials based on global supply chain and value chain optimization |
| Equipment Logistics | <ul style="list-style-type: none"> • Providing optimized logistics services for industrial machinery, factory facilities and heavy cargo using our domestic and overseas direct networks and vessels (automobile and bulk carriers) |
| Project Logistics | <ul style="list-style-type: none"> • Supporting the successful construction of large plants by safely and appropriately transporting various equipment such as heavy cargo required for domestic and overseas EPC construction • Providing the services needed to build on-site infrastructure through raw material supply and temporary camp construction required for domestic and overseas construction sites • Major business: construction logistics, raw material supply, temporary camp construction |

General Logistics

We provide 3PL integrated logistics services such as transportation, storage, unloading and packing to clients in various industries including chemical, oil refining, steel, industrial materials, food and distribution.



Major services

| | |
|-----------------------|--|
| Transportation | <ul style="list-style-type: none"> • Transporting products quickly and safely, at the time and place desired by customers • Designing and operating a logistics system through efficient transportation and a cutting-edge information system • Increasing logistics efficiency by providing optimized delivery routes and advanced transportation methods • Operating a 3PL dedicated car for fresh logistics, mart transportation, and online delivery |
| Storage | <ul style="list-style-type: none"> • Providing JIT delivery through product storage and sorting, and inventory management • Providing an optimal storage environment for various storage conditions, such as proper temperature control according to product characteristics • Providing an automated inventory management service based on our information system |
| Stevedoring | <ul style="list-style-type: none"> • Performing all field handling operations for cargo movement • Domestic and overseas domestic and overseas terminal handling and emergency shipment service • Service quality management through cargo operation safety education and liability insurance |
| Packaging | <ul style="list-style-type: none"> • Customized packaging for safe transportation and storage • Advanced packaging technology through research and development of packaging materials • Providing a logistics equipment lease service including container supply, collection and maintenance, in Korea and abroad |

Special Logistics

We provide a transportation service for heavy cargo, military freight, and special cargoes that are difficult to handle.



Major services

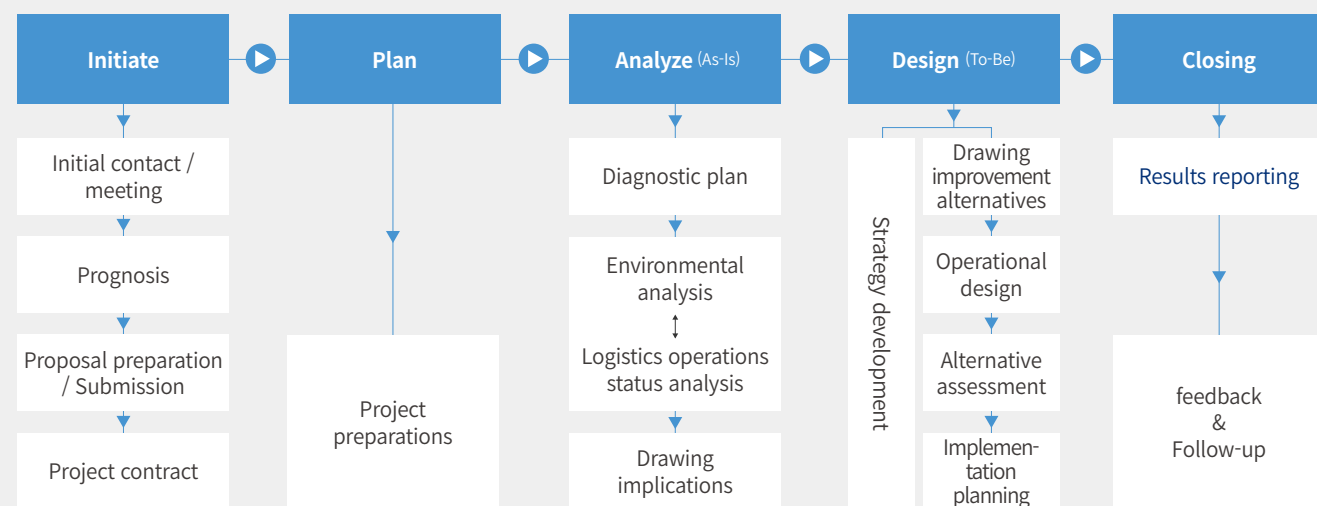
- | | |
|--------------------------|---|
| Special Logistics | <ul style="list-style-type: none"> • Providing optimal logistics for military, government, public institution, and defense companies • Providing a military oil supply service • Providing business relocation services for companies, and research institutes |
|--------------------------|---|

Logistics Consulting

G-CAT (Glovis Consulting Advanced Toolkit), a logistics consulting methodology developed by Hyundai Glovis, is a differentiated logistics solution in six key areas for our customers' SCM optimization. It provides practice-oriented logistics consulting services that help improve our customers' logistics competitiveness by suggesting alternatives based on standardized logistics improvement techniques after carrying out a diagnosis of current logistical practices.



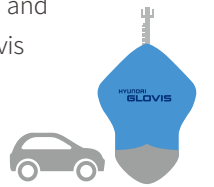
G-CAT (Glovis Consulting Advanced Toolkit)



Marine Transportation

Finished Cars

We use PCTC (Pure Car/Truck Carrier) to transport finished vehicles, heavy construction equipment, buses and electric trains, through close cooperation between our headquarters and overseas networks. Hyundai Glovis develops and expands various routes throughout the world to maximize customer satisfaction.

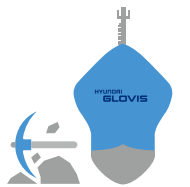


Major services

- | | |
|---|--|
| Finished car port processing maritime transportation | <ul style="list-style-type: none"> • Operation of approximately 60 PCTC (Pure Car and Truck Carrier) • Service quality management using a systematic system and global network • Various vessel types for optimal operation of service routes |
|---|--|

Bulk Transportation

We use our abundant knowledge to anticipate our customers' needs, providing the best logistics service for various cargoes including iron ore, coal and crude oil.



Major services

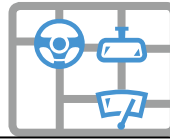
- | | |
|-----------------|---|
| Dry Bulk | <ul style="list-style-type: none"> • Provides maritime transportation services for various dry bulk cargo, such as iron ore, coal and grain, using all vessel types including Handy, Supramax, Panamax, and Cape • Earning customer satisfaction through a proactive service approach • Anticipating various customer needs based on our abundant knowledge |
| Wet Bulk | <ul style="list-style-type: none"> • Providing stable maritime transportation services for high value-added wet bulk cargoes such as crude oil and petrochemical products • Providing stable crude oil transportation services through long-term contracts with leading oil refineries at home and abroad • Strengthening the customer service infrastructure and protecting the marine ecosystem through the ECO-VLCC (fuel-efficient and eco-friendly) fleet composition |



Distribution Business

KD Business

We engage in our KD (Knock Down: semi-assembled products that are assembled, produced and sold locally by exporting parts rather than finished products) business to supply automobile parts for Hyundai-Kia Motors' overseas production vehicles from domestic and overseas suppliers to our local factories.



Major services

- | | |
|------------------------|---|
| KD Distribution | <ul style="list-style-type: none"> • Providing a comprehensive KD business service from ordering to packaging, transportation, as well as inland transportation and storage in the local area • Contributing to boosting customer productivity and cost competitiveness through our differentiated knowledge in logistics, quality management and trade support |
| KD Packing | <ul style="list-style-type: none"> • Providing an optimized auto parts packing service for assembly production of automotive parts at overseas factories. |

Trading

We create synergies based on our logistics and distribution business knowledge, and our global network.



Major services

- | | |
|----------------|--|
| Trading | <ul style="list-style-type: none"> • Carry out export/import/trade between three countries in various fields ranging from basic raw materials such as non-ferrous metals (aluminum, copper) to finished products • Experienced trading expertise for each item |
|----------------|--|

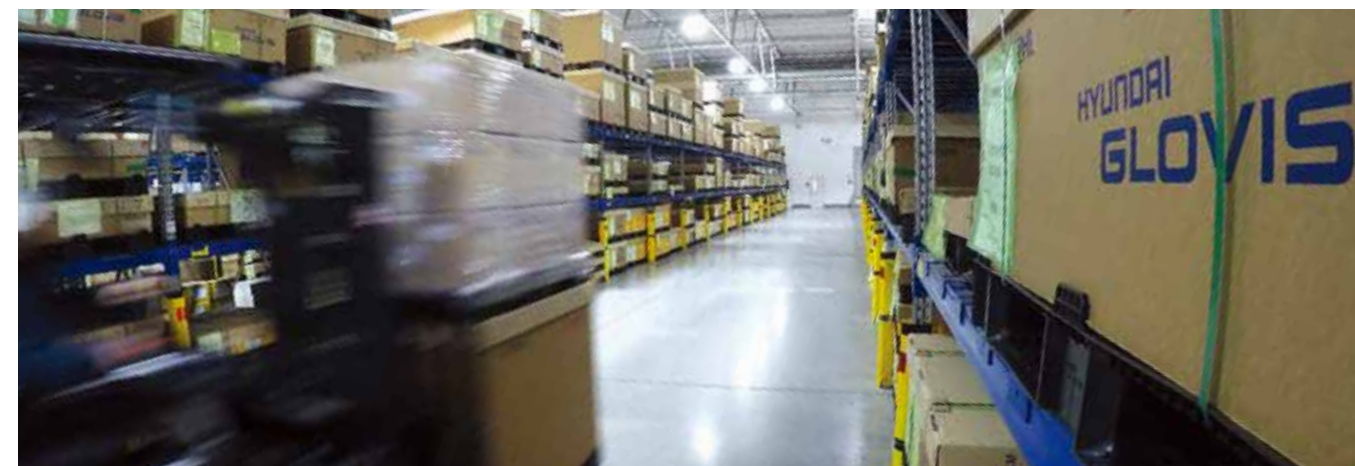
Used Cars

Hyundai Glovis is creating a new paradigm in the used car market by providing the most advanced services in the domestic used car distribution market.



Major services

- | | |
|--------------------------|---|
| Used Car Purchase | <ul style="list-style-type: none"> • Operating 'AUTOBELL', our exclusive used car purchase service • Providing one-stop vehicle purchase services including a free car price evaluation by professional evaluators, instant money transfer and ownership change |
| Used Car Auction | <ul style="list-style-type: none"> • Operating three used car auction centers in major regions (Bundang, Sihwa, Yangsan) • Supporting transparent and reasonable used auto sales by putting customers' vehicles onsale through a competitive bidding involving more than 1,800 used car dealers • Quality assurance of vehicles, transparency in product information, and expertise in one-on-one consulting services. |



Major Business Performance Metrics

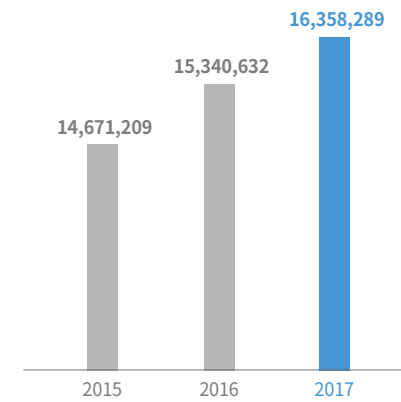
Major Business Sales

Hyundai Glovis is engaged in integrated logistics business and distribution and sales business. In 2017, we generated KRW 16.4 trillion in sales revenue and distributed it to employees, shareholders, investors, suppliers, and governments in various forms.

(As of 12/31/2017, consolidated)

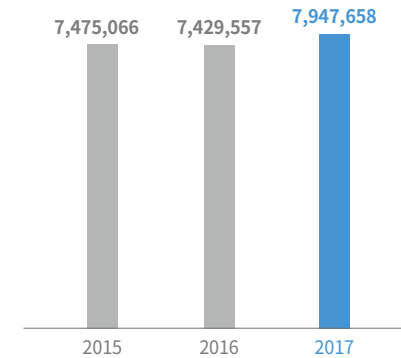
Total Sales

(Unit: KRW million)



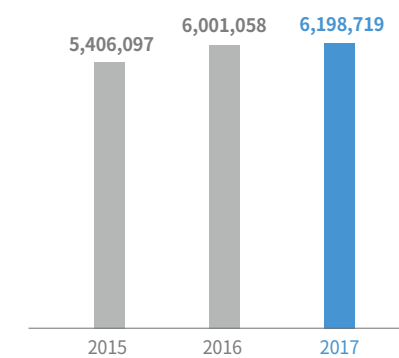
Logistics Sales

(Unit: KRW million)



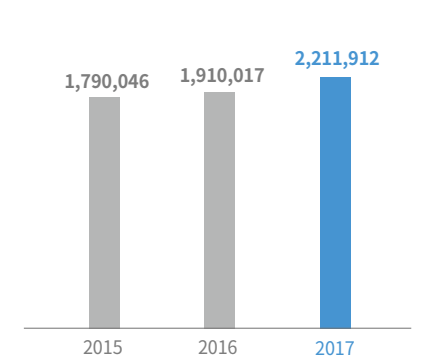
CKD Business Sales

(Unit: KRW million)



Merchandise Sales

(Unit: KRW million)





24

Sustainability Management



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Governance



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Risk Management



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Ethics Management

SUSTAINABILITY FRAME

Sustainability Management

Sustainability Management Strategies

Hyundai Glovis strives to achieve customer value throughout its business, and pursues sustainable growth through shared growth. Beyond the creation of economic value, we create non-financial values through social and environmental management, and are fulfilling our corporate responsibilities based on ethical management.

Sustainability Management Strategies

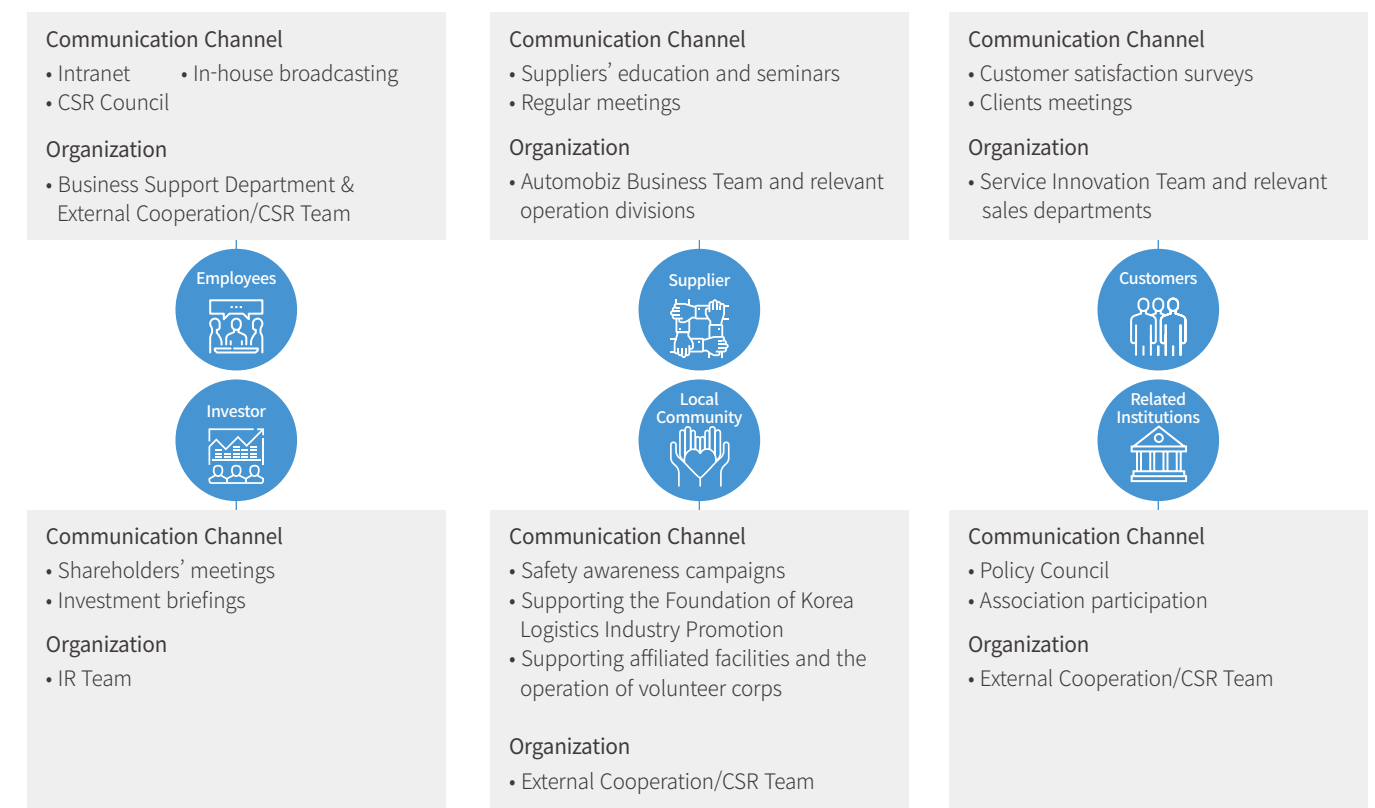


Stakeholder Engagement

We actively collect opinions from internal and external stakeholders to promote sustainability management. We are constantly communicating through various stakeholder engagement channels. In the first quarter of 2018, we established a CSR Council consisting of staff from related departments. We will hold regular workshops to promote improvement tasks for each sustainability management division.

