

DECLARATION OF UNDERSTANDING

entered into on ... 2006 between

(1) Hyundai Motor Manufacturing Czech s.r.o., a company established under the laws of the Czech Republic, with its registered office at Ostrava, Hrabová, Axis Office Park Ostrava – Budova B, Na rovince 874, Post code 720 00 (“HMMC”),

(2) Moravia-Silesia Region, one of 14 regions of the Czech Republic, with its head office at 28. října 117, 702 18 Ostrava (“MSR”),

(3) Investment and Business Development Agency CzechInvest, a contributory organisation of Ministry of Industry and Trade, with its head office at Štěpánská 15, 120 00 Praha 2, (“CzechInvest”),

(4) EPS ...

(5) Beskydčan ...

(6) Půda pro život ...

(7) Děti Země ...

Parties (1), (2) and (3) are herein referred to as the “H-project Parties”, parties (4), (5), (6) and (7) are herein referred to as the “Civic Associations”.

Whereas

- HMMC was incorporated in the Czech Republic to construct and operate an automobile manufacturing plant (the “Plant”) on Nošovice site in the Moravia-Silesia Region of the Czech Republic
- Moravia-Silesia Region is responsible for development of Industrial Zone Nošovice (herein referred to as Industrial Zone) including construction of technical and transport infrastructure
- CzechInvest is responsible for foreign direct inward investment promotion and assistance including support to development of industrial zones in the Czech Republic
- EPS ...
- Beskydčan ...
- Půda pro život ...
- Děti Země ...

Now, therefore, upon and in consideration for the mutual promises and covenants contained herein, the Parties hereto agree as follows:

Because the H-project Parties ensured the Civic Association Parties that

- 1 The development, construction and operation of the Plant will make a positive contribution to the economic and social development of the Moravia-Silesia region and the Czech Republic as a whole.
- 2 MSR and CzechInvest decided instantly and permanently quit preparation of Industrial Zone Šilhéřovice and Industrial Zone Dolní Lutyně and focus on recovery of brown-field sites all over the Moravia-Silesia Region instead of green-field areas.
- 3 CzechInvest has been modifying respective subsidy programmes with effect from 2007 in order to support revitalisation of built-up areas all over the Czech Republic and help to eliminate urban sprawl.
- 4 HMMC and MSR guarantee within their respective scope of Project to meet all conditions and compensations measures as well as recommendations of EIA statement regarding construction and operation of the Plant and construction of technical and transport infrastructure of the Industrial Zone.
- 5 In addition to compensations defined in EIA statement, HMMC has been replanting about 900 trees within the area of the Industrial Zone instead of cutting them at the budgeted cost of 25 million CZK.
- 6 In addition to compensations defined in EIA statement, based on Government Resolution No: 550 MSR is ready in close collaboration with Ministry of Transport, Ministry of Environment, Administration of Protected Landscape Area Beskydy and with Civic Associations to develop, construct and maintain natural corridor for big mammals between Silesia Beskydy and Moravia-Silesia Beskydy.
- 7 Based on Government Resolution No: 550 of 2006 MSR as well as Motorway Directorate and Railway Directorate are obliged to implement all necessary anti-noise measures along public roads and railways to protect the citizens of Dobrá, Nošovice and Nižní Lhoty from traffic created by carriers and suppliers of HMMC.
- 8 HMMC shall have an expert study prepared addressing possible alternative transportation solutions with accent on the use of railway. The expert to prepare the study will be appointed by HMMC.
- 9 Railway Directorate based on Government Resolution No: 550 as of 2006 has been optimizing the [railway] route from Nošovice to Ostrava and from Nošovice to Žilina at the expense of State Fund of Transport Infrastructure in the amount over 9 billion CZK so that HMMC may maximise usage of railway instead of motorway.
- 10 HMMC shall take steps necessary for it to meet the EMAS II standard as defined in Regulation (EC) no. 761/2001 of the European Parliament and

participate in the EMAS II scheme. HMMC shall commence the activities necessary to fulfil this obligation within two years of the commencement of the mass production at the Plant.

- 11 HMMC shall produce a sustainability report on its activities based on the Sustainability Reporting Guidelines introduced by the Global Reporting Initiative; the report shall make up a part of a sustainability report of the entire Hyundai Motor Company group. HMMC shall commence the activities necessary to fulfil this obligation within two years of the commencement of the mass production at the Plant.
- 12 HMMC shall inform the public transparently about its management's remuneration and, in general, follow the related corporate governance principles set out in the OECD Guidelines for Multinational Enterprises, if HMMC's shares are traded publicly.
- 13 HMMC shall contribute an amount of CZK 20,000,000 to community investment programmes. In addition, HMMC commits to annual contribution to community investment programs once HMMC starts generating profit.

