MOVE

A Better Way to Go

Our perspective =

Kia's way of embracing the world

Geared Up for a New Start

The design of Kia's fourth plant
was inspired by the Pyramid of the Sun
and the Pyramid of the Moon

Driven by Honesty, Fueled by Success

Smarter and greener:
Two missions of automobiles

Support for Self-reliance

Supporting all efforts to have people
become self-supportive

Kia Motors
Sustainability Magazine 2016

MOVE

Cover Story

MOVE is the name of the Kia Motors Sustainability Report and is a reference to its continuous and positive movement to embrace change through automobile innovation.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

embracing the world

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while moving forward.

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p. 24

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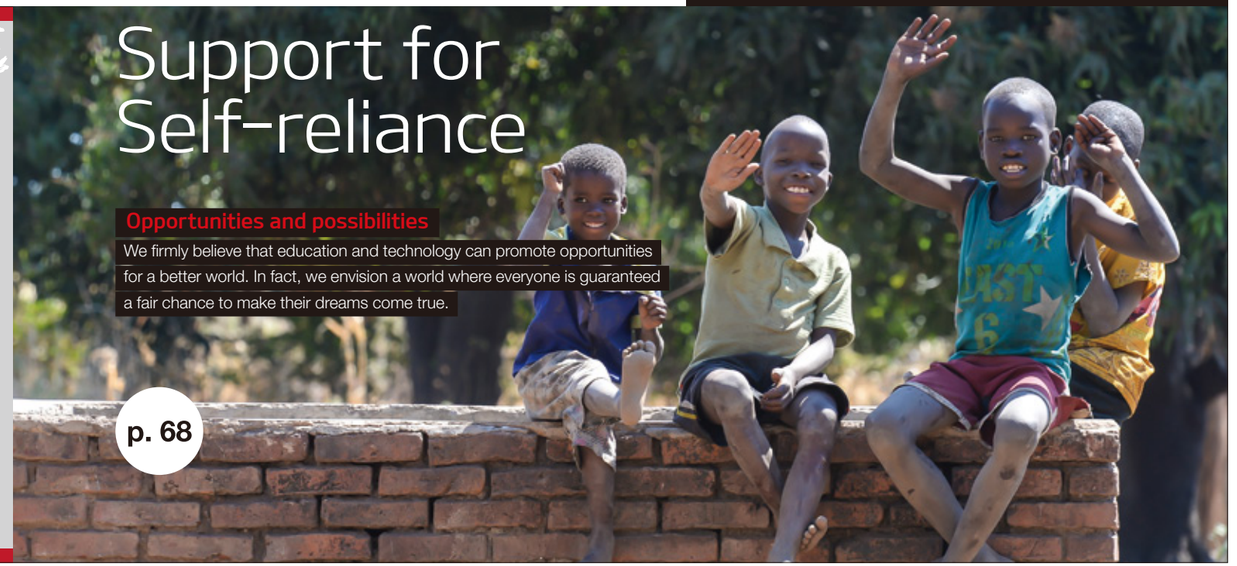
Driven by Honesty, Fueled by Success

p. 26

Two missions and three answers

Automobiles are now finding solutions to pending issues. This has everything to do with being smarter for the safety of drivers and passengers, while also going green to achieve our goal of zero emissions for the sake of our planet's sustainability. The answers we seek are directly related to mutual sustainability alongside the Earth.

Support for Self-reliance



Opportunities and possibilities

We firmly believe that education and technology can promote opportunities for a better world. In fact, we envision a world where everyone is guaranteed a fair chance to make their dreams come true.

p. 68

Contents

Reader's guide

Any terminology or additional information associated with certain terms or facts in the body of the text is separately provided on the same page and marked with icons as shown below. The PDF version, with links to the relevant websites that have more details, is available on Kia Motors' official website. Click the title in the Table of Contents to go to that particular section or the footnote to go to the PDF page or website link. Use the Alt + ◀ (left arrow) keys together to return to the previous page while going through the PDF file.

This report (2016 MOVE)

Website Terminology or additional information

p. 10

Kia's way of embracing the world

The slogan "A Better Way to Go" has been our beacon of light in all of our endeavors as we carve out a path from such an intricate maze filled with uncertainty and complexity. We take pride in our accomplishments and the value we have shared at every step along the way because this has allowed us to create a map to success of our own in the process. Even as we look back on where we have come from, we are keeping our sights firmly set on the road ahead while moving forward.

A BETTER WAY TO GO

p. 26

Driven by Honesty, Fueled by Success

Two missions and three answers

Automobiles are now finding solutions to pending issues. This has everything to do with being smarter for the safety of drivers and passengers, while also going green to achieve our goal of zero emissions for the sake of our planet's sustainability. The answers we seek are directly related to mutual sustainability alongside the Earth.

p. 24

Geared Up for a New Start

The fourth base for a brighter future

Kia Motors recently opened its fourth plant in Mexico, a land that is home to an upbeat, energetic people and a country that is growing in leaps and bounds economically as it emerges as an automobile production mecca.

Support for Self-reliance

Opportunities and possibilities

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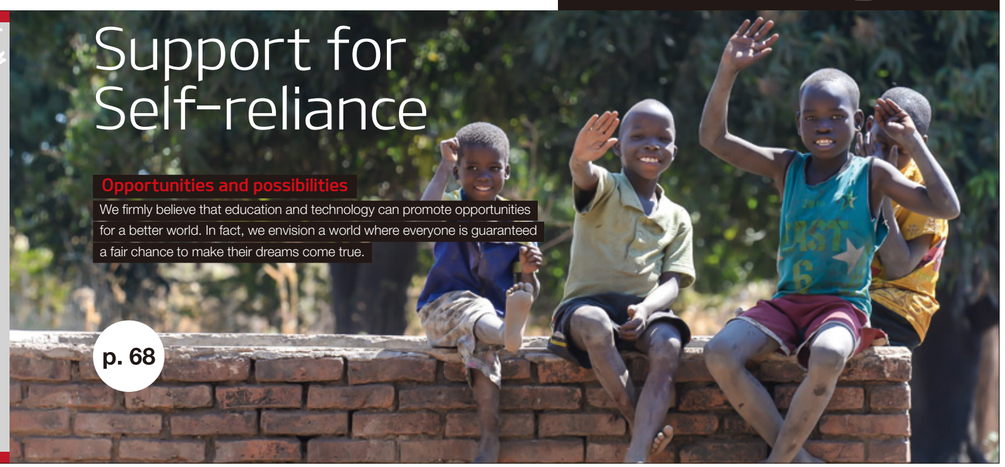
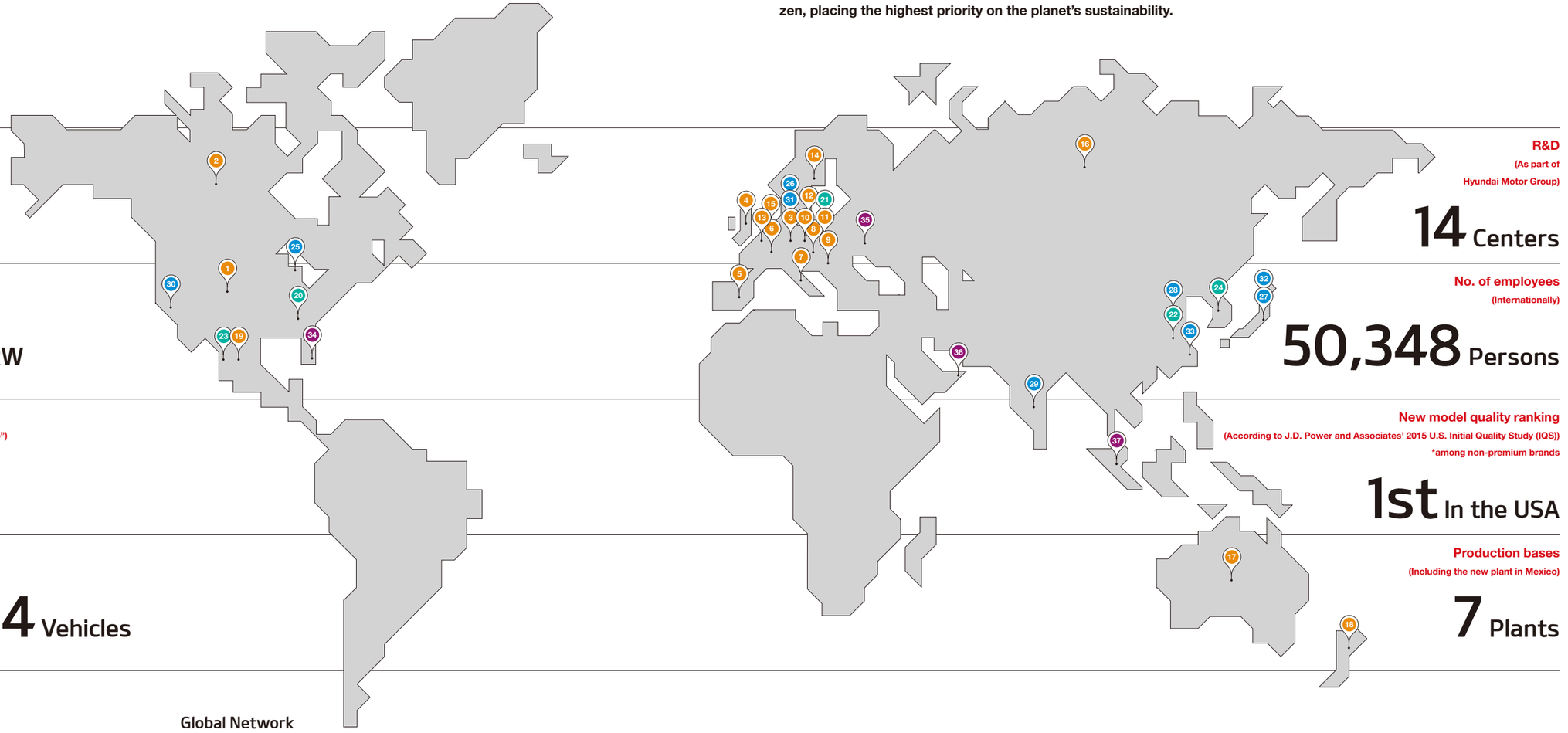
p. 68



Our global footprint

Kia around the World

Since its establishment in 1944, Kia Motors has grown into the world's 74th leading brand name (according to Interbrand) through its consistent pursuit of R&D excellence and innovation. Today, Kia sells more than three million vehicles per year through its extensive network of sales offices and dealerships worldwide. Driving this success are production bases, R&D centers, and design studios in the United States, China, Europe, and other major international markets. Our vehicle lineup spans all segments, from passenger cars and RVs to commercial vehicles. Kia Motors always strives to maintain a balanced approach to addressing the diverse interests of stakeholders as a responsible global corporate citizen, placing the highest priority on the planet's sustainability.



Market position
(Annual sales volume)
9th Globally

Sales revenue
(Based on K-IFRS)
49.5 Trillion KRW

Brand ranking
(According to Interbrand's "Best Global Brands 2015")
74th Globally

Sales volume
(Cumulative exports exceeding 15 million)
3,050,834 Vehicles

R&D
(As part of Hyundai Motor Group)
14 Centers

No. of employees
(Internationally)
50,348 Persons

New model quality ranking
(According to J.D. Power and Associates' 2015 U.S. Initial Quality Study (IQS))
*among non-premium brands
1st In the USA

Production bases
(Including the new plant in Mexico)
7 Plants

Business Domains

Passenger Cars Picanto (Morning), cee'd, Rio (Pride), K2, Forte/Cerato (K3), Forte/Cerato (K3) Koup, K4, Optima (K5), Cadenza (K7), Quoris/K900 (K9)
RVs Ray, Venga, Soul, Rondo (Carens), KX3, Sportage, Sorento, Mohave, Grand Carnival/Sedona (Carnival)
Commercial Vehicles K-Series Trucks (Bongo III), Grandbird Commercial Bus
Hybrid Vehicles Optima (K5) Hybrid, K7 Hybrid
Electric Vehicles Ray EV, Soul EV
CKD (Complete Knock Down) Automobile components (including engines and transmissions)

Global Network

Sales & Service
Korea Sales: 20 regional headquarters, 338 regional sales offices, 391 dealerships, 11 shipping offices
Service: 19 regional service centers, 247 comprehensive service providers, 558 partial service providers
Overseas Sales: 19 sales offices, 134 distributors, 4,807 dealers (sales & service)
Sales offices: Kia Motors America 1 | Kia Canada Inc. 2 | Kia Motors Deutschland 3 | Kia Motors U.K. 4 | Kia Motors Iberia 5 | Kia Motors France 6 | Kia Motors Italy 7 | Kia Motors Austria 8 | Kia Motors Hungary 9 | Kia Motors Czech 10 | Kia Motors Slovakia 11 | Kia Motors Polska 12 | Kia Motors Belgium 13 | Kia Motors Sweden 14 | Kia Motors Netherlands 15 | Kia Motors Russia 16 | Kia Motors Australia 17 | Kia Motors New Zealand 18 | Kia Motors Mexico 19

Production
Korea Sohari plant (350,000 units), Hwaseong plant (600,000 units), Gwangju plant (620,000 units), Seosan plant (OEM; 250,000 units)
Overseas China plant (890,000 units), Slovakia plant (300,000 units), USA (Georgia) plant (360,000 units)
Kia Motors Manufacturing Georgia (2,601 employees) 20 | Kia Motors Slovakia, Zilina (3,587 employees) 21 | China plant 1, 2, 3 in Yancheng (6,622 employees) 22
Mexico plant in Pesqueria (1,298 employees) 23 | Corporate headquarters in Korea (33,984 employees, 3 plants, 3 R&D centers, 19 regional service centers, 338 dealerships) 24

· Data collection date: as of December 31, 2015
· No. of vehicles produced: based on annual production volume

R&D
Korea Hyundai Motor Group Technology Research Institute (Hwaseong, Gyeonggi-do), Eco-Technology Research Institute (Yongin, Gyeonggi-do), Uiwang Technology Research Institute (Uiwang, Gyeonggi-do)
Overseas Technology and Design Centers (USA, Europe, Japan, China, India)
Technology Research Centers: USA (Ann Arbor, Irvine, Chino, Mojave Proving Ground) 25 | Europe (Russelsheim, Nürburgring Proving Ground) 26 | Japan (Yokohama) 27 | China (Yantai) 28 | India (Hyderabad) 29
Design Centers: USA (Irvine) 30 | Europe (Frankfurt) 31 | Japan (Yokohama) 32 | China (Shanghai) 33

Regional Headquarters
Central & South America (Miami, USA) 34 | Eastern Europe & CIS (Kiev, Ukraine) 35 | Middle East & Africa (Dubai, U.A.E.) 36 | Asia (Kuala Lumpur, Malaysia) 37 M

CEO's Message

2015 results & 2020 goals

2015 Achievements

In 2015, the global economy was fraught with mixed signals. Despite economic recovery in the U.S. and Western Europe, the slowing growth rate of China's economy and recessions in emerging markets continued. In the automotive industry, Japanese automakers engaged in aggressive marketing campaigns, while surging Chinese automakers intensified the competition in the market. Nonetheless, Kia Motors was able to maintain stable growth in 2015, selling a total of 3.05 million vehicles.

Our world-class product quality is now widely recognized, as proven by Kia's top place finish among all non-premium brands in the U.S. according to J.D. Power & Associates' 2015 Initial Quality Study (IQS). Meanwhile, according to Consumer Report's latest New-Car Predicted Reliability study in the U.S., Kia is now among the "Most Reliable" brands, even among premium nameplates. In terms of the brand itself, Kia's brand value is now estimated at USD 5.7 billion, up 5 percent from 2014, with a 74th place ranking among Interbrand's Best Global Brands. Furthermore, the construction of our new plant in Mexico is moving ahead according to schedule, with mass production slated to begin in the first half of 2016.

All of these accomplishments over the past year can be attributed to the hard work of our talented employees and the endearing support from all of our stakeholders around the world.

Corporate Social Responsibility (CSR)

The year 2015 gave birth to two major global corporate social responsibility initiatives which Kia Motors is actively supporting.

The first initiative had to do with sustainable development goals (SDGs) that were unanimously approved of by all member states of the United Nations during a summit in September 2015. As a vocal supporter of plans to ensure a sustainable society, Kia is determined to do its part. For example, our win-win partnerships with suppliers—an integral factor for sustainable development—enhances the competitiveness of our supply chain. In fact, Kia's mutual growth system and sustainable growth foundation-building/global competitiveness-building programs have allowed 600 of our domestic partners to advance into overseas markets alongside us to date. In addition, our commitment to safety has resulted in the development of several safety technologies that protect both drivers and pedestrians. We have even gone so far as to realize an advanced driver assistance system (ADAS) that helps drivers steer clear of potential accidents. At the same time, we remain vigilant to addressing important social issues in communities around the world where we have a presence, and engaging in diverse programs to create new value for these local residents. As part of our commitment to equal opportunity, Kia's flagship global CSR program, the Green Light Project, assists individuals and communities become self-sufficient through greater mobility.

The other initiative involved signing on to the Paris Agreement on the UN Framework Convention on Climate Change (UNFCCC), or the so-called "post-2020 framework," in December 2015.

In response to this global initiative, Kia Motors aims to become a leader in the green automobile market by 2020. To that effect, we are replacing 70 percent of our engine lineup with the aim of enhancing the fuel efficiency of our vehicles by 25 percent by 2020. We also plan to commercialize all types of alternative powertrain vehicles, including hybrid electric vehicles (HEVs), electric vehicles (EVs) and fuel cell electric vehicles (FCEVs) by the same year. In fact, we are rolling out the Optima (K5) plug-in hybrid electric vehicle (PHEV), K7 HEV and Kia's first dedicated hybrid model, the Niro, in 2016. Additionally, we continue efforts to identify and reduce the impact of our vehicles on the environment throughout their lifespan, from raw materials and production to use and disposal of vehicles.

Preparing for a New Future in 2020

In 2016, the volatile global economy is forecast to affect the auto industry and intensify market competition. Within the auto industry itself, structural changes are occurring in terms of individualizing customer needs for green vehicles and autonomous driving, as well as the growing need to move towards a sharing economy. In preemptive response to this reality, Kia Motors has developed "Strategy 2020," which outlines initiatives for innovation and change in an effort to raise our competitive edge and bolster future growth engines from the point of view of both customers and markets. The new strategy will set the tone for innovation among our product, marketing and customer channels so as to hone our competitiveness while also allowing us to secure sustainability through fundamental changes aimed at higher efficiency and greater profitability. Moreover, we are building a new management system as part of our human resources management and company-wide CSR practices. These efforts will let us successfully attain our vision of becoming one of the world's top automakers by 2020. Through all of these sustainability endeavors, Kia will remain committed to its social responsibility as a global corporate citizen.

Beyond the company's growth, everyone at Kia is devoting themselves to making the world a better place economically, socially and environmentally. I humbly ask for your continued support as we embark on this ambitious journey.

Thank you.

Hyoung-Keun (Hank) Lee
Vice Chairman & CEO
March 2016

A system for sensible decision-making

Fair and Transparent Governance

Sound corporate governance builds trust in any company's decisions. Trust in the fairness of the decision-making process and in the way of putting policies into action leads to a solid reputation for a company. In that regard, Kia Motors has established a framework for reflecting the interests of its stakeholders through its initiatives, which the management board then takes into account when making decisions. To that end, we guarantee the independence in the operation of the Board of Directors (BOD) and have three committees under the BOD's control. The Audit Committee represents external stakeholders and monitors corporate management. The Board Nominations Committee has the authority to nominate candidates for non-standing directors, while the Ethics Committee monitors inter-affiliate transactions and business ethics practices. At Kia Motors, we aim to strike the right balance between our goals and our business activities, benchmarking international standards and best practices to further enhance our corporate governance.

Additional information on the BOD and investor relations is available in Kia Motors' annual report, which you can download from the company's IR website.

Board of Directors

The top decision-making body at Kia Motors is the Board of Directors. Members are appointed at the annual general shareholders' meeting (GSM) and speak on behalf of shareholders' (and other stakeholders') interests. They also oversee and vote on key business issues in consideration of the company's long-term growth roadmap. As of the end of 2015, the BOD was comprised of three standing, one special non-standing and five non-standing directors. The BOD holds regular meetings to vote on key issues in consideration of shareholder and employee feedback gathered at the GSM and through investor relations activities. The feedback is then sent to management to craft policies. Also, the Q&A section on the IR website is instrumental in communicating with shareholders and employees.

Ad hoc meetings are convened when issues for deliberation arise. The Audit Committee, Board Nominations Committee and Ethics Committee support the operation of the BOD with their expertise and efficiency in selecting agenda items according to their relevance. In 2015, the BOD convened seven meetings to receive briefings and cast votes on 35 agenda items, with the non-standing directors' attendance rate being 97 percent. Briefings were held on the status of the internal accounting control system (IACS) and voluntary compliance with fair trade regulations. Among the agenda items submitted for voting were the 2015 business and investment plans as well as the convening of the 71st GSM (FY2014) and its agenda.

At Kia Motors, the CEO chairs the BOD in order to ensure decisions are made swiftly. This is crucial for an automaker because of the short product cycle and the need for large-scale investments in a rapidly changing business environment. In order to safeguard the BOD's independence, the company has established protocol measures to provide agenda items and related information to directors in advance so that non-standing directors can voice their opinions based on a full understanding of the issues at hand after a thorough review. Remunerations are made to standing and non-standing board directors mainly in the form of annual base salaries within set wage ceilings by position level and authorized at the GSM. On top of that, performance-based bonuses are paid according to a comprehensive evaluation of BOD members' financial, social and environmental performance. The remuneration cap for 2015 was set at KRW 10 billion, and only KRW 3.8 billion was actually paid out.

Committees

Audit Committee Kia Motors' Audit Committee is comprised of three non-standing directors and chaired by a non-standing director to ensure the transparent and independent operation of the committee. Its main function is to make sure that the company's accounting and business practices are conducted in a fair manner and in compliance with all related laws and regulations. To that end, the committee is entitled to look over sales-related reports from the BOD and to examine the company's overall financial standing. In addition, Kia Motors has an internal system for committee members to have easy access to pertinent information on the company's business operations. In 2015, the Audit Committee convened five meetings and deliberated on nine items, including the 2014 settlement of accounts and the status of the IACS.

Board Nominations Committee The Board Nominations Committee consists of five members, including two standing and three non-standing directors, as per the stipulation that "the majority of this committee be comprised of non-standing directors." In 2015, the committee recommended a non-standing director candidate to the 71st GSM through a fair and thorough examination of candidates based on their competencies and expertise.

Ethics Committee Comprised of five members, the Ethics Committee's prime function is to monitor inter-affiliate transactions and business ethics practices as stipulated in the Monopoly Regulations and Fair Trade law and the Capital Market and Financial Investment Business Act. The committee also reviews the company's program on voluntary compliance with fair trade regulations; executes major ethical management and CSR policies; and enacts, revises, and monitors the implementation of ethics codes and regulations. It is mandated to be composed solely of non-standing directors due to the nature of its function, and Kia Motors' management board always incorporates the committee's advice in CSR and ethical management policies and activities. The Ethics Committee held six meetings in 2015 to be briefed and deliberate on 19 items, including CSR performance, donations and contributions, as well as employee compliance with the company's Regulation of Workplace Ethics. M

Major Shareholders as of December 31, 2015

Shareholders	No. of Shares	Holdings (%)
Hyundai Motor	137,318,251	33.88
Employee Stock Ownership Association (ESOA)	5,406,036	1.33
Individual investors (excluding ESOA)	48,538,569	11.97
International investors	153,667,865	37.91
Others (financial Institutions, etc.)	60,432,626	14.91
Total	405,363,347	100.00

Board of Directors as of December 31, 2015

	Name	Position	Background
Standing Directors (three)	Hyoung-Keun Lee	CEO, Chairman of the Board of Directors, Chairman of the Board Nominations Committee	-
	Han-Woo Park	CEO	-
	Chun-Soo Han	Standing director	-
Special Non-standing Director	Euisun Chung	Member of the Board Nominations Committee	-
Non-standing Directors (five)	Sang-Gu Nam	Member of the Audit Committee, Member of the Board Nominations Committee, Chairman of the Ethics Committee	(currently) Professor Emeritus of Business, Gachon University (formerly) Private Sector Chairperson of the Public Fund Oversight Committee
	Hyun-Kook Hong	Chair of the Audit Committee, Member of the Ethics Committee	(currently) Vice chairman, Gaduk Tax Consulting Associates (formerly) Auditor, National Tax Services
	Kwi-Nam Lee	Member of the Board Nominations Committee, Member of the Ethics Committee	(currently) Counsel, LKN Legal Research Institute (formerly) 61st Minister of Justice of the Republic of Korea
	Doo-Hee Lee	Member of the Audit Committee, Member of the Ethics Committee	(currently) Professor of Business, Korea University (formerly) President, Korea Advertising Society
	Won-Joon Kim	Member of the Board Nominations Committee, Member of the Ethics Committee	(currently) Counsel, Kim & Chang (formerly) Director of Competition Policy Bureau, Fair Trade Commission

Stakeholder engagement

Open and Honest Communication

Our stakeholder groups proliferate in direct relation to the expansion of our business areas and markets. As a result, Kia's stakeholder engagement, which is based on close communication, grows ever-more important over time when fulfilling our corporate social responsibilities. The reason for this is simple: Our stakeholders constitute our competitiveness and source of continuous growth. Under the firm belief that balancing all conflicts of interest between and among different stakeholder groups plays a pivotal role in our sustainability, Kia is always open to listening to the opinions of stakeholders and reflecting these thoughts in our business activities. That is why we operate numerous communication channels specified to the different needs of each stakeholder group. As a matter of fact, all of the key issues contained within this report were selected based on feedback from our stakeholders.

Channels for Stakeholder Feedback

Kia Motors' online and offline communication channels help keep us in touch with stakeholders. Online channels such as social media and websites are an invaluable way to interact with stakeholders, so we use these mediums to communicate our CSR plans and performance results to collect their feedback. For example, Kia's CSR website, which has been operating since 2013, quickly established itself as an effective window for two-way communication with stakeholders. Opened in 2014, the corporate culture PR site is another channel for sharing the company's CSR activities. Then there is the K-Bean campaign we initiated a year later in partnership with Naver's HappyBean service that now plays a crucial role in helping us address social issues with our external stakeholders. Additionally, we have been running an in-house donation program called K-Nanum Together since 2015 which Kia employees became actively involved in right away. In terms of offline initiatives, we plan on launching a network project called Kia-Net in 2016 to effectively tackle social issues in communities around Korea alongside local stakeholders. At the present time, we are also considering expanding this project to local communities overseas.

Furthermore, we recently conducted a big data analysis in order to confirm the actual effect of our stakeholder communication endeavors. An extensive analysis of 3.85 billion sources was carried out for data collected from online communities, social media, traditional media, and portal sites between the period starting in January 2011 and ending in June 2014. It found that although Kia Motors has made a relatively favorable impression on people when compared to Korea's other seven largest companies, it had not received very much attention from the public in general. Based on the findings, we are determined to further improve our means and channels of communication with stakeholders.

Big data analysis was conducted by Daumsoft.

Stakeholder Communication Channels

Stakeholder Group	Communication Channels
Customers	Motor shows and new model launch events, test drives, sports sponsorships, customer service, customer satisfaction surveys, clubs, corporate websites, online communication channels (Kia BUZZ/social media/K-Bean/mobile apps), viral videos, K-Lounge, reports (annual reports/sustainability reports/ community relations white papers)
Shareholders & Investors	General shareholders' meeting, investment road shows, corporate websites, social media, reports
Employees	Labor-Management Council, Employment Stability Committee, Next-Generation Committee, company magazine, CSR newsletter, online communication channels (intranet/knowledge community/Kia In), Employee Counseling Center, reports
Partner Companies	Dealer programs (seminars/dealer contests/dealer invitational events), dealership contests, seminars and training programs, win-win web portal, Value Advanced Automotive Trade Zone (VAATZ), procurement headquarters' suggestion box, reports
Local Communities	Social outreach activities and campaigns, corporate websites, exchanges with local communities (regular meetings/public access to Kia plants), corporate information channels (website/social media/reports)

Materiality Test Benchmarks
- Seven international standards, including the ISO 26000, UNGC, GRI G4, Integrated Reporting (<IR>), DJSI, EU Directive on Non-financial reporting, Global Risk and Opportunity Report (co-authors: UNGC, DNV GL, Sustainia)
- Nine peers: VW, BMW, PSA, Renault, FCA, GM, Toyota, Honda, Hyundai
- Press coverage by 10 news media outlets: seven daily newspapers (*Chosun, JoongAng, Dong-A, Kyunghyang, Hangyoreh, Maeil Business Daily, Korea Economic Daily*) and three major broadcasting stations (KBS, MBC, SBS)
- Stakeholder groups: KPMG's Global Automotive Executive Survey 2015 taken by 200 auto industry insiders from around the world

Materiality Test Findings

A **Customers** Customer satisfaction
B **Environment** Greenhouse gas emissions (climate change)
C **Environment** Energy conservation
D **Product Liability** Green vehicles
E **Product Liability** Product quality (safety)
F **Corporate Governance** Corporate governance
G **Partner Companies** Anti-corruption
H **Partner Companies** Supply chain management
I **Local Communities** Social outreach activities
J **Economy** Job security (job creation)
K **Economy** Risk management
L **Employees** Employee welfare
M **Employees** Labor-management relations
N **Employees** Health & safety
O **Employees** Employee training (competency-building)
P **Employees** Human rights protection

Materiality Test & Key Issues

In order to identify key issues for this year's report, a comprehensive materiality test was conducted in consideration of all corporate policies and their direct/indirect economic effects, laws and regulations, stakeholder surveys, performance and issues of peer groups, and media coverage. Also, three other factors played a more prominent role in this year's Kia Sustainability Report than in the past: international standards, sustainability reports published by Fortune 500 automakers, and media analysis. GRI G4 Guidelines encourage reporting companies to cover key issues that scored higher than the threshold levels preset by the reporting companies themselves. Following this advice, 16 key issues were finalized out of 80 relevant issues from the 2015 materiality test, and we strived to provide more in-depth coverage of these key issues as seen in the chart above. M

The past decade saw many rapid changes—both ups and downs—in the global economic landscape. Long periods of slowing growth took root amid intensified competition. One would think a guide is required to find the way out of such an intricate maze so replete with uncertainty and complexity.

Kia's way of embracing the world

A Better Way to Go—this has been our mantra during this tumultuous time. As we have continued to journey down this path, we have taken note of our accomplishments and the value we have shared, thereby creating a map of our own in the process.
Now is the time to formulate a new strategy, one that is in line with the roadmap we have already established. Even as we look back on where we have come from, we are keeping our sights set on the road ahead as we move forward.

A BETTER WAY TO GO

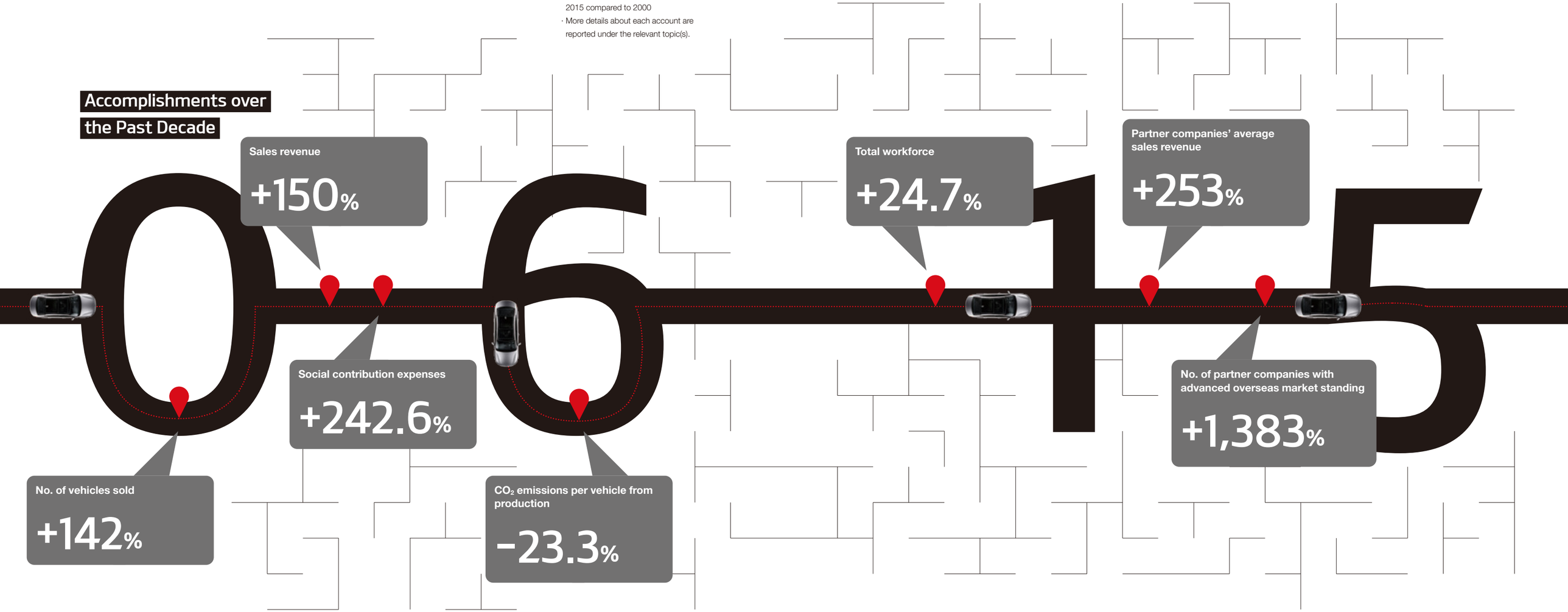
WHAT WAS, IS, AND WILL BE

Over the course of the last decade, Kia Motors has been faithful to its mission of achieving remarkable growth and sharing profits with stakeholders. While ensuring the fair distribution of profits among employees, partner companies, government bodies, investors, and local communities, we also invested heavily in R&D based on our far-sighted approach to management. More broadly, we have been vigilant to our responsibilities as a corporate citizen in terms of initiatives such as job creation and competency-building of suppliers. The scope of beneficiaries and the scale of projects we have undertaken have been expanded so that we can tackle social issues with immediacy. All the while, we have worked tirelessly to minimize the impact on the environment of our automobiles and the production process as a whole.