Stakeholder Engagement Channel

We operate a number of communication channels for key stakeholder groups, including employees, local communities, customers, suppliers, investors and related organizations. We have established an organization to support a professional response to relevant channels.



CASE. Established CSR Council in 2018

Introduction of the CSR Council

Hyundai Glovis established the "2018 CSR Council" to strengthen sustainability management and prevent business risks. The CSR Council, which is composed of staff members from related departments, plans to promote CSR information disclosure for internal and external stakeholders and to lead the corporate CSR mindset.



CSR Council Workshop in the first half of 2018

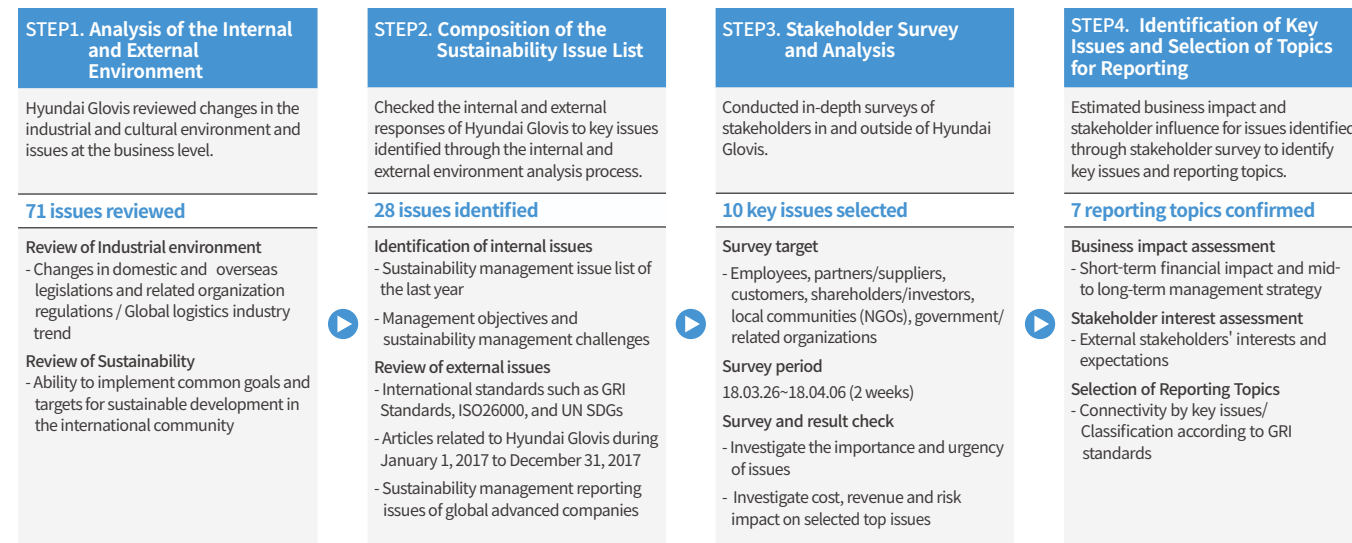
At the CSR Council Workshop in March 2018, staff members gathered to share mid-to-long term improvement tasks for corporate sustainability management. The CSR Council plans to carry out improvement tasks for specific divisions, and promote the sustainability management of Hyundai Glovis through regular meetings and workshops.

Identification of Sustainability Management Issues

Hyundai Glovis examines various issues in the economic, social and environmental fields to promote sustainability management of its business. Key issues are identified by analyzing the internal and external environment of the company through benchmarking advanced companies in the same industry, media research, etc. We reviewed various stakeholders' concerns and issues and reflected them in the process of selecting key issues.

Key Issue Identification Process

In the process of developing the 2018 Sustainability Report, we completed the process for identification of key issues in four steps by refining the "Stakeholder Survey and Analysis Process."



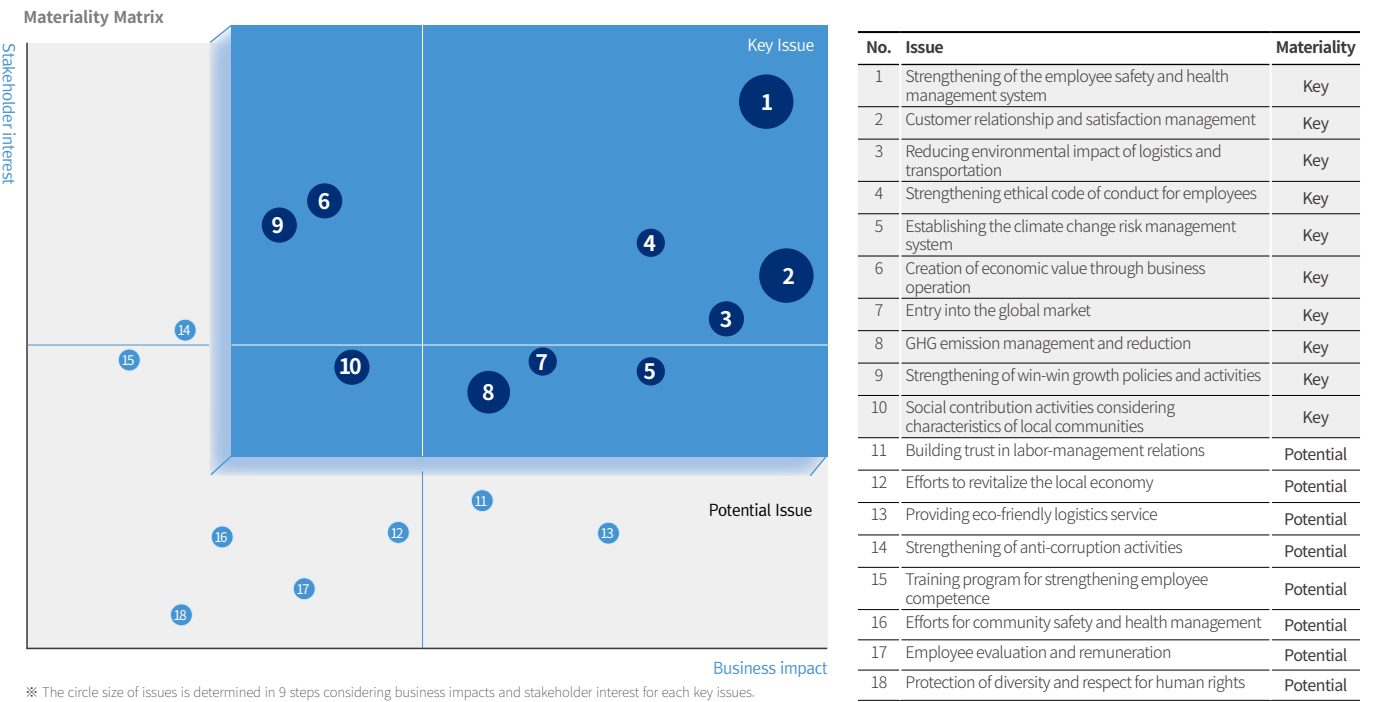
Impact Assessment for Key Issues

The ten key issues identified the stakeholder survey are measured in terms of "Cost, Revenue, and Risk" on the business impacts and "scope of impact" on stakeholder interest. The Sustainability Management TF reviewed the result of those impacts, and reflected them to determine the direction of our sustainability management strategy.

| NO | MATERIAL ISSUE | Business Impact | | | Scope of Impact | | | | | |
|----|---|-----------------|-----|------|-----------------|-----------|-----------|----------|-------------------|----------------------|
| | | Cost | Rev | Risk | Employees | Suppliers | Customers | Investor | Local Communities | Related Institutions |
| 1 | Creation of economic value through business operations | | ● | | ● | ● | ● | ● | | ● |
| 2 | Entry into the global market | | ● | | ● | ● | ● | ● | | ● |
| 3 | Strengthening ethical code of conduct for employees | | | ● | ● | ● | | | | |
| 4 | Social contribution activities considering characteristics of local communities | | ● | | | | | | ● | |
| 5 | Customer relationship and satisfaction management | | ● | | | | ● | | | |
| 6 | Strengthening of the employee safety and health management system | | | ● | ● | ● | | | | |
| 7 | Strengthening of win-win growth policies and activities | | ● | | | ● | | | | |
| 8 | Establishing the climate change risk management system | ● | | ● | ● | ● | | | ● | |
| 9 | Reducing environmental impact of logistics and transportation | | | ● | | ● | | | ● | |
| 10 | GHG emission management and reduction | ● | | | | ● | | | ● | |

Key Issue Identification Process

Hyundai Glovis identified 10 material issues through the key issue identification process. This report is prepared to disclose its sustainability performance to stakeholders. Furthermore, we will promote sustainable growth and development by managing these key issues.



※ The circle size of issues is determined in 9 steps considering business impacts and stakeholder interest for each key issues.

Selection of Reporting Topics

We reviewed the appropriateness of reporting issues based on the urgency of the need to respond, through evaluation of business impacts and stakeholder interest for each key issues. We also reviewed association of an issue to GRI topics and the Materiality Index to decide whether to report the said issue. The selected topic is connected to 4 goals of UN SDGs (Sustainable Development Goals) and more details are introduced in the text.

| Reporting Topics | Reporting Direction | GRI & SDG | Page |
|--|--|--|-----------|
| Key business and economic performance data | Economic growth through business activities and expansion of business into the global market form the foundations for sustainable growth. | GRI 201: Economic Performance | 21, 58-59 |
| Ethics Management | We can mitigate the risk of corrupt practices and ensure ethical integrity of our suppliers and employees by promoting ethical management. | GRI 205: Anti-corruption SDGs 16 : Peace, Justice and Strong Institutions | 32-33 |
| Corporate Social Responsibility | We can improve our confidence in local communities through management of social responsibility including monetary donations. | GRI 413: Local communities SDGs 3: Good Health and Well-being SDGs 4: Quality Education | 36-39 |
| Customer Satisfaction Management | Active communication with customers and protection of customer's personal information improves customer satisfaction and enhance our sales. | GRI 418: Customer Information Protection | 40-43 |
| Safety Management | We devote our energy to safety management through preemptive management of safety issues concerning employees, suppliers and and stakeholders. | GRI 403: Industrial Safety and Health | 44-47 |
| Mutual Growth | We need to develop mutual trust with our suppliers as partners and achieve mutual growth through support. | GRI 414 : Supplier Social Impact Assessment | 48-51 |
| Environmental Management | In addition to proactively addressing global environmental issues, we shall strengthen environmental management to minimize environmental impacts. This can help us to build trust among customers, communities and other stakeholders and mitigate environmental risks. | GRI 202: Energy GRI 305: Emission GRI 307 : Environmental Compliance SDGs 13 : Response to Climate Change | 52-55 |

Governance

Board of Directors

Composition of BOD

The BOD consists of three inside directors, including the CEO, five outside directors, and one non-executive director.

Directors and Auditors (As of March 31, 2018)

| Category | Name | Title |
|------------------------|----------------|---------------------------------------|
| Inside Directors | Kim, Jung-Hoon | CEO, Chairman |
| | Kim, Young-Sun | Head of Planning and Finance Division |
| | Koo, Hyung-Jun | Head of Logistics Business Division |
| Outside Directors | Lee, Dong-Hoon | Legal consultant, etc. |
| | Kim, Dae-Ki | Logistics consultant |
| | Kim, Joon-Gyu | Legal consultant |
| | Lim, Chang-Gyu | Tax consultant |
| | Gil, Jae-Wook | Director of Shareholder Rights |
| Non-executive director | Yan Yevin Wang | Logistics consultant, etc. |

BOD Activities

Regular and temporary board meetings are held to discuss issues.

In 2017, seven board meetings were held with 100% attendance rate from outside directors.

BOD Operation (As of March 31, 2018)

| Description | Unit | 2015 | 2016 | 2017 |
|--------------------------------------|-----------------|------|------|------|
| Number of BOD Meetings | Number of times | 7 | 8 | 7 |
| Attendance rate of outside directors | % | 97 | 100 | 100 |

Advisory Boards Operating under the BOD

Status of Advisory Boards Operating under the BOD

The BOD runs the Audit Committee, the Committee to Recommend Outside Director Candidates, and the Corporate Governance & Communications Committee. Each committee is responsible for reviewing various risk factors related to management activities and establishing countermeasures. Their major activities are revealed transparently through an electronic disclosure system (<http://dart.fss.or.kr>).

Advisory Boards Operating under the BOD (As of March 31, 2018)

| Category | Composition | Roles and Activities |
|---|---|---|
| Audit Committee | Four outside directors | <ul style="list-style-type: none"> Develop and implement audit plans, assess outcomes, take follow-up actions, and create plans for improvement Deal with other matters as provided under the statutes and articles of incorporation or delegated by the BOD |
| Candidate Recommendation Advisory Committee | One inside director and three outside directors | <ul style="list-style-type: none"> Recommend candidates to be appointed as outside directors at the general shareholders' meeting Manage matters concerning the organization and operation of the committee |
| Corporate Governance & Communications Committee | Five outside directors | <ul style="list-style-type: none"> Improve sustainability through ensuring the independence of outside directors and fulfilling corporate social responsibilities Attend to issues including major management matters, the transparency of internal transactions, and ethics management |

Operation of Corporate Governance & Communications Committee

In April 2017, Hyundai Glovis established the "Corporate Governance & Communications Committee" within the BOD based on the approval of the BOD on the issue. The Corporate Governance & Communications Committee is tasked with strengthening shareholders' rights and the transparency of corporate management. All four members of the Corporate Governance & Communications Committee are composed of outside directors.

The BOD Performance Evaluation and Compensation

BOD Performance Evaluation

Hyundai Glovis pays compensation subject to the evaluation criteria for the BOD. Outside directors and non-executive directors are subject to quantitative evaluation based on board participation as well as qualitative evaluation. The performance standards for board members reflect both risk and opportunity factors based on the company's mid- to long-term corporate vision so that evaluations can be made more objective.

BOD Performance Compensation

Hyundai Glovis pays compensation for directors based on internal criteria for compensation evaluation. Factors such as their position and tenure of service and compensation limit determined at the general shareholders' meeting are taken into account to determine compensation. The compensation for top management and executives, including their performance-based bonuses, is based on the relevant year's target sales and profits as well as their performance evaluation results. More detailed information is available at the company's electronic disclosure system (<http://dart.fss.or.kr>).

BOD's Independence and Outside Directors' Specialization

Directors' Independence

The BOD consists of three inside directors and one additional non-executive director recommended by the board, as well as five outside directors recommended by the general meeting of stockholders. We ensure that the ratio of outside directors accounts for over half of the total number of directors, in order to ensure the independence of outside directors in accordance with 382 of the Commercial Act. The outside directors shall lose their titles when they are subject to the followings.

Disqualification criteria for outside directors

* Where any outside director falls under any of the following subparagraphs, he/she shall be removed from office.

- 01 Directors, executive directors and employees who had been engaged in the regular business of the relevant company within the last two years, or directors, auditors, executive directors and employees who are presently engaged in the regular business of the relevant company
- 02 The largest shareholder and his/her spouse, as well as his/her lineal ascendants and descendants
- 03 Directors, auditors, executive directors and employees of the corporation, when the largest shareholder is the corporation
- 04 Spouses and lineal ascendants and descendants of directors, auditors and executive directors
- 05 Directors, auditors, executive directors and employees of the parent company or subsidiaries
- 06 Directors, auditors, executive directors and employees of a corporation that has a significant interest in the company such as on account of business relations
- 07 Directors, auditors, executive directors and employees of another company for which directors, executive directors and employees of the relevant company serve as directors and executive directors

Outside Directors' Specialization

When selecting outside directors, the company places top priority on the degree of understanding the candidate possesses on the business and professionalism in each career field. Our candidates are well-recognized for their expertise and experience in the fields of economy, management, accounting, law, and logistics, and reflect the Board of Directors' articles of association. Such qualifications are made mandatory in order to protect shareholders' rights and facilitate the company's sustainable growth and development. In this regard, we recommend that candidates be nominated through the Outside Director Candidate Recommendation Committee for areas where expertise is not secured by sector.