Then Civic Association Parties ensure the H-project Parties that

- A The Civic Associations respect functional area of Industrial zone Nošovice as it was defined within Master plan of Large Territorial Unit Beskydy, approved by Government of the Czech Republic on____, of which the binding part was declared by Announcement of Ministry of Regional Development within Part ____ of Collection of Law in 2002 and within Master plan of Municipality of Nošovice including it's changes No. 1, approved by the Assembly of Nošovice Municipality on 31.7.2004, of which the binding part is included within Municipal Decree No. ____ and changes No. 2, approved by the Assembly of Nošovice Municipality on _____, of which the binding part is included within Municipal Decree No. ____ and within Master Plan of Municipality of Nižní Lhoty including it's changes No. ____, approved by the Assembly of Nižní Lhoty Municipality on 3.10.2001, of which the binding part is included within Municipal Decree No. _____. The Civic Associations declare that they will not carry any steps or support other party to initiate revision of the above-mentioned master plans and their respective changes approval processes.
- B The Civic Associations find the Statement of Ministry of Environment to the Environmental Impact Assessment Documentation of "Hyundai Motor Company Manufacturing Plant in the Nošovice Industrial Zone" that was issued on 5.5.2006 as the basic document assessing impacts of Hyundai Motor Company manufacturing plant. EPS is covenanting to withdraw an action against the above-mentioned Statement of Ministry of Environment dated 4.7.2006 and filed with the Municipal Court in Prague on 7.7.2006 with reference number 8 Ca 193/2006 within _____ days from the day of signature of this Declaration.

- C** Not later than ___ days after signing this Declaration, EPS will abandon the appeal dated August 4th, 2006 against Decision of Municipality Office of Frýdek-Místek dated July 7th, 2006, reference number OŽPaZ/3385-4/2006/Kos/246 regarding approval for interference of the Plant with the character of landscape
- D** Not later than ___ days after signing this Declaration, Děti Země will abandon the appeal dated ___, 2006 against Decision of Administration of Protected Landscape Area Beskydy as of ___, 2006, reference number ___ regarding exception to prohibition on specially protected animals in connection with construction of the Plant.
- E** the Civic Associations will not appeal against Decision of Municipality Office of Dobrá dated ___, 2006, reference number ___ regarding planning permit for anti-noise embankment, top-soil and sub-soil removal and land levelling I based on proposal of MSR and relevant file documentation well known to the Civic Associations.
- F** The Civic Associations will not appeal against Decision of Municipality Office of Dobrá as of ___, 2006, reference number ___ regarding planning permit for land levelling II and grading works based on proposal of HMMC and relevant file documentation well known to the Civic Associations.
- G** Civic Association Parties will not appeal against Decision of Municipality Office of Dobrá as of ___, 2006, reference number ___ regarding planning permit for the Plant based on proposal of HMMC and relevant file documentation well known to Civic Associations.
- H** The Civic Associations shall procure that their members and any other representatives will not establish any new association with the aim to circumvent the principles of this Declaration. Should another civic association take interest in participation in permit process of Plant and Industrial Zone, the Civic Associations will do their best to persuade the representatives of such association to join this Declaration and follow the principles of this Declaration.
- I** The Civic Associations will also not support any party acting in contradiction to the principles of this Declaration, namely asking unreasonable requirements towards the H-project Parties.
- J** The Civic Associations agree that following the execution of this Declaration they shall not, and they will ensure that their members and any other representatives shall not, file any objections or appeals or initiate any other legal action in connection with any administrative permits in relation to the development, construction and operation of the Plant and the Industrial Zone or in any other manner obstruct, or interfere with, the development, construction and operation of the Plant and the Industrial Zone.

This Declaration is entered in seven originals [in the English language and 7 (seven) originals in Czech language. In the event of any discrepancy between the Czech language and English language originals of this Declaration, the Czech language version shall prevail.]

In witness whereof, this Declaration has been entered into as of the date first above written, given in Ostrava:

For and on behalf of Hyundai Motor Manufacturing Czech, s.r.o.

Name:

Title:

For and on behalf of Moravia-Silesia Region

Name:

Title:

For and on behalf of CzechInvest

Name:

Title:

For and on behalf of EPS

Name:

Title:

For and on behalf of Beskydčan

Name:

Title:

For and on behalf of Půda pro život

Name:

Title:

For and on behalf of Děti Země

Name:

Title: