Supporting SMEs and Businesses during the COVID-19 Pandemic:
Examples from the Republic of Korea

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Hyundai Motor Group
COVID-19 Relief Response Activities
1. The Status of Hyundai Motor Group (HMG)

- **Vision**: Together for a better future
- **Scale**: 52 Affiliates (automobile, steel, construction, components, finance, etc.), sales amount 240 trillion won, 250,000 employees
- **Status**: 5th in global automobile brand

### Sales amount 240 trillion
- automobile 52% (125 trillion)
- components 21% (51 trillion)
- steel 9% (21 trillion)

### 250,000 employees
- automobile 64% (160,000 staff)
- components 15% (38,000 staff)
- construction 6% (14,000 staff)

### Global Network
- production facility: 34 in 10 countries (8 million automobiles)
- R&D Center: 13 in 6 countries
- Sales subsidiaries/local headquarters: 40 in 26 countries
2. The Status of Korea’s Automotive Industry

- Korea’s automobile industry is the nation’s basic as well as export industry and draws continuous growth of the state economy.
- Highest job creation in the production, biggest internal revenue source, largest industry for trade surplus.
- Realization of mutual growth via long-term partnership with subcontractors and related industries (IT, new material, robot, etc.).

### Economic Growth
- 11% of manufacturing business added value (53 trillion)
- 13% of total amount of export (72.2 billion dollars)
- 14% of total tax revenue (36 trillion)

### Job Creation
- 11% employment in manufacture (310,000 workers)
- Total employment including indirect 7.3% (1.77 million workers)
- Employment inducement coefficient 7.7 people (IT/electronic 6.5 people)

### Mutual Growth
- Sales of automobile parts 75 trillion
- Export of automobile parts 24.6 billion dollars
- Triple increase in the number of mid-size firm among partners compared to year ‘01 (37 companies in year ‘01, 111 companies in year ‘13)

### Added value of automobile industry (2012)
- Production: 14,811 trillion
- GDP: 11,377 trillion

### Direct employment in automobile industry (2012)
- Production: 2.75 million employed
- Direct employment: 3.2 million employed workers, which is 11.6% of production

### Shift of automobile parts export
- ($100 million)
- 124 times growth
- Compared to 2000, 2.95 times increase in sales, and 124 times in export figure

Source: KAMA, NSO (Investigation report of businesses over the country)
3. Automotive Industry Crisis

- 850 primary automotive parts suppliers and 8,000 secondary and tertiary suppliers in Korea, hiring 250,000 direct employees
- Most parts companies suffer from falling exports due to COVID-19: 72 million cars will be sold worldwide (20 percent less than previous years, Moody’s forecast)
- Korea's automobile production also dropped 20 percent on-year to 3.2 million units

- 3.2 million (2020)
- 3.9 million (2019)
- 4 million (2018)
- 4.1 million (2017)
4. COVID-19, Support for Auto Parts Suppliers in Hyundai’s Value Chain

- 1 trillion won for small and medium parts suppliers (Feb. 2020, Targeting 350 primary suppliers)
  - Zero interest loan worth 300 billion won to support business continuity of SMEs
  - Advance payment of delivery charges worth 580 billion won and investment cost for mass-production of auto parts worth 100 billion won
- 120 billion won for Emergency Relief Fund (Jun. 2020)
  - Overview: Loan support to low-credit small/medium-sized auto parts makers hit by COVID-19, in partnership with the central and local governments as well as policy finance organizations and other private sector partners
  - Objective: To protect the automotive ecosystem by protecting small/medium-sized auto parts makers from further damage due to insufficient liquidity caused by the pandemic

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<th>Program</th>
<th>Shared Growth Fund</th>
<th>Special Credit Guarantee Service for Mutual Benefit</th>
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<td>Operating Agency</td>
<td>Korea Development Bank / Industrial Bank of Korea</td>
<td>Korea Technology Finance Corporation / Korea Credit Guarantee Fund</td>
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<tr>
<td>Support Details</td>
<td>Prime rate (3-year temporary operation)</td>
<td>100% guarantee coverage</td>
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<td>Up to 1% remission of guarantee fee</td>
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<td>Scale of Support</td>
<td>350 billion (100 billion deposited by HMG, 3.5-fold loan size)</td>
<td>5-year warranty, prime rate</td>
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<td>Target</td>
<td>5,000 primary to tertiary subcontracting partners</td>
<td>720 billion (20 billion deposited by HMG, 15-fold loan size)</td>
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<td>Support Limit</td>
<td>Max. 10 billion for medium-sized enterprises, 50 billion for small-sized enterprises</td>
<td>Max. 7 billion</td>
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4. COVID-19, Automotive Ecosystem Support

- For car A/S industry, support franchise fees by 50% for 3 months (2,200 centers)
- For car sales dealer, support 55.7 billion won for rent, 70 billion won for sales assistant (1,860 dealers)
- For Taxi industry, defer repayment of installment payments for three months from April to June and supports 30% repair costs.
5. HMG Disaster Response System

- Disaster Response Consultative Body
- Disaster Response Package

**Disaster Response Consultative Body**

- Consultative Body (Exec. Level)
  - Disaster Response Office
    - Hyundai/Kia (Sales/Service Center)
    - Affiliates (Construction, Parts, Finance, etc.)
    - Local Factory (Disaster area)

**Disaster Response Package**

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<th>Contents</th>
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<td>HMG</td>
<td>- Disaster Fund Donation</td>
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<td></td>
<td>- Disaster Relief Truck</td>
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<td>Hyundai Kia</td>
<td>- Vehicle Maintenance</td>
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<td></td>
<td>- Local Economy Support</td>
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<td>Hyundai</td>
<td>- Disaster Relief House</td>
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<td>Engineering</td>
<td></td>
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<tr>
<td>Glovis</td>
<td>- Relief goods Shipment</td>
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**Images**

- Photograph of two individuals at an event
- Image of a Hyundai/Kia vehicle
- Image of a disaster relief house
- Image of a relief goods shipment truck
6. COVID-19, Domestic CSR

- Cooperation with the National Disaster Relief Association to provide quarantine services, mask manufacturing, and medical staff lunch boxes
- Free Vehicle Antibacterial Service for all customers
- Blood donation campaigns and voluntary donation campaigns for employees
- Two training centers are provided for living treatment centers for corona patients
7. COVID-19, Overseas CSR

Supporting North America, China, Russia, India, Latin America, seven European countries, 35 Africa/middle East countries, and seven Asia-Pacific countries

Fleet of vehicles provided to healthcare workers & Donation of medical supplies and cash
- Spain, Italy, Poland: Vehicle donation
- Czech, France, Turkey: Donation of medical supplies and cash

Donation of ambulances and cash
- Morocco: Donation of ambulances vehicles
- South Africa, UAE, Iran: Donation of medical supplies and cash

Distribution of free testing kits & donation of medical supplies including ventilators and PPE
- Indonesia, Philippines, Thailand, Nepal, Myanmar
- Singapore: Distribution of testing kits

Fleet of vehicles provided to healthcare professionals & Donation of PPE to social workers and volunteers

Donation of PPE, emergency supplies, and cash

Donation of testing kits & Support for drive-thru testing

Free transportation for healthcare workers & Donation of medical supplies
- Brazil: PPE, vehicles

Hyundai Motor’s Response to COVID-19 as of Jul. 2020
8. COVID-19, Remote health counseling services

Background
- The first confirmed corona cases occurred at Hyundai Engineering & Construction's overseas construction sites in April 20, with a cumulative 484 people since then.

Project Progress
- Under the current medical law, telemedicine for overseas Koreans is not allowed (government is pushing to revise the medical law)
- Providing remote health counseling service with St. Mary's Hospital and within legal limits (conversion to telemedicine after revision of the law)
- regular health counseling twice a week for Corona confirmed patients
- 1st Service (5/29, UAE 5), 2nd Service (6/5, 8 in Kuwait, 2 in Saudi Arabia)…
Thank you

https://youtu.be/RRjiYeIxjpY