Appointment of Outside Director for Shareholder Rights Protection by Shareholders' Recommendation

In March 16, 2018, Hyundai Glovis appointed an outside director for shareholder rights protection through recommendation of shareholders for the first time among affiliates of Hyundai Motor Group. The "Outside Director for Shareholder Rights Protection" is a system where candidates are nominated directly from domestic and overseas shareholders to expand our shareholder interests and strengthen management transparency. Starting from the shareholder recommendation through our website in January, 2018, we selected Professor Gil, Jae-Wook as a candidate for the Outside Director of

Shareholder Rights Protection through Candidate Recommendation Advisory Committee composition, candidate recruitment and acceptance, candidate group selection, and outside director candidate nomination committee activity. The outside director, Gil, Jae-Wook is a three-year member of the Corporate Governance & Communications Committee, consisting of outside directors, under the BOD, and will play a role of reflecting shareholders' position as a top priority when making major decisions, contributing to strengthen our stockholder return policy and a transparency of corporate management.

Risk Management

Risk Management Structure

Hyundai Glovis runs a dedicated organization to manage risks that may arise in the course of new businesses, and has established an emergency and crisis response system to minimize damage in the event of a risk.

Business Risk Management Organization

Hyundai Glovis runs the Business Risk Management Committee to manage risks that may arise in the course of new businesses. The CEO serves as chairman of each committee to manage various risk factors such as industrial growth potential, market accessibility, future growth potential, business model competitiveness and sustainability.

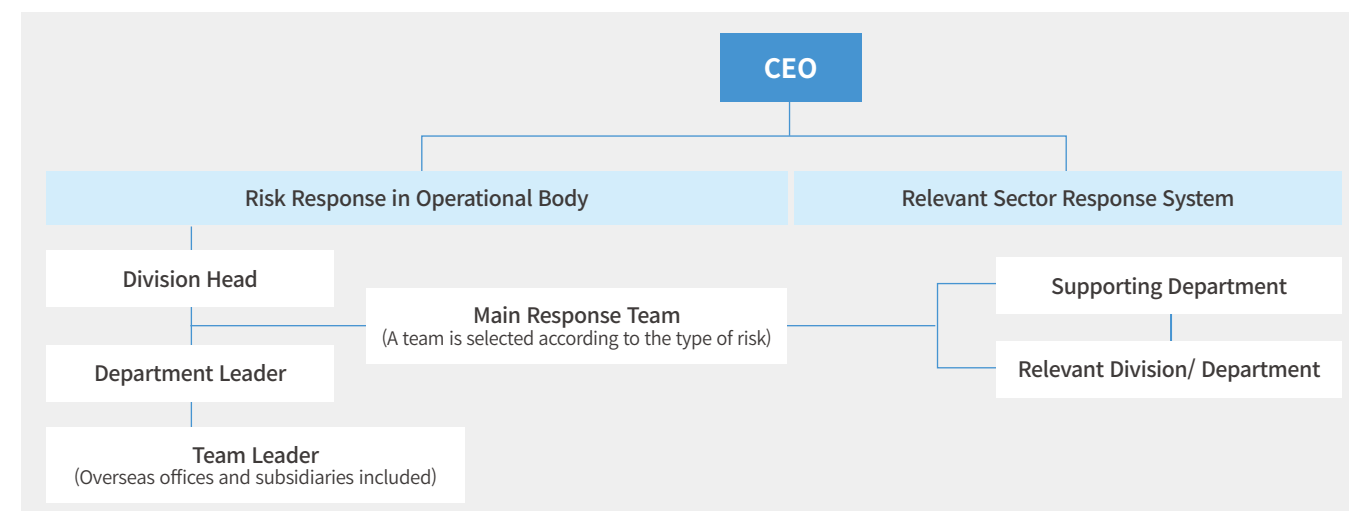
Organizational Chart



Risk Response Scheme

In addition to our risk prevention efforts through the management of key risks and the operation of the Business Risk Management Committee, we have established a “Risk Response Scheme” and prepared our response scenarios for potential emergencies/crises. This enables each sector to play its role efficiently in the event of emergencies/crises, and overcome them in the shortest period of time while minimizing damage to the company.

Risk Response Scheme



Key Risk Management

Of the major risk factors, Hyundai Glovis classifies and manages those that might affect its business as its key risks. In 2017, we selected eight items – including fluctuations in the bulk freight market, preventive vessel maintenance and aluminum inventory level – as key risks, and managed them accordingly.

External Environmental Risks

| Description | Factors | Key Risks | Response |
|---------------------------------|------------------------------|--|--|
| Macroscopic Environmental Risks | Social Environmental Factors | Fluctuations in the bulk freight market | Controlling BDI volatility |
| Industrial Environmental Risks | Other Relevant Risks | Increases in external collective actions | Warning or occurrence of external collective actions |
| | | Changes in government policies | Monitoring of changes in government policies |

Internal Environmental Risks

| Description | Factors | Key Risks | Response |
|-------------------|--|--------------------------|---|
| Operational risks | Value Creation Related Factors | Aluminum inventory level | Setting of an average monthly aluminum inventory retention period |
| | | KD quality problem | Monitoring the status of KD parts exterior quality management |
| | | System failures | Monitoring of IT glitch occurrence status |
| | Factors Related to Supporting Activities | | |

Potential Risks

| Description | Factors | Key Risks | Response |
|-------------------|--------------------------------|-----------------------------------|--|
| Operational risks | Value Creation Related Factors | Overland transportation accidents | Ensuring a safe operation implementation ratio |
| | | Interruption in vessels operation | Preventive vessel maintenance |

Ethics Management

Ethics Management System

Hyundai Glovis operates a dedicated organization in order to establish and systematically maintain a culture of ethical management. We are committed to practicing ethical management through “Ethics Day,” (June 2), in which all employees participate, and are striving to ensure ethical practices in the workplace by managing ethics management compliance as a KPI item. The company is also contributing to the spread of an ethical corporate culture by holding ethical practice programs for overseas subsidiaries and suppliers.

Ethics Committee

We run the Ethics Committee as a decision-making body. The CEO serves as its chair. The executive in charge of ethics management and the leader of the ethics management team work as the vice chair and the coordinator, respectively. The team is staffed with team leaders from HR, legal affairs, business improvement, IR, and support teams of each business division. They strive to accelerate ethical activities by deliberating on mid-to-long term ethics management strategies and annual implementation plans, etc.

Operation of the Council of Ethics Management Leaders

The Council of Ethics Management Leaders is a working-level organization that is composed of three subcommittees in the areas of education, public relations, and systems. The subcommittees strive for the smooth dissemination of an ethical corporate culture by supporting the implementation of ethical policies that fit the characteristics of their respective aspirations, and reporting the results of their efforts to management.

Supporting activities by Subcommittees

| | | | | | |
|-------------------------------|---|------------------------|---|-----------------------------|--|
| Education Subcommittee | Establishment of education plans to raise and spread ethical awareness among employees, and serve as in-house lecturers | PR Subcommittee | Activities designed to promote the implementation of ethics on a daily basis and help corporate culture take root | Systems Subcommittee | Establishment of ethical management systems and support for online-based ethical management activities |
|-------------------------------|---|------------------------|---|-----------------------------|--|

Operation of the Ethics Management Consultation Channel

We operate a “Helpline,” an ethics management communication channel that ensures the anonymity of consultants, through our website. Any stakeholders, including our employees and suppliers’ employees, can submit opinions and questions related to ethics management through the helpline. The corporate culture team encourages ethical practices by presenting an action guide on the matters received. In addition, we ensure strict compliance with anti-graft laws through “Clean Notices,” which supports voluntary reporting and returning money and gifts at work.

Ethical Management Guidebook

We created a guidebook for ethical practices that includes a range of ethical management information, including our ethical management policies and systems. The guidebook is produced in the form of an e-book and posted on our website. This allows all stakeholders, including employees, to easily access ethical management information from Hyundai Glovis.

Education on Ethics Management

Hyundai Glovis strives to raise ethical awareness among its employees and suppliers through education on ethics management.

Employee Ethics Education

Hyundai Glovis continuously provides online e-Clean education for all of its employees. In terms of on-line education, we provide e-Clean education every year as a mandatory course for all employees, and encouraged them to take an average of 16 ethical education lessons per person (more than 1 hour in total) in 2017. For off-line education, we provide mandatory compliance education that deals with topics such as ethics management, business standards, win-win partnerships, and fair trade. Compliance education is compulsory for all employees appointed to overseas posts. The education also aims to prevent employees from experiencing any problems due to ignorance of cultural and religious differences, as well as anti-corruption laws of the host country.

Ethics Management in Overseas Branches and Corporations

We have expanded the ethical practice program implemented by our head office to our overseas subsidiaries. We receive reports from them on the results of ethical management activities on a quarterly basis, and regularly monitor whether ethical management is being implemented properly. We provide them with e-Clean education contents translated into English and Chinese to maintain a balance of ethical awareness levels between our headquarters and overseas subsidiaries. We reward those that excel in ethics management at the end of the year, all in an effort to spread our corporate ethics management culture overseas.

Ethics Management for Suppliers

In a bid to spread ethics management throughout the logistics industry, Hyundai Glovis is making a range of efforts to promote mutual growth with our suppliers. As part of these efforts, we have created ethical management guidebooks and posted them on our website to support our suppliers’ ethical management and ethical practice guidelines.

Ethics Management Practices Evaluation for Suppliers

In 2015, we launched an “Ethics Management Practices Evaluation” system that our suppliers can use to evaluate their performance in 20 items in four areas which include building infrastructure for ethics management and conducting communication, education and monitoring. We provide incentives to our suppliers that have implemented those items. In 2017, 259 suppliers participated in the ethics management practices, and 63 of them were actively committed to ethical management, including consulting in connection with external ethics management agencies.

Results of Ethics Management Practices Evaluation for Suppliers

| Description | Unit | 2015 | 2016 | 2017 |
|-----------------------------------|------|------|------|------|
| No. of Suppliers Evaluated | ea | 511 | 510 | 465 |
| No. of Suppliers Participated | ea | 107 | 189 | 259 |
| Percent of Suppliers Participated | % | 21 | 37 | 56 |

Ethics Education for Suppliers

In cooperation with the Foundation of Korea Logistics Industry Promotion, established by Hyundai Glovis for the mutual growth of the domestic logistics industry, we are providing courses on ethical and environmental issues for the mutual growth of big businesses and SMEs. We conduct education on the necessity of ethical management and the case studies of excellent companies for employees who are in charge of ethical management at partner companies. We also share information on anti-corruption laws both at home and abroad to expand ethical management throughout the logistics industry. In 2017, we launched “Visiting Ethics Education” (Pohang) to support locals suppliers in Seoul, Asan, Gwangju and Ulsan in order to encourage them to participate in ethical management.

Results of Ethics Education for Suppliers

| Description | Unit | 2015 | 2016 | 2017 |
|---------------------------------------|--------|------|------|------|
| No. of Suppliers Completed | ea | 221 | 280 | 274 |
| No. of Suppliers’ Employees Completed | person | 302 | 353 | 378 |

CASE. Establishment of Corruption Risk Management System

Corruption Risk Management System

Hyundai Glovis identified five corruption risk items for strict monitoring: bribery, embezzlement, information leakage, false reporting, and mutual trust. The corruption risk management process consists of four steps: issue generation - risk assessment - improvement activities - monitoring. We make efforts to prevent unethical acts by our employees under the leadership of the Ethical Management Practice Leadership Council.

Five corruption risks of Ethics Management • Bribery • Embezzlement • Information leakage • False reporting • Mutual trust

| Corruption Risk Identification | Description | Unit | 2015 | 2016 | 2017 |
|--------------------------------|-------------------------------|------|------|------|------|
| | No. of Corruption Risks Found | ea | 46 | 202 | 207 |



36

Corporate Social
Responsibility



40

Customer Satisfaction
Management



44

Safety Management



48

Mutual Growth
Management



52

Environmental
Management

TOPICS ON 2017 SUSTAINABILITY




Corporate Social Responsibility

Issue Background

When it comes to running an organization, relations with the community are inevitable. Companies should promote their social contribution based on community participation in order to return and distribute their profits to society. Hyundai Glovis utilize its characteristics of the logistics and distribution business to contribute to local communities in various forms and expand the promotion of social responsibility management.

Management Approach

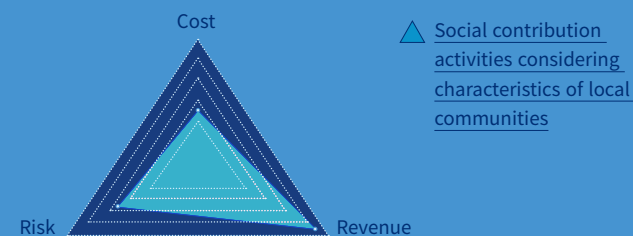
Hyundai Glovis recognizes local communities as key stakeholder in its business activities and aims to fulfill its social responsibilities. We are strengthening our social responsibility management system by operating a dedicated organization and presenting our social responsibility direction of “Harmony, Stability, and Growth” In addition, we continue to carry out our representative social contribution program, the “Safety Awareness Campaign” to reflect our safety-first management policy to contribute to local communities.

Goals and Management

In order to maximize social satisfaction, Hyundai Glovis will pursue social contribution activities linked to its logistics business characteristics and focus on beneficiaries’ benefits by identifying their actual needs.

Material Issue Impact

We investigated impacts of key issues related to “Corporate Social Responsibility” on Hyundai Glovis’ activities.



Policies and Strategies for Corporate Social Responsibility

Based on mutual respect and a win-win philosophy, Hyundai Glovis is carrying out corporate management activities. All employees are involved in social responsibility management. As part of that effort, we engage in a variety of corporate social responsibility activities, including the “Safety Awareness Campaign” to contribute to fulfilling our corporate social responsibilities. We are pursuing continuous growth with internal and external stakeholders.

Direction of Corporate Social Responsibility Activities

We established the Hyundai Glovis’ Corporate Social Responsibility System under the External Cooperation/CSR Team, and are continuing our activities to create social value, starting with the launch of the “Safety Awareness Campaign” in 2015. We are committed to being good corporate citizens through our major social contribution activities, raising public awareness of safety in the area of road traffic safety and disaster.

Hyundai Glovis’ Corporate Social Responsibility Value Structure



Major Activities and Achievements

Safety Awareness Campaign

The “Safety Awareness Campaign” is the company’s flagship program, and consists of “Safe Movement” and “Disaster Prevention.” As the number of deaths due to traffic accidents increases year after year, there is a growing demand for awareness and safety measures for road traffic safety. We are helping raise social interest in safe movement through the Safety Awareness Marathon and the free distribution of safe driving kits. In addition, we emphasize the importance of preventing disasters and accidents through disaster prevention education for children, support for the transportation of relief goods, and mural painting for safety awareness.

Overview of Safety Awareness Campaign



Safety Awareness Marathon

Hyundai Glovis hosts the Safety Awareness Marathon to create and spread a social atmosphere of safety as the top priority. The Safety Awareness Marathon consists of safety (10km) and empathy (5km) races. We organized a variety of events with the theme of safety to inspire participants’ safety awareness. To prevent accidents at the event, we emphasized the importance of safety and placed safety personnel at main sections, and arranged an emergency headquarters and ambulance where doctors and nurses were stationed. More than 5,000 citizens participated in the 2017 Safety Awareness Marathon. Participation fees paid for the event were used for safety accident prevention activities. The event helped us to raise awareness of mobile safety and improved public awareness of traffic safety.

| No. of Safety Awareness Marathon Participants (Unit: person) | | | |
|--|-------|-------|-------|
| Description | 2015 | 2016 | 2017 |
| Participants | 4,723 | 5,029 | 5,000 |



Distribution of Safe Driving Kits

To prepare for the summer vacation season and the corresponding rise in accidents related to drowsy driving, Hyundai Glovis distributed 10,000 free safe driving kits to motorists at the Deokpyung and Geumgang highway rest areas on August 1 and 2, 2017. The kit consists of anti-drowsiness gum and ice patches, an electric massager, and a neck pillow, which drivers can use easily. We set up a safe driving promotion booth to inform motorists of dangers of drowsy driving, and held events to relieve their stress caused by prolonged driving.



Disaster Prevention Education for Elementary Students

Hyundai Glovis holds “On-site Child Disaster Prevention Education” for elementary schools in partnership with the National Disaster Relief Association to enhance children’s ability to cope with disasters. From April to July 2017, we provided 20 education sessions to more than 1,400 students and teachers at 15 schools in the Seoul and Gyeonggi area. The training included fire alarm evacuation, fire extinguisher use, and emergency first aid with an AED (Automated External Defibrillator), and was designed to ensure that children can respond effectively to disasters. Hyundai Glovis helps create a social atmosphere that emphasizes safety, stresses the importance of preventing disasters, and conducts a wide range of activities for disaster prevention.



Assistance for Emergency Relief Goods

Hyundai Glovis helps transport relief goods to disaster areas requiring emergency relief. In 2017, we transported 520 emergency relief kits weighing more than 5 tons in total, made in collaboration with the Hope Bridge Disaster Relief Association, to flood-damaged areas in Goesan County, Chungbuk Province. Hyundai Glovis achieves true sharing management by sending love to neighbors suffering from unforeseen disasters, based on our business capabilities as a logistics company.



Year-end Rice Sharing Event

On December 14, 2017, Hyundai Glovis held a year-end rice sharing event for isolated senior citizens in the community at the Gangnam Social Welfare Center in Seoul, donating 1,600 kilograms of rice. Hyundai Glovis employees visited 160 senior citizens who live alone to voluntarily deliver 10kg of rice. We will continue to engage in social contribution activities to strengthen our interactions with local residents.



Improvement of Rest Area for Drowsy Drivers

As part of the safety awareness campaign to prevent drowsy driving and provide convenience for drivers, we upgraded the Sangbeoncheon Rest Area for drowsy drivers, located in the direction of Tongyeong on the 2nd Jungbu Expressway, in July 2017. While the Sangbeoncheon Rest Area for drowsy drivers is only the fifth-largest of the 24 rest areas in the metropolitan area, many visitors had found the lack of facilities and shade made it difficult to rest. Hyundai Glovis installed 114 trees including zelkova trees, bamboo trees, and azaleas, and five benches to provide drivers with a pleasant resting place, using KRW 48.85 million raised from Safety Awareness Marathon.



Safety Awareness Mural Painting Event

Hyundai Glovis held the “Safety Awareness Mural Painting Event” for the safety awareness campaign to prevent disasters and improve the environment by highlighting the importance of safety through murals. In July 2017, we held the event at Kusu-dong, Mapo-gu, Seoul. The event was attended by more than 30 persons, including Hyundai Glovis employees and their family members and volunteers. They painted murals on the 34-meter long wall. We stressed the importance of preventing disasters to the participants, and contributed to improving the local environment through this mural painting on the desolate wall.



Eightieth Birthday Party Event for Senior Citizens in the Community

Hyundai Glovis held an eightieth birthday party for senior citizens who live alone in the community during May, the family month. More than 100 persons, including six 80-year-old citizens, 70 residents over 70 years of age, 20 volunteer workers from Hyundai Glovis and officials from Gangnam General Social Welfare Center participated in the 10th Senior Citizens’ eightieth birthday party event. Hyundai Glovis employees volunteered to celebrate 80-year-old senior citizens who live alone and need economic support and social attention the community.



Invited children from the local high school rugby team

The Hyundai Glovis Rugby Team held a rugby clinic for teams from high schools and middle schools in the Incheon area. The event was held for the first time last year, and aimed to provide practical training opportunities for rugby prospects while seeking ways for mutual growth. More than 100 persons participated, including the Hyundai Glovis Rugby Team and Incheon Machinery Industry High School athletes. The Hyundai Glovis Rugby Team is planning to continue to hold rugby events and develop new public service programs.



Customer Satisfaction Management

Issue Background

As a company with diverse customer groups, Hyundai Glovis must manage personal information protection through its advanced system to fulfill customer satisfaction. OECD has established guidelines for information protection and recommends compliance of the guidelines to member nations. As a global company, Hyundai Glovis should establish management system and promote activities for the guidelines.

Management Approach

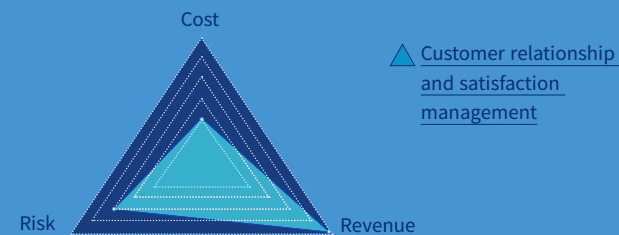
Hyundai Glovis recognizes corporate clients, customers, suppliers and employees as its customers from a comprehensive perspective, and conducts various activities to enhance customer satisfaction. As customer personal information should be managed and protected preemptively, we are strengthen information security awareness activities among our employees to help them become more sensitive to customer information protection.

Goals and Management

Hyundai Glovis established KPIs for business areas based on improvements identified from the Customer Satisfaction Survey in 2017. In addition, we set annual targets at the corporate unit for the KPIs, which consist of maintaining ISO 27001 certification, and regularly monitor them to secure responsible performance management.

Material Issue Impact

We investigated impacts of key issues related to “Customer Satisfaction Management” on Hyundai Glovis’ activities.



Customer Satisfaction Policies and Strategies

Hyundai Glovis constantly works for customer satisfaction by providing differentiated services that are tailored to the needs of our customers. We have established a customer-oriented process, people, and system through which we conduct a range of activities including education, customer satisfaction surveys, and CS campaigns to provide differentiated services.

Major Activities and Achievements

Plans for Customer Satisfaction Activities

Company-wide CS Activity and Campaign

Hyundai Glovis runs its CS Campaign three times a year, which is a company-wide program to support internal and external customer satisfaction. Additionally, we are improving our employees’ customer satisfaction capabilities through CS campaigns and best practices by utilizing various public relations channels.

Supporting CS leader Activity

We run a CS activity support program targeting 72 CS leaders. We also hold a CS leader workshop three times a year to introduce CS direction and an evaluation system, and a CS/ICS result sharing meeting to review CS survey results in the first half. Hyundai Glovis is working to spread and develop our customer satisfaction culture by giving awards to excellent CS teams and leaders.

Team/Corporation CS Activity

Hyundai Glovis works to improve customer satisfaction by conducting various activities. We conduct surveys and VOC-based team/corporation improvement activities once a month to improve the customer experience and the level of satisfaction.

CS Campaign

| Description | | 2017 |
|-------------|--------------------------------|---|
| March | Internal customer satisfaction | <ul style="list-style-type: none"> Posting of mutual respect and cooperation content Team IC activity (1 VOC per person) |
| July | Intermediate check | <ul style="list-style-type: none"> Checking CS results of the first half Complementing CS activity plan in the second half year |
| Sep-tember | Core value practice | <ul style="list-style-type: none"> Praise and appreciation among colleagues |

CS leader Workshop



Customer Satisfaction Surveys

We hold regular satisfaction surveys for customers and suppliers, and have been researching ways to improve our survey methods to increase the reliability of these surveys. In 2017, we conducted the first VOE qualification survey for internal customers to enhance the service mindset of our support organization and establish cooperation among departments. We have expanded the scope of customer satisfaction surveys to include all overseas subsidiaries, including a CS survey of our subsidiaries in Mexico and Australia. We will reflect the survey results in our various CS education and customer satisfaction programs for the relevant teams/corporations. We will derive practical improvements by diversifying our research methods, including 1:1 face-to-face interviews to collect Voice of Customer (VOC) responses, and pilot monitoring of customer contact service.

2017 Customer Satisfaction Survey Results

| Category | Target Group | Key Findings |
|----------|-------------------------------|---|
| External | Customer Companies | <ul style="list-style-type: none"> Highly satisfactory in customer service and communication Active and accurate business processing to create a high-quality service |
| | Overseas Subsidiary Customers | <ul style="list-style-type: none"> Entered the stabilization phase for the past three years, and can improve customer satisfaction by providing appropriate response strategies according to various characteristics of our corporations Requires rapid response to business, strengthened information provision, enhancement of sustainable development/changing corporate image |
| | Supplier | <ul style="list-style-type: none"> Excellence in the company’s partnership mindset towards its suppliers and the company’s handling of basic business matters with its suppliers Active efforts to maintain strengths to enhance corporate image is required |
| Internal | VOE Qualitative Survey | <ul style="list-style-type: none"> Collection of internal customer on business processes, attitudes, and communication with support organizations Proportional response rate of frequency with work and satisfaction/improvement needs |

Service Quality Training System

Hyundai Glovis hopes to lead the way in fulfilling customer satisfaction through its systematic customer satisfaction training system. We have established a service quality training system through which we provide our employees and suppliers with optimal training courses designed to strengthen our CS capabilities company-wide. Most notably, the training courses for our suppliers have been prepared based on a pre-training needs assessment for each training target group.

No. of Participants in Service Quality Training (Unit: person)

| CS campaign | | | |
|--------------|--------------|--------------|--------------|
| | 2015 | 2016 | 2017 |
| Supplier | 1,854 | 1,917 | 1,890 |
| Employees | 779 | 825 | 939 |
| Total | 2,633 | 2,742 | 2,829 |

2017 Service Quality Training Performance

| Classification | Description | Number of Times | Number of persons | |
|----------------|---|---|-------------------|--------------|
| Employees | CS Introduction | • 'Customer First' and Customer Satisfaction Management • In-house/outside basic manners | 8 | 127 |
| | CS Basic I . DISC | • Personality diagnostic tool • Personality prediction and response strategy | 7 | 177 |
| | CS Basic II . Stress Management | • Personal resilience diagnosis • Stress control and related technology guide | 5 | 100 |
| | CS Advanced | • Sharing results of customer satisfaction surveys • Establishment of an improvement plan through case studies | 15 | 376 |
| | CS Special Lecture | • Needs and latest trends for relevant departments | 4 | 159 |
| | Subtotal | | 39 | 939 |
| Supplier | Executive Director of finished cars | • CS change mindset for customer's emotional quality | 1 | 37 |
| | Delivery truck drivers of finished cars | • Establishing a trust relationship between peers | 37 | 897 |
| | C/C field manager | • Importance of internal communication | 3 | 47 |
| | Delivery truck drivers of KD Container | • CS stress management | 2 | 64 |
| | Iron and Steel vehicle operators | • CS stress management | 14 | 314 |
| | Oil truck operators | • How to respond to customers by situation | 9 | 149 |
| | Delivery director of department store/ home shopping | • MOT field coaching | 2 | 32 |
| | Delivery truck drivers of the Distribution Logistics Center | • Phone manners | 14 | 305 |
| | Used car purchase evaluator | • Reliable sales method | 3 | 45 |
| | Subtotal | | 85 | 1,890 |
| Total | | 124 | 2,829 | |

Operation of a VOC (Voice of Customers) System

Hyundai Glovis is listening to its customers' voices to fulfill customer satisfaction. We run a Voice of Customers (VOC) system to handle customer complaints promptly. The system enables us to ensure that customers are free to leave their feedback at any time and to identify customers' complaints more quickly, while enabling those in charge at











the relevant departments to respond immediately for one-on-one communication by e-mail. We also conduct in-depth interviews with some of the customers who report their dissatisfaction in the regular customer satisfaction surveys, so that the relevant departments can reflect the interview results in their customer satisfaction activity plans.

Customer Information Protection Policies and Strategies

Enhancement of the Customer Information Protection System

Hyundai Glovis makes sure to inform its customers of how it uses their information in accordance to the Personal Data Protection Act and the Information and Communication Network Act of Korea, which we strictly adhere to. When any relevant laws or internal management policies are changed, we notify our customers promptly.

Customer Information Protection Policies

| | |
|---|---|
| <p>01 </p> <p>Refraining from the indiscriminate collection of personal information</p> | <p>02 </p> <p>During the collection of personal information, make a clear distinction between required information and optional information</p> |
| <p>03 </p> <p>Prohibition of the processing of ID information including resident registration numbers and sensitive information such as religion and personal health, in principle</p> | <p>04 </p> <p>When entrusting personal information to others for PR or sales purposes, notify customers and ensure strict information management</p> |
| <p>05 </p> <p>Store personal information files safely through DB security programs and encryption software</p> | <p>06 </p> <p>Comply with legally permitted retention periods when storing necessary evidentiary documents</p> |
| <p>07 </p> <p>Shred personal information files after having used them for originally intended purposes</p> | <p>08 </p> <p>Provide CCTV surveillance signs</p> |
| <p>09 </p> <p>Provide guidelines and documents related to personal information protection</p> | <p>10 </p> <p>Prepare for notice of personal information leakage, adjustment of collective disputes, and class actions</p> |

Major Activities and Achievements

Enhancement of Information Protection Response Processes

As smartphone distribution and the accessibility of the Internet rapidly increased, there has been rising social concern over the exposure of personal information. Hyundai Glovis has established a strong information protection process to respond to any infringements of personal information security, along with measures required to restore the information. We strive to prevent the occurrence of such problems, and minimize their impact when they occur by sharing such measures. The company has streamlined the reporting process for personal information leaks, enabling quicker responses. Hyundai Glovis frequently monitors the status of personal information management throughout the supply chain to ensure the thorough protection of personal information. We strive to block the possibility of personal information exposure, both inside and outside the organization. In addition to information protection system management, we regularly carry out personal information protection education and drills to strengthen our information protection response.

Enhancement of Information Security Awareness

Hyundai Glovis conducts a variety of information security programs to raise awareness of all employees about information security. Hyundai Glovis conducts information security e-learning education once a year to raise awareness of all its employees about information security. The company also produces and distributes security-related webtoons and posters and conducts personal information protection training for all its personal information handlers.




Safety Management

Issue Background

As a company engaged in overland and maritime transportation business, health and well-being of our field workers are inextricably linked with its safety performance. In addition, safety issues should be managed as essential for risk management of the company. We can expect to reduce transportation delays and accidents and to improve transportation efficiency through management.

Management Approach

Given the nature of the logistics industry, Hyundai Glovis strictly manages the safety of our employees as well as supplier's employees. We will spread safety culture to our suppliers through various safety activities based on the safety culture created by voluntary participation of all members of the company. In particular, we are constantly promoting programs for safety management of truck operators. In addition, we prevent any safety issues that may arise in the shipping business in accordance with our maritime transport safety management policy.

Goals and Management

We are strengthening preemptive crisis management for enhancing competence, standardization of safety and expanding safety culture. All employees voluntarily participate in safety management and carry out systematic preventive management to implement safety management and secure future competitiveness.

Material Issue Impact

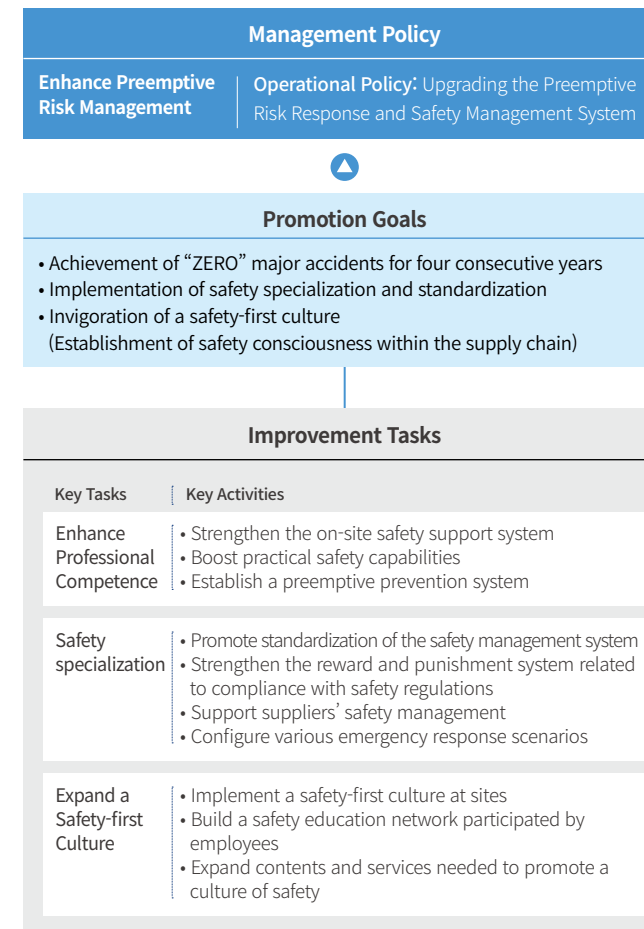
We investigated impacts of key issues related to "Safety Management" on Hyundai Glovis' activities.



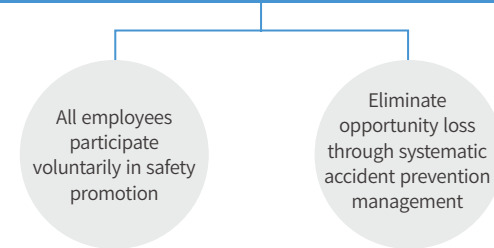
Land Transport Safety Management Policies and Strategies

Hyundai Glovis is committed to safety management of land transportation using our risk management system. We set promotion goals and three major improvement tasks under a management policy of strengthening preemptive crisis management. Hyundai Glovis is laying the foundation for future corporate competitiveness through solid safety management practices.

Risk Management System



Secure Future Competitiveness through Safety Management



Major Activities and Achievements

Unification of Safety Management

Acquired the OHSAS 18001 Certification of Overseas Subsidiaries

Hyundai Glovis has acquired the international safety and health management system (OHSAS 18001) Certification for overseas subsidiaries to expand the safety management from the head office to our overseas subsidiaries. A total of eight overseas subsidiaries have acquired the OHSAS 18001 Certification by developing our management standards for each corporation based on our safety management regulations and guidelines.

English and Mobile Version of Glovis Safety Management System (GSMS)

We developed an English and mobile version of the GSMS for unifying safety management at domestic and overseas sites. We have integrated the safety management standards of all our headquarters and overseas subsidiaries, and allow them to analyze company-wide information through the common database.

OHSAS 18001 Certification of Overseas Subsidiaries



Glovis Safety Management System (GSMS) (English version)



Development of Driving Time Control System

As the frequency of truck accidents caused by drowsy driving is becoming a social issue, the importance of safe driving has led to the revision of the Trucking Transport Business Act to ensure compliance with mandatory rest time and prevention of continuous operation. Hyundai Glovis monitors the mandatory rest time for truck operators, and requires drivers to have a minimum of 30 minutes of rest after 4 consecutive hours of driving. ADAS¹ is installed in 61% of our trucks, and an operation time control system has been developed to prevent operators from excessive operation. We are working to prevent accident risks and promote the health of our drivers by managing their fatigue.

1. ADAS : Advanced Driver Assistance System

Operator Stress Management

Hyundai Glovis engages in stress management to prevent freight truck accidents, and to improve and manage the health of our operators. We select a ranking for stress factors to minimize the stress. Regular education is provided to reduce stress and drivers are able to self-diagnose through public health centers.

Safety Resolution Meeting for Suppliers

Hyundai Glovis held a safety resolution meeting for suppliers to spread a culture of workplace safety. 39 representatives from our suppliers were invited for safety, ethics management and labor management education, and worked with us to achieve zero accidents in operation. At Hyundai Glovis, we are dedicated to creating an accident-free workplace and a safe transportation culture in our workplace and for our suppliers under the safety-first policy.

Safety Photo/Picture Competition

Hyundai Glovis held a "Safety Photo/Picture Competition" for the employees of Hyundai Glovis and its suppliers and their children. Competition entries were to focus on the topics of safe driving, fire prevention, and a safe working environment, and a number of prizes were awarded. The prize winners were given prize money and a prize. In 2017, a total of 15 works were selected and awarded.

Maritime Transportation Safety Policies and Strategies

Hyundai Glovis continues to work to prevent maritime accidents and human casualties based on our maritime transportation safety management policy. In addition, we are striving to strengthen the reliability of our safety management for our customers and employees by promoting a workplace safety-first culture.

Policies on Marine Transportation Safety Management

Safety Management

- Navigation or operation policies developed, navigation and port safety reviewed to prevent marine incidents
- Procedures and guidelines to inspect ships at home and abroad
- Compliance with statutes at home and abroad
- Active response to the safety requirements of clients and stakeholders
- Building a company-wide safety consensus through the operation of the Safe Vessel Operation Committee

Vessel Management

- Systematic safety management systems implemented through risk management
- Periodic on-board review and vessel safety inspection
- Safety management structure established, cost competitiveness secured

Cargo Management

- Cargo safety inspection performed, preventive measures developed against possible cargo accidents while in transit
- Quality assurance techniques to prevent cargo claims or to respond to claims filed
- Systems and procedures established for the efficient management of special cargoes
- Cargo Quality Conference for personnel responsible for loading/ unloading and inspections are invited

Crew Management

- Development of superior crew members; upgrading the skills of junior officers
- Systematic cooperation structure developed with ship management service providers in connection with the management and hiring of a ship crew
- Emergency response skills with ship emergency training, workshops for land and sea employees, and joint drills to prepare for land or sea emergencies
- Safety mindset through duty consultation prior to the boarding of the captain and engineers

Grand Prize Winner in the "Safety Picture" Category

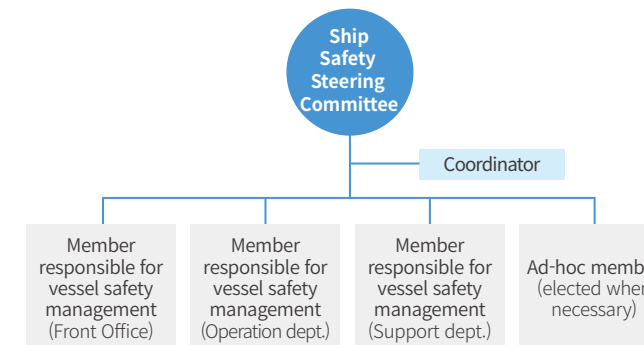


Major Activities and Achievements

Operation of the Ship Safety Steering Committee

Hyundai Glovis has established the Ship Safety Steering Committee to ensure safe maritime transportation. The Ship Safety Steering Committee, which is celebrating its 24th anniversary, was formed with the purpose of creating a consensus between divisions and units on the importance of vessel safety, and equipping itself with a safety management system that covers cargoes, vessels, and human life. Through the establishment of a safety management system, we have further enhanced our vessel cost competitiveness as we have improved our cost structure and identified cost reduction factors.

Ship Safety Steering Committee



Operation of MVSAT

To establish a rapid emergency response system between vessels and on-shore departments and take prompt action in the event of vessel accidents, Hyundai Glovis began to install the MVSAT (Maritime Very Small Aperture Terminal) in February 2016 for all its vessels, starting with those registered in Korea. The introduction of the MVSAT has not only improved the working environment of our offshore employees, but has also helped prevent maritime accidents and created a speedier communication environment. In November 2016, the company was recognized at the Maritime Safety Excellent Case Contest hosted by the Ministry of Maritime Affairs and Fisheries for its prominence in the field of vessel safety.



Strengthening Cargo Hold Monitoring for Car Carriers

Car carriers usually have 12 layers of cargo holds, which creates difficulty with access and monitoring in the event of fire or flooding. In 2017, we installed 8 CCTVs in Glovis Cougar to strengthen monitoring in the cargo hold. We plan to gradually install CCTVs to our PCTC vessels beginning in 2018. This will allow us to perform rapid response and prevention activities in the event of fire, theft or flooding.

Introduction of the Ship Monitoring System

To enhance the safety of our vessels, in 2017 Hyundai Glovis applied and reviewed the Ship Monitoring System, which monitors ships in real time and prevents engine malfunctions. Through the pilot operation of the system, we confirmed that it is possible to enhance ship safety and improve navigation efficiency, while also enabling the collection of vast ship data through the system. We plan to enhance ship safety by extending the system to the PCTC fleet beginning in 2018.

Ship Safety Inspection System

To ensure the safety of vessels and crews and to prevent accidents at sea, safety supervisors are placed at major ports in Korea to periodically conduct ship safety inspections for our vessels and chartered vessels. This has not only improved our ship accident prevention record, but has also improved our cargo transportation quality. In 2017, we received an award for excellence at the Maritime Safety Competition Awards of the Ministry of Maritime Affairs and Fisheries.




Mutual Growth Management

Issue Background

Fair economy in the industry should be created by global corporations. Fair economy can promote sustainable development of the logistics industry and contribute to national economic development by monitoring fair trade between companies as well as win-win cooperation between large and small companies.

Management Approach

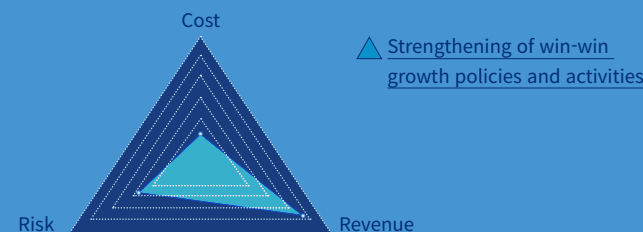
Hyundai Glovis is committed to fair trade compliance for dealing with suppliers. Furthermore, we are constantly seeking ways to support our suppliers and take the lead in creating a win-win culture. The Foundation of Korea Logistics Industry Promotion was established by Hyundai Glovis to build a win-win cooperation system between large and small companies. Hyundai Glovis runs support programs such as education, funding, and consulting and presents a new paradigm in the logistics industry.

Goals and Management

Hyundai Glovis will share its business know-how through its global business with all SMEs that cooperate with the company and support a safe and easy environment for overseas market entry. In addition, we plan to form a win-win relationship with policy makers and other companies to spread various advanced cases and develop them together.

Material Issue Impact

We investigated impacts of key issues related to “Mutual Growth Management” on Hyundai Glovis' activities.



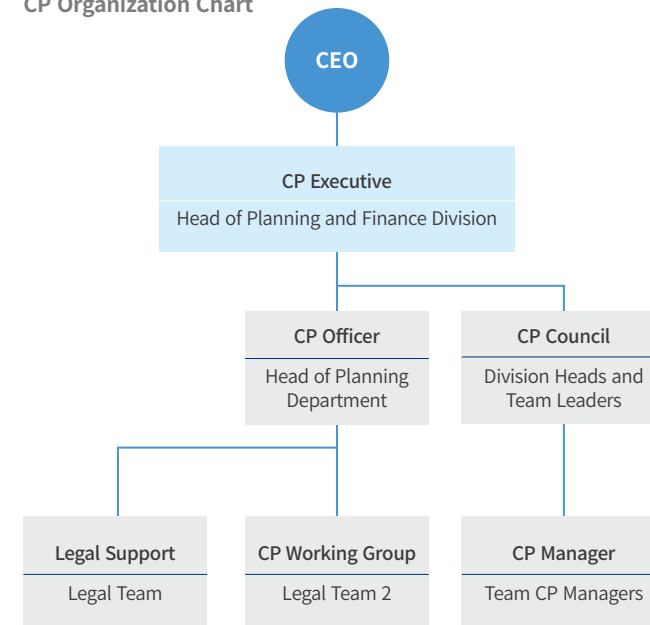
Mutual Growth Management Policies and Strategies

Hyundai Glovis pursues shared growth for mutual benefits based on fair trade with our suppliers. We operate a variety of supplier support programs to create mutual growth with our suppliers based on compliance with the principles of fair trade.

Fair Trade Voluntary Compliance Program

To create a climate of fair trade compliance, Hyundai Glovis runs a Compliance Program that is handled by a dedicated organization under the management of the CEO. We are pursuing a variety of CP-related activities, and implementing employee education.

CP Organization Chart



CP Activities

| Activities | Description |
|---|--|
| Board reporting (Twice a year) | Board of directors' performance, plan report, disclosure |
| CP rating evaluation conducted by the Korea Fair Trade Commission (Every two years) | Received “Class A” |
| Publication of Fair Trade Voluntary Compliance Manual (Every two years) | In 2016, the latest manual was revised and distributed company-wide |
| Fair Trade Training (7 times a year) | Fair Trade Act training (about 300 students completed) |
| Fair Trade Day (12 times a year) | Establishment of company-wide fair trade climate through monthly newsletters and quizzes |

Major Activities and Achievements

Strengthening Mutual Growth Support

Plan for Strengthening Mutual Growth Support

We are committed to providing and implementing a wide range of support for strengthening mutual growth. In 2017, we held a “Mutual Growth Agreement Ceremony” to create a plan to achieve a total of KRW 50 billion worth of mutual growth, and have been strengthening and faithfully implementing follow-up measures. In order to promote the growth of the logistics industry, the plan includes direct support for suppliers and employees that engage in the domestic logistics industry such as transportation, packing and unloading service for finished car, steel, and parts.

Support for Strengthening Mutual Growth

Hyundai Glovis plans to pursue three mutual growth strategies, which are to support safety and welfare for employees in the logistics industry, operate mutual growth funds, and improve the environment and provide consulting support for suppliers.

Support for Strengthening Mutual Growth

Safety and welfare support of logistics industry workers

- Providing KRW 23 billion in support to spread a safety-first culture and stabilize logistics workers

Operation of a mutual growth fund

- Operating a KRW 20 billion mutual growth fund to support management activities and cash flow for drivers and SMEs

Supporting environment improvement and consulting for suppliers

- Support amount provided to the Foundation of Korea Logistics Industry Promotion expanded to KRW 7 billion by 2020

Support for the Overseas Training of Suppliers' Employees

We provide key employees of our suppliers with opportunities for overseas training to enhance their sense of belonging and to secure supplier network channels. This training program helps build a sense of pride in the employees. We have provided 51 key employees of our suppliers with two overseas training opportunities, which were held in Vietnam in 2017. A survey held after the program reflected the high satisfaction of participants. Most of them wanted the Overseas Training Program for key supplier employees to be an ongoing mutual growth program. Hyundai Glovis is reviewing the suggestions from the survey and sharing them with the relevant teams and departments to drive improvement.

Supplier Employees' Overseas Training



Promotion of Family-friendly Management for Transportation Suppliers

Hyundai Glovis conducted a "Family Love Healing Trip" contest for its transportation suppliers. We provided selected consignor/consignee companies' drivers and their families with all-inclusive trips to our overseas business sites, including airfare, accommodations and other travel expenses, and on-site work experience opportunities, so that they can create family memories and take pride in their company. Using the results of surveys held after the program, we have adapted the program to best benefit the participants. We will continue to upgrade the Family Love Healing Trip for customer satisfaction at the forefront of our company's service.

2017 Family Love Healing Trip



Mutual Growth Programs for Suppliers

To enable mutual growth with our suppliers, we provide a variety of activities, such as supplier grievance handling and visits to field sites at home and abroad.

| Supplier Grievance Handling |
|--|
| <ul style="list-style-type: none"> Operation of various grievance handling channels for Supplier meetings and seminars |
| Supplier Legal Advice Centers |
| <ul style="list-style-type: none"> Legal advice or counseling by phone or email |
| Education Partnership |
| <ul style="list-style-type: none"> Education and workshops to enhance supplier competencies Events or athletic games for strengthening partnership |
| Visit to Field Sites at Home and Abroad |
| <ul style="list-style-type: none"> Support by visiting the field sites of outstanding suppliers at home and abroad |

Support of the Foundation of Korea Logistics Industry Promotion

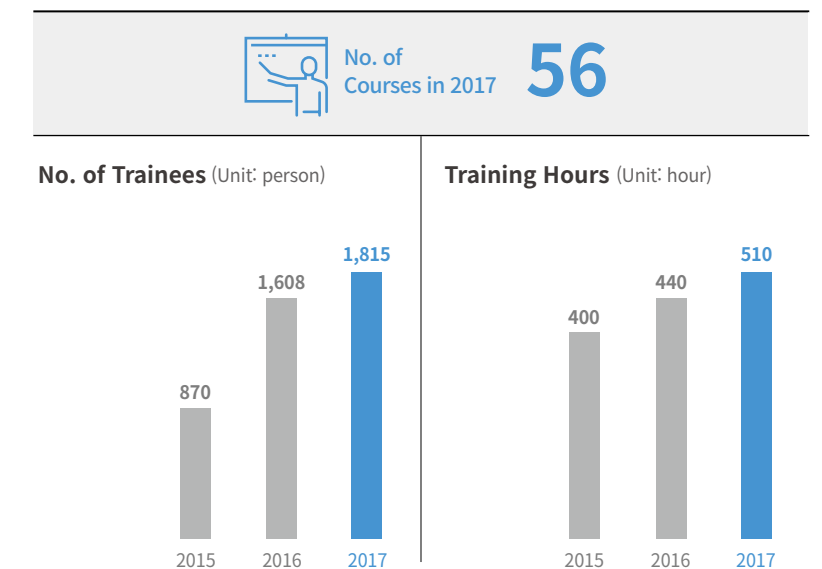
Established in 2013 by Hyundai Glovis, the goal of the Foundation of Korea Logistics Industry Promotion is to contribute to the overall development of the distribution industry and the national economy. It supports capacity-building and academic activities by logistics SMEs to enhance their competitive edge and achieve sustainable development of the domestic distribution industry. It also is establishing an organic mutual growth system between large and medium-sized corporations and the government, to make transparent and fair business transactions. The Foundation will continue to promote the mutual growth of logistics SMEs, and contribute to the development of the logistics industry.

The Foundation of Korea Logistics Industry Promotion Achievements

| Competency Enhancement of Logistics SMEs | Mutual exchange of logistics experts in private, government and academia sectors | Improvement of life satisfaction of logistics workers | Latest Logistics Information Sharing |
|---|--|---|--|
| Logistics talent training <ul style="list-style-type: none"> Training to raise competitiveness of logistics SMEs such as job, management, business ethics Special lecture on logistics manager certification to train logistics specialists Safe driving training for freight driver (Collaboration with the Road Traffic Authority) Logistics site innovation <ul style="list-style-type: none"> Logistics Site Innovation Camp for Improving Management Capabilities of Managers in Logistics companies Logistics Site Innovation Camp for Improving Practical Capabilities of Workers in Logistics companies Consulting support for logistics SMEs <ul style="list-style-type: none"> Providing consulting service for logistics SMEs Support for excellent domestic and overseas logistics site visits <ul style="list-style-type: none"> Excellent overseas logistics site visits Excellent domestic logistics site visits | Logistics industry promotion conferences <ul style="list-style-type: none"> Participants: Government, National Assembly, Logistics Company, Academic, Relevant Organizations, Press Contents: Presentation of Foundation's results / Special lecture / Congratulations, Awards ceremony, etc. Logistics start-up Forum <ul style="list-style-type: none"> Holding joint regular forum to foster logistics start-ups (Collaboration with the Ministry of Land, Infrastructure and Transport) Seminars by the Foundation of Korea Logistics Industry Promotion <ul style="list-style-type: none"> Holding seminars/meetings for win-win cooperation between government and companies Support for external logistics event <ul style="list-style-type: none"> Safety Awareness Marathon / Recruitment fair for logistics companies | Support for Cultural Activities <ul style="list-style-type: none"> Supporting cultural performances for employees and their families in logistics SMEs Safe Driving Campaign for Freight Car <ul style="list-style-type: none"> Distribution of free safe driving kits to prevent driving while drowsy Sports events for logistics employees <ul style="list-style-type: none"> Holding joint sports events for logistics employees Children's drawing contest <ul style="list-style-type: none"> Holding Children's drawing and writing contests for children of logistics employees | Latest logistics information sharing <ul style="list-style-type: none"> Research on Logistics Industry Development such as Logistics start-ups Essay contest <ul style="list-style-type: none"> Academic research or practice cases for development of logistics SMEs Magazine <ul style="list-style-type: none"> Latest logistics trend and total logistics information Quarterly magazine Logistics industry survey <ul style="list-style-type: none"> Survey on management environment of logistics SMEs |



Results of the Logistics Talent Training






Environmental Management

Issue Background

As damages from climate change and natural disasters spread, national environmental laws and regulations are strengthened. Therefore, the need for business activities considering environmental impacts and stakeholders' needs are growing. Hyundai Glovis identifies environmental management as a key issue for the company and has developed practical measures to reduce environmental impact.

Management Approach

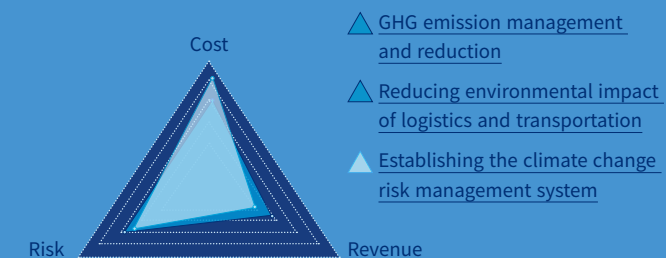
In order to promote environmental management through business, Hyundai Glovis is implementing green logistics and eco-friendly shipping. We reduced CO₂ emissions by 66,000 tons per year through conversion of overland transportation to coastal shipping. In addition, we will become a leading global green logistics company through the greenhouse gas MRV(Monitoring, Reporting, Verification) system and GHG emission management.

Goals and Management

Hyundai Glovis has regularly monitored energy use data and has established a system for estimating, reporting and verifying greenhouse gas emissions. In addition, we will continue to identify greenhouse gas reduction items in various areas and develop new green logistics businesses.

Material Issue Impact

We investigated impacts of key issues related to "Environmental Management" on Hyundai Glovis' activities.



Environmental Management Policies and Strategies

Environmental Management Strategies

To become a leading green logistics company, Hyundai Glovis is establishing a mid-to-long term environmental management strategy. We have upgraded our existing logistics system and strengthened our MRV (Measuring Reporting, Verifying) system. With the goal of reducing the company's domestic GHG emissions by 24.6% by 2030, we have continuously pursued improvements in vehicle and vessel fuel efficiency through activities that include the development of fuel-saving technologies and careful monitoring of GHG emissions.

Mid-to-Long Term Environmental Management Implementation Strategy

 **Leading global green logistics company**



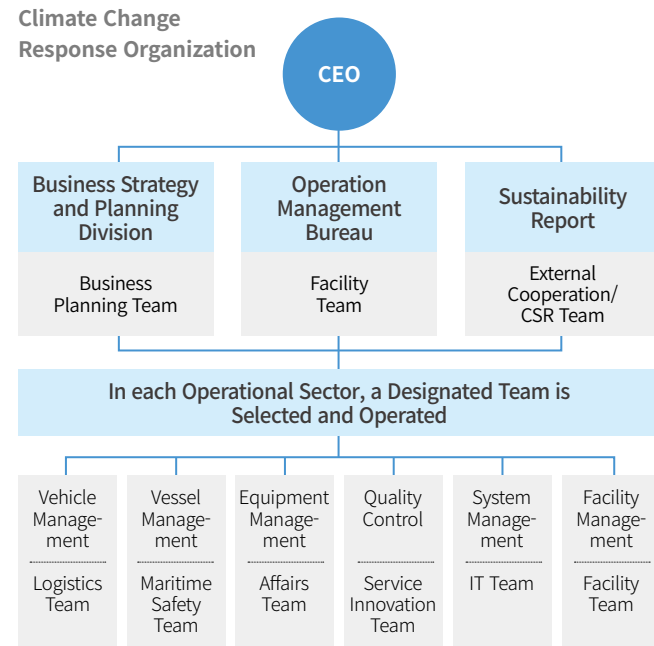
| External Environment | Internal Environment | Key Missions |
|---|---|--|
| <ul style="list-style-type: none"> Enforced regulations regarding international GHG management (EU MRV in 2018 and IMO DCS in 2019) Enhanced vehicle regulations to reduce fine dust in Korea Enhanced the demand for disclosure of corporate environmental information and enhanced data verification Collective response measures necessary for logistics companies is required | <ul style="list-style-type: none"> Designated by the government as an energy/GHG management target company Potential to be designated as a carbon trading company Designated as a Green Logistics Company by the Ministry of Land and Transportation Maintenance of the corporate status as a leading green logistics company | <ul style="list-style-type: none"> Respond effectively to the government's energy/GHG goal management target system Maintain the government's Green Logistics Company Certificate Respond to the CDP (Carbon Disclosure Project) Pursue an eco-friendly logistics service Improve energy efficiency management Intensify programs for energy consumption reduction |

Awards and Certifications Related to Environmental Management

| Description | Status | Year |
|---------------|---|------------|
| Certification | Green Logistics Company Certification | 2015 |
| | Integrated Logistics Company Certification by the Ministry of Land, Infrastructure and Transport | 2012 |
| | ISO 14001 Environmental Management Systems | 2007 |
| Awards | First place in the business and personal sector of Ecodriver Championship by the Ministry of Land, Infrastructure and Transport | 2017 |
| | CDP Korea Carbon Management Sector Honors Award | 2017 |
| | CDP Korea Carbon Management Special Award | 2016 |
| | Award at the Eco-Friendly Logistics Competition by the Ministry of Land, Infrastructure and Transport | 2015, 2016 |

Climate Change Response Organization

Hyundai Glovis is working to help create a low-carbon society, and is actively engaged in various activities in an effort to respond to climate change.



Major Activities and Achievements

Energy and GHG Management

Domestic vehicle and building emissions management

Hyundai Glovis was designated by the government as an energy/GHG management target company in 2014, and monitors domestic vehicle and building emissions. The company has met all of the government's energy/GHG management targets.

Emissions management in the ship sector

In response to the EU MRV legislation requiring vessels arriving at European ports to report and verify their GHG emissions starting in 2018, we will establish a plan and continue to take action to meet this requirement. We collect and manage environmental data such as fuel consumption and CO₂ emissions, for 39 vessels arriving at European ports, through the current system. Regarding the IMO (International Maritime Organization) DCS (Data Collecting System) legislation that requires the calculation and reporting of GHG from international vessels beginning in 2019, we will establish a plan and continue to take action to meet the requirements.



Eco-driving

Hyundai Glovis uses digital tachographs to put our idea of green logistics into practice. The DTG (Digital Tachograph) is a connected car system that records, transfers and manages data related to the operating status of freight vehicles in real time, such as speed, brake signals, acceleration and RPM (revolutions per minute). Hyundai Glovis transmits driving habit reports to the driver's smartphone and monitors fuel efficiency improvement activities. As a result of our efforts to improve driving habits, we received the first prize in both corporate and individual competition sectors at the Ecodriver Championship of the Ministry of Land, Infrastructure and Transport.

Conversion to Green Transport Modes

A leader in green logistics, Hyundai Glovis is shifting away from road transportation to maritime transportation, a more efficient mode of green transportation, to reduce GHG emissions. We are improving our energy efficiency rate by transporting large quantities of cargo in bulk using coastal shipping. Hyundai Glovis was selected by the Ministry of Oceans and Fisheries as a participant in the Convention on the Conversion to Coastal Shipping in 2015. We expect to achieve reductions in CO₂ emissions, road congestion and logistics costs.

CSI (Clean Shipping Index) Certification

Hyundai Glovis has received the CSI certification for two vessels to participate in green transportation means and improvement activities. To reduce its vessel GHG emissions, Hyundai Glovis is considering upgrading its ship management system and applying a vessel energy monitoring system. The company seeks to expand the number of CSI-certified vessels by continuously investing in R&D in the area of fuel reduction.

Expansion of the Environmental Ship Incentive Program

Hyundai Glovis has joined the Environment Ship Incentive Program. The Environment Ship Incentive Program is a system that provides the incentive of a port fee reduction proportionate to Environmental Ship Index (ESI) scores. The Index is evaluated in numerical values for ship emissions such as nitrogen oxides, sulfur oxides, and diesel particulates to reduce the carbon emissions of ships over the values of international environmental standards.

Registered on the A-List in the CDP (Carbon Disclosure Project)

Hyundai Glovis has participated in the CDP (Carbon Disclosure Project) since 2016 in order to introduce the global standards of environmental management and to meet the environmental information disclosure needs of stakeholders. The CDP is evaluated for various items such as governance, risk and opportunity strategies, GHG emissions, reduction performance, and discloses the results. We received the Leadership A- rating in 2016 and Leadership A (top rank in Korea) in 2017 at the Excellent CDP Enterprise Awards ceremony. In addition to eco-driving and conversion to green transport modes, Hyundai Glovis plans to become a global green logistics leader by identifying GHG emissions reduction items and introducing new businesses.

GHG Reduction Effect through Conversion to Green Transport Modes

(Based on Maritime Transport Performance in 2017, assuming the same amount of transportation)

| Overland Transport | | Maritime Transport | |
|---|---------------------------------|---|--------------------------------|
| Estimated based on an assumption of road transport by 25-ton trucks | | Coastal shipping with large vessels (Performance in 2017) | |
| Total transport weight (same basis) 4,598,656 tons | | | |
| Land transport weight per time | 25 MT/time | Marine transport weight per time | 10,107 MT/time |
| Number of land transport | 183,946 times | Number of marine transport | 455 times |
| Diesel consumption | 44,160 kℓ | Ship oil consumption | 15,863 MT |
| CO ₂ emissions | 115,510 tCO ₂ | CO ₂ emissions | 49,423 tCO ₂ |



| | |
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ANNUAL PERFORMANCE

Financial Information

(As of 12/31/2017)

Consolidated Financial Statements

Unit: KRW million

| Accounts | Consolidated accounting standards | |
|--|-----------------------------------|----------------------------------|
| | FY 2017 (Jan.1.2017~Dec.31.2017) | FY 2016 (Jan.1.2016~Dec.31.2016) |
| Current assets | 3,871,966 | 3,935,838 |
| Non-current assets | 4,313,698 | 4,031,639 |
| Total assets | 8,185,664 | 7,967,477 |
| Current liabilities | 2,539,445 | 2,617,948 |
| Non-current liabilities | 1,656,701 | 1,872,083 |
| Total liabilities | 4,196,146 | 4,490,031 |
| Capital stock | 18,750 | 18,750 |
| Capital surplus | 153,619 | 153,619 |
| Accumulated other comprehensive income | 14,098 | 74,390 |
| Retained earnings | 3,803,750 | 3,231,362 |
| Capital adjustment | (927) | (927) |
| Non-controlling interests | 228 | 252 |
| Total capital | 3,989,518 | 3,477,446 |

Consolidated Statement of Income

Unit: KRW million

| Accounts | Consolidated accounting standards | |
|-------------------------------------|-----------------------------------|----------------------------------|
| | FY 2017 (Jan.1.2017~Dec.31.2017) | FY 2016 (Jan.1.2016~Dec.31.2016) |
| Sales | 16,358,289 | 15,340,632 |
| Cost of sales | 15,226,229 | 14,234,856 |
| Gross profit | 1,132,060 | 1,105,776 |
| Selling and administrative expenses | 404,989 | 376,985 |
| Operating profit | 727,071 | 728,791 |
| Financial income | (41,740) | (38,316) |
| Other income | 159,179 | (40,347) |
| Gains or losses from equity method | 44,831 | 53,733 |
| Profit before income tax | 889,341 | 703,861 |
| Income tax expenses | 208,887 | 198,154 |
| Net income | 680,454 | 505,707 |

Consolidated Comprehensive Statement of Income

Unit: KRW million

| Accounts | Consolidated accounting standards | |
|---|-----------------------------------|----------------------------------|
| | FY 2017 (Jan.1.2017~Dec.31.2017) | FY 2016 (Jan.1.2016~Dec.31.2016) |
| Net income | 680,454 | 505,707 |
| Other comprehensive income | (55,883) | (12,526) |
| Items not subsequently reclassified to net income | | |
| Gain on valuation of available-for-sale financial assets | (12,549) | (26,300) |
| Changes in capital from equity method investments | 1,518 | 2,756 |
| Cumulative translation adjustments for overseas subsidiaries and branches | (49,240) | 9,565 |
| Items not reclassified to profit or loss | | |
| Retained earnings from equity method investments | 1,486 | 160 |
| Remeasurement of the net defined benefit liabilities | 1,287 | 1,409 |
| Other | 1,615 | (116) |
| Total comprehensive income | 624,571 | 493,181 |

Consolidated Statement of Changes in Equity

Unit: KRW million

| Accounts | Capital stock | Capital surplus | Accumulated other comprehensive income | Retained earnings | Other equity components | Profit attributable to owners of parent company | Noncontrolling interests | Total |
|---|---------------|-----------------|--|-------------------|-------------------------|---|--------------------------|-----------|
| - Balance as of Jan. 1, 2016 (FY 2016 beginning) | 18,750 | 153,619 | 88,388 | 2,836,796 | (927) | 3,096,626 | 139 | 3,096,765 |
| Total comprehensive income | | | | | | | | |
| Net income | | | | 505,614 | | 505,614 | 94 | 505,707 |
| Valuation profit and loss of available-for-sale financial assets | | | (26,300) | | | (26,300) | | (26,300) |
| Remeasurement of the net defined benefit liabilities | | | | 1,409 | | 1,409 | | 1,409 |
| Changes in capital from equity method investments | | | 2,756 | | | 2,756 | | 2,756 |
| Retained earnings from equity method investments | | | | 160 | | 160 | | 160 |
| Cumulative translation adjustments for overseas subsidiaries and branches | | | 9,546 | | | 9,546 | 19 | 9,565 |
| Other | | | | (116) | | (116) | | (116) |
| Total | | | (13,998) | 507,066 | | 493,068 | 113 | 493,181 |
| Transactions with shareholders directly reflected in equity | | | | | | | | |
| Dividends | | | | (112,500) | | (112,500) | | (112,500) |
| Changes in consolidation scope | | | | | | | | |
| - Balance as of Dec. 31, 2016 (FY 2016 end) | 18,750 | 153,619 | 74,390 | 3,231,362 | (927) | 3,477,194 | 252 | 3,477,446 |

| | | | | | | | | |
|---|--------|---------|----------|-----------|-------|-----------|------|-----------|
| - Balance as of Jan. 1, 2017 (FY 2017 beginning) | 18,750 | 153,619 | 74,390 | 3,231,362 | (927) | 3,477,194 | 252 | 3,477,446 |
| Total comprehensive income | | | | | | | | |
| Net income | | | | 680,499 | | 680,499 | (45) | 680,454 |
| Valuation profit and loss of available-for-sale financial assets | | | (12,549) | | | (12,549) | | (12,549) |
| Remeasurement of the net defined benefit liabilities | | | | 1,287 | | 1,287 | | 1,287 |
| Changes in capital from equity method investments | | | 1,518 | | | 1,518 | | 1,518 |
| Retained earnings from equity method investments | | | | 1,486 | | 1,486 | | 1,486 |
| Cumulative translation adjustments for overseas subsidiaries and branches | | | (49,261) | | | (49,261) | 21 | (49,240) |
| Other | | | | 1,615 | | 1,615 | | 1,615 |
| Total | | | (60,292) | 684,887 | | 624,595 | (24) | 624,571 |
| Transactions with shareholders directly reflected in equity | | | | | | | | |
| Dividends | | | | (112,500) | | (112,500) | | (112,500) |
| Changes in consolidation scope | | | | | | | (0) | (0) |
| - Balance as of Dec. 31, 2017 (FY 2017 end) | 18,750 | 153,619 | 14,098 | 3,803,749 | (927) | 3,989,289 | 228 | 3,989,518 |

Consolidated Statement of Cash Flows

Unit: KRW million

| Accounts | Consolidated accounting standards | |
|--|-----------------------------------|----------------------------------|
| | FY 2017 (Jan.1.2017~Dec.31.2017) | FY 2016 (Jan.1.2016~Dec.31.2016) |
| Cash flows from operating activities | 606,533 | 606,297 |
| Cash flows from investing activities | (344,906) | (517,510) |
| Cash flows from financing activities | (297,740) | (185,211) |
| Increase in cash and cash equivalents | (36,113) | (96,424) |
| Changes in cash and cash equivalents by foreign currency translation | (29,793) | 15,476 |
| Cash and cash equivalents at the beginning of year | 595,193 | 676,141 |
| Cash and cash equivalents at the end of year | 529,287 | 595,193 |

Sustainability Management Performance Data

Economic Dimension

Customer and Supplier Management

Customer Information Protection and Information Security

Hyundai Glovis strives to safeguard and effectively protect all information assets of corporate and individual customers. While continuing to improve our level of information security, we prevent the exposure of personal information leakage before it occurs, through the establishment and implementation of a strict privacy policy. In 2017, we had no violations of customer privacy or information protection requirements.

Supply Chain Risk Management Processes

Hyundai Glovis asks businesses entering into new supplier contracts with us to sign our Code of Ethics. For existing partner companies, we conduct a company-wide performance evaluation twice a year and require a credit rating by a third party credit rating agency to make improvements to overcome shortcomings. The results of the evaluations are managed and monitored through the GPMS (Partner Management System).

Supply Chain ESG Goal Management

We prevent any unethical behavior in our supply operations by having all our suppliers sign our Code of Ethics. In addition, we review their management of the financial and safety environments and rank them so that we can achieve our ESG goals efficiently at the supply chain level.

ESG Goal Management Processes

1. Review whether the prices are reasonable when establishing our supply chain (selecting new suppliers).
2. Verify our suppliers' financial stability through the supplier financial assessment (credit rating, etc.) process.
3. When signing a supply contract, make sure that the Code of Ethics is signed; our safety, health and environmental impact evaluations are reflected ; and the possibility of non-financial risks occurring is prevented.

Environmental Impacts of Supply Chain Logistics

As a leading logistics company, Hyundai Glovis pays keen attention to efficient use of energy through optimal logistics and transportation in its supply chain. Efficient logistics in the supply chain can also serve as an effective means of strengthening competitiveness. In order to achieve optimum transportation efficiency, the company actively implements various tasks such as increasing vehicle size, improvement of packaging, diversification of transportation modes (coastal shipping, railway, etc.), and improvement of transportation routes through establishing new logistics bases. We encourage facilities under our direct control and our suppliers to actively participate in these improvement activities.

Environmental Dimension

Environmental Policies / Management

Environmental Management System

Hyundai Glovis has obtained ISO 14001 certification for all of its business sites. We have an evaluation conducted by an external professional organization once a year. We have an ISO 14001 internal examination carried out annually by our internal expert assessors in parallel with our internal ISO 9001 audits.

Environmental Management Investments

Hyundai Glovis is an integrated global logistics and distribution company that does not have any process facilities that discharge greenhouse gases and environmental pollutants. However, we continue to make investments and efforts to minimize our environmental impact directly or indirectly by achieving the optimum environmental efficiency in our existing facilities and office environment. We have replaced all lighting in our distribution centers with LED lighting. Our regulations stipulate that new facilities will install only LED lighting. It is difficult to calculate the financial gains due to LED lighting because our operating sites use many other electrical facilities. However, the direct energy saving is expected to range from 20% to 30%. LED lighting also brings additional financial gains through energy conservation due to their enhanced brightness and the reduction in replacement costs due to the long life expectancy of LED lamps.

Violation of Environmental Laws and Regulations

Given our management environment and business structure, we do not operate any production or manufacturing plants. As such, we are not significantly affected by environmental regulations on waste and water. Hyundai Glovis was designated as a target company for greenhouse gas and energy target management in 2014. Since then, the company has never violated any regulations or failed to fulfill its obligations.

Environmental Efficiency

Direct and Indirect GHG Emissions (Scope 1 and 2)

We strive to expand our management efforts by operating a dedicated organization to manage our greenhouse gas emissions. To this end, the Facility Team controls the GHG emissions management performance and improvement activity plans through close communication with the logistics, shipping and distribution business operation departments. Hyundai Glovis is a target company for the government's energy & GHG target management. Its regulation scope includes the total amount of its GHG emissions generated in Korea. Its marine business is excluded because 100% of its ships are offshore vessels. Despite this exclusion, we calculate our vessels' GHG emissions and disclose the information to the public as part of our customer service.

Emissions (Domestic vehicle and building)

| Description | Unit | 2015 | 2016 | 2017 |
|------------------------|--------------------|---------------|---------------|---------------|
| Direct emissions | | 72,443 | 71,298 | 71,755 |
| Indirect emissions | tCO ₂ e | 5,556 | 6,062 | 7,142 |
| Total emissions | | 78,000 | 77,360 | 78,897 |

* There is a difference between the total quantity of GHG emission and the sum of each direct/indirect emissions. (Decimal place is not considered when calculating the emission of each workplace.)

Emissions (Fleet)

| Description | Unit | 2015 | 2016 | 2017 |
|------------------------|------------------|------------------|------------------|------------------|
| Total emissions | tCO ₂ | 3,731,335 | 3,918,211 | 3,409,697 |

GHG Goal Management

Hyundai Glovis is now striving to reduce GHG emissions by 24.6% by 2030 compared to our emissions estimate for the year to keep in step with the national GHG reduction roadmap, and has been meeting the annual GHG reduction targets designated by the government since 2016. As a target company for greenhouse gas and energy management, our total emissions target for domestic vehicles and buildings in 2017 was 96,034tCO₂e, while our actual total emissions in 2017 was 78,897tCO₂e.

Environmental Dimension

Energy Consumption and Management

As with our GHG emissions, our energy consumption and energy costs are verified by a third party. While we are making policy efforts to reduce our energy consumption, we have not set targets for total quantities due to our company's continuous business expansion and subsequent increase in energy consumption.

Energy Consumption (Domestic vehicle and building)

| Description | Unit | 2015 | 2016 | 2017 |
|--------------------|------|-------|-------|-------|
| Total energy usage | GWh | 318.2 | 316.9 | 325.0 |

Energy Consumption (Fleet)

| Description | Unit | 2015 | 2016 | 2017 |
|--------------------|------|----------|----------|----------|
| Total energy usage | GWh | 14,235.3 | 14,948.1 | 13,012.8 |

Water Consumption and Management

As Hyundai Glovis is a logistics company, our business does not involve any manufacturing processes. Therefore, Hyundai Glovis does not use separate industrial water, but depends on public water supply. All of our employees are participating in water conservation campaigns in an effort to reduce daily water use.

Water Consumption (Head office)

| Description | Unit | 2015 | 2016 | 2017 |
|-------------------------|----------------|-------|--------|--------|
| Total Water Consumption | m ³ | 7,066 | 33,042 | 21,553 |

* Increased water consumption compared to the previous year due to the relocation of Head Office and establishment of cafe and restaurant in 2016.

Waste Generation and Management

The company's main waste is ordinary waste. Given the nature of the logistics industry, Hyundai Glovis produces no designated waste. Nevertheless, we strive to reduce waste by mandating separated garbage disposal at all of our operating sites, so that waste materials that can be recycled are collected separately and recycled as much as possible.

Waste Generation (Head office)

| Description | Unit | 2015 | 2016 | 2017 |
|------------------------|------|------|------|------|
| Total Waste Generation | Tons | 17.1 | 30.7 | 35.1 |

* Increased waste generation compared to the previous year due to the relocation of Head Office and establishment of cafe and restaurant in 2016.

Improvement of Fuel Efficiency

Hyundai Glovis aims to reduce its GHG emissions by 24.6% by 2030 compared to its previously predicted emissions. To reduce GHG emissions, we are making diverse efforts to expand eco-driving through the King of Fuel Efficiency Contest using digital tachographs, among other approaches. We will continue to expand and support modal shift that replaces existing transportation vehicles with eco-friendly and energy efficient green vehicles.

Social Dimension

Human Rights and Labor

Respect for Diversity and Prohibition of Discrimination

Hyundai Glovis is striving to create a corporate culture that respects human rights, labor rights and diversity. In our recruitment and promotion of employees, we do not discriminate on the grounds of gender, nationality or physical disability. We continue to set a variety of personnel policies to expand and respect employee diversity.

Employee Status

| Description | Unit | 2015 | 2016 | 2017 | |
|---|------------------------|--------|-------|-------|-------|
| Total No. of Employees in Korea | Person | 1,055 | 1,148 | 1,236 | |
| Category | Regular | Person | 1,008 | 1,095 | 1,178 |
| | Short-term & Temporary | Person | 47 | 53 | 58 |
| Gender | Male | Person | 897 | 975 | 1,056 |
| | Female | Person | 158 | 173 | 180 |
| Age | Under 30 | Person | 266 | 315 | 320 |
| | 30-50 | Person | 739 | 775 | 849 |
| | Above 50 | Person | 50 | 58 | 67 |
| Administrative position (Above section chief) | Male | Person | 399 | 427 | 472 |
| | Female | Person | 2 | 4 | 7 |

Nurturing Female Talent

Regarding the recruitment and fostering of female talent, we are intentionally raising the hiring rate in order to overcome the difficulty of securing female talent due to the nature of the logistics industry. As a result, the number of female employees and executives has been steadily increasing. We achieve a high promotion rate for women by helping our female employees equip themselves with excellent competency, and promote them to become managers through our continuous investment and management of our female talent. As a result, Hyundai Glovis was certified as a family-friendly company by the Ministry of Gender Equality and Family in 2014, and re-certified in 2017. The company actively promotes gender equality on a company-wide basis.

Notice of Important Changes

Hyundai Glovis follows its personnel system, which provides notices to its employees within 14 days in cases of dismissal. The company has had no organizational changes due to business restructuring in the past three years.

Difference in Base Salary between Male and Female Employees

We provide 21 months' salary compensation to our full-time male employees in consideration of their mandatory military service within the country's legal framework. Aside from this single exception, we apply the same criteria to the average base salary of men and women. There is also no gap between men and women in our incentive payments.

Base Salary of Male and Female Employees

| Description | Unit | 2017 | Remarks |
|--|------|-------|--|
| Legal Minimum Wage | KRW | 6,470 | As of 2017 |
| Wage for New Employees (male) | KRW | 9,863 | Based on the normal wage; the wage difference is due to male employees' military service |
| Wage for New Employees (female) | KRW | 9,565 | |
| Comparison with legal minimum wage (male wage) | % | 164 | |
| Comparison with legal minimum wage (female wage) | % | 159 | |

Promoting Employee Participation and Cooperation

We run a Labor-Management Council in accordance with the Act on the Promotion of Worker Participation and Cooperation. We ensure that employees' opinions are passed directly to the management through the council that serves as an official channel of communication between labor and management. The company guarantees freedom of association and the right to use collective bargaining with our employees. We also run an 'Organizational Culture Committee' as employee representative councils to collect suggestions from each organization and carry out continuous improvement measures.

Employee Participation Status

| Description | Frequency | Participants | Description |
|----------------------------------|-----------|--|---|
| Labor-Management Council | Quarterly | 3 persons each from labor and management | <ul style="list-style-type: none"> Consultation on matters related to the improvement of common labor and management benefits under the Act on the Promotion of Worker Participation and Cooperation Discussions between labor and management about important issues or changes related to employees, such as improvement of personnel system, and bonus payments |
| Organizational Culture Committee | Quarterly | 24 persons representing each division | <ul style="list-style-type: none"> Collection of opinions from the representatives of each division to supplement the functions of the labor-management council Functions as the main corporate communication channel and plans and develops employee-led corporate culture programs |

Social Dimension

Human Rights Due Diligence

The company's employment rules prohibit the recruitment of workers less than 18 years of age. We strictly prohibit child labor and forced labor. We strive for a work environment in which all human rights are given priority by strictly prohibiting child and forced labor and through our official support of the Universal Declaration of Human Right. We regularly visit our workplaces across the country twice a year to listen to our employees' difficulties and suggestions and reflect them in our working environment improvement goals. We strive not to damage the human rights of our employees and local residents when visiting our workplaces in rural areas in particular.

Talent Development

Talent Development System

Hyundai Glovis has introduced a systematic HR development system so that employees can design their own careers and develop their professionalism. We provide strategic talent development training to prominent employees through our field-based performance support. We promote various strategies to support the development of our employees into experts and global talents that will serve as key talents to lead our company's future growth.

Talent Training and Development Investment

Hyundai Glovis attaches great importance to education and training as a major investment area for human resource development. We are continuously upgrading our investment plans for employee development through our four major competency development support projects.

Four major competency development support projects

| | |
|--------------------------------|---|
| Common Competencies | Compulsory education (sexual harassment prevention, safety & health, privacy), compliance education (ethical management, business standards, fair trade), core values, etc. |
| Leadership Competencies | Compulsory training for each job grade, training for those assigned to new positions, and training for new recruits / career employees / interns |
| Job Competencies | Common job competencies, knowledge technologies competencies, job specialization training (logistics / shipping / distribution, etc.) |
| Global Competencies | Language training, expatriate education, global HR cultivation (training, seminars, etc.) |

Employee Education

| Description | Person | 2015 | 2016 | 2017 |
|------------------------------|---------------------|--------|--------|--------|
| Trainees | Person | 936 | 970 | 1,053 |
| Total Training Hours | Time | 81,425 | 94,310 | 78,905 |
| Total Training Cost | KRW 100 million | 15.6 | 17.5 | 16.1 |
| Training time per person | Hours / person | 87 | 97 | 75 |
| Training Expenses per Person | KRW 10,000 / person | 167 | 180 | 153 |
| Education investment rate* | % | 0.013 | 0.014 | 0.012 |

* Education investment rate = Total HRD investment amount / Sales X 100

HR Development Programs

To develop the job competency of all our employees, we provide basic training and specialized education for each business area such as logistics, shipping and distribution. Through education and training, we enhance our competitiveness in our core business areas. In addition, we offer all our employees language courses so that they can communicate smoothly with foreign customers.

HR Development Programs and Achievements

| HR Development Programs | Explanation of business performance | Achievements |
|---|--|---|
| Job Specialization Courses | Enabling trainees to respond to customers' needs efficiently and contribute to increasing the company's revenues by expanding their expertise through job training that is suitable for each of the company's business areas. | Certified logistics consultants increased (813 in 2016 ▶ 876 in 2017) |
| Process of Improvement in Language Competence | Enhancement of the company's global competitiveness through improvements in employees' language proficiency, enhancement of collaboration and communication with overseas subsidiaries, and efficient interaction with overseas customers. | The proportion of employees with a 40 SPA score increased (77% in 2016 ▶ 78% in 2017) |

Social Dimension

Talent Recruitment and Cultivation

Performance Evaluation Types and Ratios

Hyundai Glovis conducts employee evaluation fairly in terms of both performance and competence. Performance evaluation is based on individual goal management (MBO), while competency evaluation is based on leadership competency, job competency and common competency. Employees over the team manager level are assessed based not only on their leadership ability through a multidimensional evaluation that includes upward evaluations by team members. Moreover, employees over the section chief level are given a wide range of compensation depending on their performance grade. This system motivates employees to grow by providing excellent rewards for excellent employees. Hyundai Glovis will continue to upgrade its employee performance measurement techniques so that all employees can receive fair compensation according to their performance.

Types of Performance Evaluation and Employee Ratio

| Types of Performance Evaluation | Employee Ratio |
|---|----------------|
| Goal Management: Employees who are evaluated according to goals determined through consultation with their direct supervisors | 100% |
| Percentage of employees who are subject to multifaceted evaluation (e.g., 360 degree feedback) | 10.1% |
| Percentage of employees who are subject to official comparison among employees within the same rank | 100% |

Turnover Management

We maintain a variety of long-term programs to ensure that our employees can work in a stable working environment. In addition to financial support for holidays, anniversaries and family events, we support our employees with their children's tuition fees, higher education expenses, and medical expenses. We also offer a rewards program for long-time employees and top performers.

| Description | Unit | 2015 | 2016 | 2017 |
|-----------------|--------|------|------|------|
| New recruitment | Person | 143 | 152 | 140 |
| Turnover | Person | 38 | 32 | 41 |
| Turnover Rate | % | 5.3 | 2.8 | 3.3 |

Safety and Health Management

Safety and Health Management System

| Policy | Description |
|--|--|
| Management of Workplace Accident History | We manage workplace accident history through the Hyundai Glovis Safety Management System (GSMS). Accidents are classified as ordinary or severe accidents. We have had no severe accidents since 2013. |
| Keeping Statistics by Accident Type | We keep statistics of our accidents by accident type. |
| Risk Management and Risk Control | We assess the risk factors of each workplace, and develop and manage risk assessment tables. The assessed risk factors are measured quantitatively and classified into 25 levels of risk so that we can set our response strategies and take actions according to priorities. |
| Dissipation of Accident Cases and Safety Education (Prevention Activities) | <ul style="list-style-type: none"> • Checking Accident Cases in the GSMS (Safety Management System) The employees of Hyundai Glovis and its suppliers who are registered in the company's safety management system can view the data related to occupational accidents, safety policies, and safety training in the Hyundai Glovis accident case archive. • Maintenance of the Results of Latest Risk Assessment for All Business Sites To meet legal requirements, we maintain our risk assessment results for all our business sites. • Maintenance of Our Monthly Accident Prevention Activities and Plans Each year, we select monthly themes such as preventive activities, education, and organizational management, and focus on the corporate promotion of safety in those areas monthly. • Issuing Safety Management Guidelines for Every Half-year and Holiday Period, and Conduct Periodical Inspections at Business Sites We educate employees in advance about safety accidents that can occur every six months and during holidays, and conduct surprise visits to inspect work sites. • Strengthen risk management through accident cost analysis We analyze our safety management effectiveness and risk factors through the analysis of transportation accident cost. |

Social Dimension

Improvement of Work Environment

Hyundai Glovis obtained the OHSAS 18001 Certification in 2015. We have made sure that we conduct health and safety management in a systematic and standardized way. We run the Safety and Security Team at the head office, an organization dedicated to employees' health and safety whose major tasks include the distribution of safety guidelines for each business unit and the monitoring of the results of their implementation. The company's health and safety management issues are addressed by the Occupational Safety and Health Committee, the Glovis Committee, and the Vessel Safety Management Committee. Most notably, we have established a unified safety and health management system by acquiring the OHSAS 18001 Certification for all our overseas subsidiaries at the end of 2017. We will continuously improve by running an overseas safety council.

Safety and Health Performance Evaluation

We implement KPI management to evaluate our performance in the field of work safety. Upon evaluating the performance of our business sites, we give weight to any of their severe accidents. In the case of shipping, we reflect the number of accidents and the amount of accident losses in our evaluation.

Management of Industrial Accident Occurrence

| Description | Unit | 2015 | 2016 | 2017 |
|---------------------------------------|--------|------|------|------|
| Total No. of Accidents | ea | 0 | 1 | 1 |
| No. of Deaths due to Severe Accidents | Person | 0 | 0 | 0 |

Improvement of the Welfare System

We implement systematic plans to protect and manage our employees through continuous improvements in the work environment, safety management and welfare system. We actively collect opinions about employees' welfare through enhanced communication at the Labor-Management council.

Status of Parental Leave Users

| Description | Unit | 2015 | 2016 | 2017 |
|--|--------|------|------|------|
| Parental Leave Users | Person | 7 | 6 | 19 |
| No. of Employees who Returned to Work | Person | 6 | 4 | 10 |
| No. of Employees who Worked for over 12 Months Afterward | Person | 1 | 6 | 5 |

Welfare System

| Policies | Contents |
|--|--|
| Regular Consultations on Health Management | Stretching exercises before starting work and stress management information |
| Operation of In-house Health Counseling Room | Includes regular health information, operation of in-house health counseling room, and support for family vacations and summer vacations (separately) |
| Operation of Fitness Center | Operation of in-house fitness centers and support for in-house sports clubs |
| Regular External Health Check-up | Implementation of regular external health check-ups (Offer support for employees' healthy life through follow-up monitoring of abnormal findings and customized counseling) - under 40 years: once every two years - 40 years or above: every year |
| Flexible Working Hours System | Employees are allowed to choose a flexible working hours system that facilitates work-life balance |
| Support for Childcare Expenses | Corporate support enabling employees to reduce their child-care burden |
| Support for Childcare Expenses | Launch of 'IN Daycare Centers' staffed with qualified teachers and nutritionists to relieve employees of their childcare responsibilities and worry about their children's safety and wellbeing. |

Promotion of Healthy Lifestyles

Hyundai Glovis runs a family love vacation program (for up to 5 days) to promote a healthy lifestyle for our employees. We have designated 'Casual Fridays' once a week to build a healthy organizational culture. We offer various activities to boost employee morale such as an in-house restaurant and cafes, and health campaigns.

| | |
|---|--|
| Establishment of an In-house Restaurant | Established a dining hall to promote employee health and quality of life, and supplying food made of quality ingredients and a low-sodium diet |
| Establishment of an In-house Cafe | Established an in-house cafe to promote open communication and a free organizational culture with the operating expenses paid by the company in full to minimize the burden of employees |
| Operation of a light lunch system | Providing nutritionally balanced lunchboxes so that employees can spare their lunch break for physical exercise or studying |
| Casual Fridays (once a week) | Implementation of dressing casually on Fridays to awaken employees' creative minds and create a flexible organizational culture |
| Encouraging actual use of annual leave | Encouraging employees to use annual leave by providing various vacation programs (family love vacation, self-development vacation, business trip refresh vacation, etc.) to help recharge employees and monitoring their leave usage and encouraging the promotion of annual leave |

Declaration of Human Rights

Hyundai Glovis aims to adhere to its social responsibilities and norms and achieve its business goals based on its management philosophy of "Realizing the dream of human society by creating a new future through creative thinking and endless challenges."

As an integrated global logistics and distribution company, Hyundai Glovis declares its public support for the principles of human rights presented by the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights (Ruggie Framework) of the UN Commission on Human Rights.

On the other hand, various members such as women, the disabled, and foreigners will be fairly evaluated in the personnel management system such as employment, promotion, compensation and retirement without any disadvantages due to their individual characteristics and we will strengthen the efforts of caring for each individual's ability. In addition, we will support the diversity of our employees in Hyundai Glovis as well as subsidiaries and business partners of Hyundai Glovis.

Hyundai Glovis operates a variety of communication channels to prevent human rights abuses against its employees. Employee representative councils are in place to receive complaints on an ongoing basis and to disclose the results of the measures. We also operate annual training courses on sexual harassment and other human rights issues.

Hyundai Glovis respects human beings themselves on the basis of humanity. The company will keep its sense of responsibility as a global corporate citizen alive at all times and contribute to building an affluent future for the entire human society.

Thank you.

June 2018
CEO Jung-Hoon Kim



Verification Assessment of GHG Emissions

KSA - 18 - GHG - 55

Hyundai Glovis

301 Teheran-ro, Gangnam-gu, Seoul, Korea

Verification Scope

Korean Standards Association has conducted reasonable GHG emissions verification based on GHG report provided by Hyundai Glovis Co., Ltd which includes Scope1 and Scope2.

Verification Standards and Guidelines

To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

- GHG&Energy Target Scheme guideline(2016-255) provided by Ministry of Environment, Republic of Korea
- Verification guideline for management of GHG emissions trading scheme(2016-015) provided by Ministry of Strategy and Finance, Republic of Korea
- KS Q ISO 14064-1,2,3 : 2006
- IPCC Guideline

Verification Conclusion

As a result of verification activities, verification team has found no significant errors. Therefore, Korean Standards Association confirms that following emissions data are adequately quantified.

| GHG Emissions | | Unit: tonCO ₂ -eq | | |
|---------------|--------|------------------------------|--------|--|
| Year | 2015 | 2016 | 2017 | |
| Scope1 | 72,443 | 71,298 | 71,755 | |
| Scope2 | 5,556 | 6,062 | 7,142 | |
| Total | 78,000 | 77,360 | 78,897 | |

* There is a difference between the total quantity of GHG emission and the sum of each workplace's emission.
(Decimal place is not considered when calculating the emission of each workplace.)

March 27, 2018
President of Korean Standards Association



Verification Assessment of Ship GHG Emissions

KSA - 18 - INV - 006 - 1

Hyundai Glovis

301 Teheran-ro, Gangnam-gu, Seoul, Korea

Verification Scope

Korean Standards Association has conducted GHG emissions verification of Hyundai Glovis's Fleet from 2013 to 2016, which includes Scope1 and Scope2.

Verification Standards and Guidelines

To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

- GHG&Energy Target Scheme guideline(2016-255) provided by Ministry of Environment
- Verification guideline for management of GHG emissions trading scheme(2017-012) provided by Ministry of Strategy and Finance, Republic of Korea
- KS Q ISO 14064-1,2,3 : 2006
- IPCC Guideline
- EEOI Guideline(IMO)

Verification Conclusion

As a result of verification activities, verification team has found no significant errors. Therefore, Korean Standards Association confirms that following emissions data are adequately quantified.

| GHG Emissions | | Unit: tonCO ₂ | | |
|---------------|-----------|--------------------------|-----------|--|
| Year | 2015 | 2016 | 2017 | |
| GHG Emissions | 3,731,335 | 3,918,211 | 3,409,696 | |

* There is a difference between the total quantity of GHG emission and the sum of each workplace's emission.
(Decimal place is not considered when calculating the emission of each workplace.)

April 30, 2018
President of Korean Standards Association



3rd Party Verification

Introduction

Hyundai Glovis Co., Ltd. (“Hyundai Glovis”) commissioned DNV GL Business Assurance Korea, Ltd. (“DNV GL”), part of DNV GL Group, to undertake independent assurance of Hyundai Glovis’ Sustainability Report 2018 (the “Report”). The Hyundai Glovis have sole responsibility for the preparation of the Report. The responsibility of DNV GL in performing the assurance work is to the management of Hyundai Glovis in accordance with the terms of reference. DNV GL’s assurance engagements are based on the assumption that the data and information provided by Hyundai Glovis to us as part of our review have been provided in good faith.

Scope of assurance

The scope of assurance includes a review of sustainability activities and performance data over the reporting period from 1st January to 31st December 2017. This also includes;

- Evaluation of the reporting principles for defining report content in the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2016
- Evaluation of the process for determining material aspects for reporting and the management approach to material topics and the process for generating, gathering and managing the quantitative and qualitative data in the Report

Basis of our opinion

We’ve performed our work based on the DNV GL’s assurance methodology VeriSustain^{TM1} including the principles of the IAASB’s ISAE 3000 (International Standard on Assurance Engagements). We applied the limited level of assurance. The assurance was carried out from May till June in 2018. The site visit was made to Hyundai Glovis’ head office in Seoul, Korea. We undertook the following activities as part of the assurance process;

- challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
- interviewed representatives of data owners and process owners in Hyundai Glovis;
- conducted document reviews, data sampling and interrogation of supporting databases and associated management systems;
- reviewed the materiality assessment report;

Limitations

The engagement excludes the sustainability management, performance and reporting practices of Hyundai Glovis’ associated companies, subsidiaries, suppliers, and contractors mentioned in the Report. DNV GL did not interview external stakeholders as part of this Assurance Engagement. Economic performance based on the financial data was cross-checked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service (<http://dart.fss.or.kr>) as well as Hyundai Glovis’ website (www.glovis.net). DNV GL didn’t assure these documents including the financial statements and the announcements.

Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied for data verification. The baseline data for Environmental and Social performances are not verified, while the aggregated data at the corporate level are used for the verification. DNV GL expressly disclaims any liability or co-responsibility for any decision which a person or an entity may make based on this Assurance Statement.

Conclusion

On the basis of the work undertaken, nothing comes to our attention to suggest that description, information and data in the report are not properly addressed. Further opinions with regards to the reporting principles for defining report content in the GRI Standards are made below;

Stakeholder Inclusivity

Hyundai Glovis has identified internal and external stakeholder groups such as Employees, Customers, Investors, and Suppliers, Local communities, and regulators. Hyundai Glovis engages with the stakeholders through various channels. The engagement approaches, responsible teams for engagement, stakeholders’ material concerns and Hyundai Glovis’ corresponding responses are described in the Report.

Sustainability Context

The report describes the Hyundai Glovis’ vision and core value. The value creation model for stakeholder with the sustainability management strategies is provided in the Report. Hyundai Glovis addresses in the Report how 10 material issues are managed and what was the key performances achieved in 2017, which would help stakeholders understand the management approaches toward the material topics.

Materiality

Hyundai Glovis has formed a sustainability issue pool by surveying stakeholders’ expectation and concerns, reviewing peers’ reports, and analyzing media report and global standards on sustainability. In the materiality assessment, Hyundai Glovis has taken into account the relevance and significance of respective issues to prioritize material topics.

Completeness

The Report has covered the activities and performances of Hyundai Glovis with regards to material issues for the reporting period. Environmental and Social performances are consolidated from the data generated in the operations in Korea while Economic performances cover all operations. Nothing comes to our attention to believe that the established topic boundaries are not complete. Further opinions with the reporting principles for defining report quality in the GRI Standards are as follows;

Report quality: Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness

DNV GL has reviewed the quality of the report based on the principles defined in the GRI Standards. DNV GL also has tested the reliability of such data as direct/indirect GHG emissions, energy consumption, water consumption, waste generation, occupational accident rate, by interviewing the responsible individuals, and reviewing the process of gathering and processing data and information, and the supporting documents and records. The report presents the sustainability performances for the last 3 years to enable the stakeholders to analyse changes in the performance over time. Any errors or misstatements identified during the assurance engagement were communicated and corrected prior to the Report being published. Hyundai Glovis issues the sustainability report yearly and the information in the Report indicates the time period to which it relates.

Competence and Independence


DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV GL Code of Conduct² during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV GL was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV GL have no other contract with Hyundai Glovis and did not provide any services to Hyundai Glovis in 2017-2018 that could compromise the independence or impartiality of our work.

 In Kyoan Ahn

CEO

June 2018

Seoul, Korea

 DNV GL Business Assurance Korea Ltd.

¹ The VeriSustain protocol is available upon request at DNV GL Website (www.dnvgl.com/assurance/reporting/verification.html)

² Available from DNV GL website (www.dnvgl.com)

GRI Content Index

Universal Standard

| GRI Standard | Disclosure | Page | Remarks |
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| 102-3 | Location of headquarters | 9 | Annual Report |
| 102-4 | Location of operations | 9 | Annual Report |
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| 102-6 | Markets served | 12~13 | Annual Report |
| 102-7 | Scale of the organization | 9 | Annual Report |
| 102-8 | Information on employees and other workers | 63 | |
| 102-9 | Supply chain | 48~51 | |
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| 102-11 | Precautionary Principle or approach | 30~31 | |
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| 102-42 | Identifying and selecting stakeholders | 25 | |
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| Reporting practice | | | |
| 102-45 | Entities included in the consolidated financial statements | - | Annual Report |
| 102-46 | Defining report content and topic Boundaries | About this Report | |
| 102-47 | List of material topics | 26~27 | |
| 102-48 | Restatements of information | - | no significant restatements |
| 102-49 | Changes in reporting | - | no significant changes |
| 102-50 | Reporting period | About this Report | |
| 102-51 | Date of most recent report | About this Report | |
| 102-52 | Reporting cycle | About this Report | |
| 102-53 | Contact point for questions regarding the report | About this Report | |
| 102-54 | Claims of reporting in accordance with the GRI Standards | About this Report | |
| 102-55 | GRI content index | 72~74 | |
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| 103 | Management Approach | 36 | |
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VALUE CHAIN
PARTNER**

2018 Hyundai Glovis Sustainability Report