- Changes between 2006 and 2015
  Total workforce figures in 2015 compared to 2007
  Partner companies' average sales revenue in 2014 compared to 2001
  No. of partner companies with advanced overseas market standing in 2015 compared to 2000
- More details about each account are reported under the relevant topic(s).

OUR PERSPECTIVE

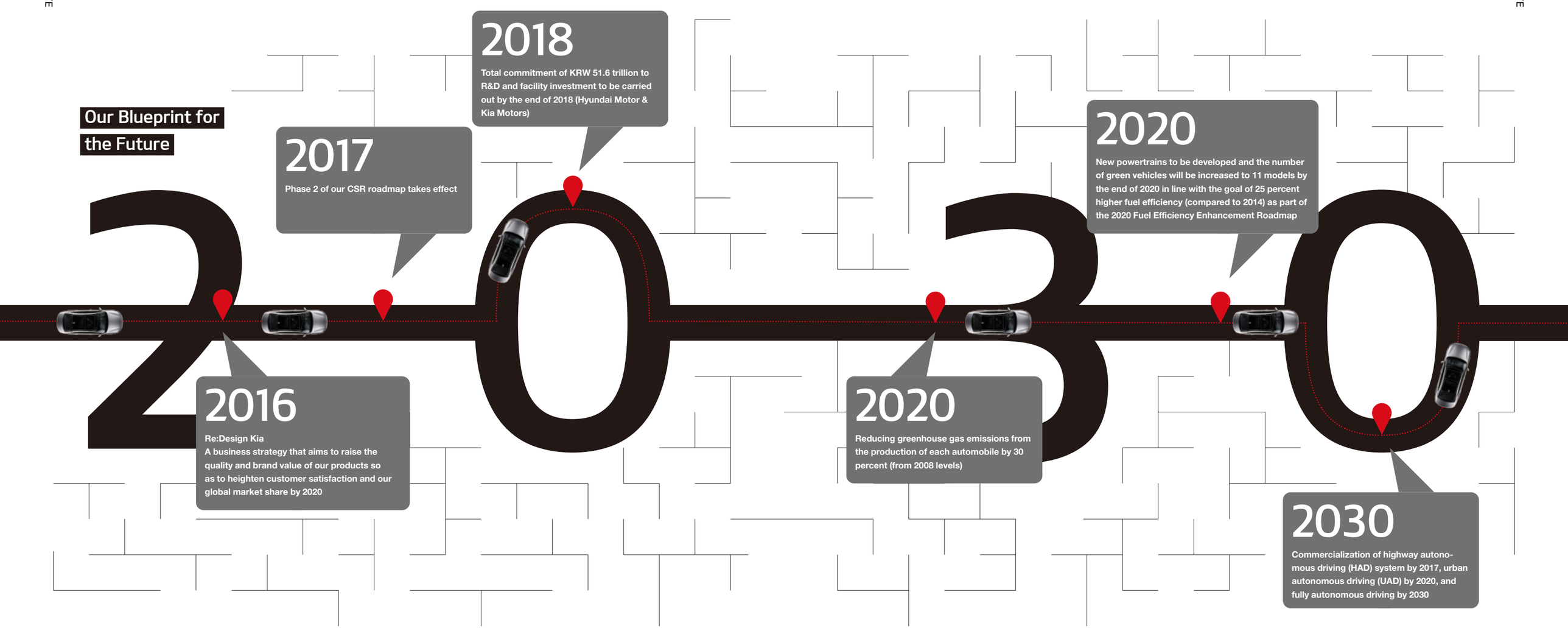
Accomplishments over the Past Decade



Undaunted by the many challenges arising in today's world, Kia has been steadfast in its mission, which has served as a guiding light in achieving our remarkable accomplishments. As a result, we are very clear about the direction in which we need to head. Our 2018 R&D investment plans are currently being implemented right on schedule, while our 2020 roadmap provides insight into all of Kia's business activities, from business planning and vehicle development to production and social contribution activities. Our goals are straightforward: to make life better with our automobiles and to make the world a better place through our CSR initiatives. That simple idea is the guiding principle for each of our plans and actions.

OUR PERSPECTIVE

Our Blueprint for the Future



A sustainable management framework

Sustainability in Action

The role that corporate citizens must play in society is growing every day and becoming more complex as their social influence increases. In fact, corporate social responsibility is now regulated in many parts of the world, and in 2015 many countries made firm commitments at the United Nations Sustainable Development Summit to mitigate climate change and work toward sustainable development. Although a number of global initiatives have helped mitigate abject poverty in many parts of the world, social disparity has only deepened in a great deal of developed countries, calling for a reflection on corporate social responsibilities. At Kia, we have categorized our CSR domains into social outreach programs, environmental management, and trust-based management, while also putting into practice detailed strategies and action plans in each category. Further to that, we developed a long-term plan in 2015 called Strategy 2020 which outlines more specific details about our CSR roadmap currently under development.

Additional information on Kia's CSR management is available at the "About Kia" section of Kia's website.

CSR Management Framework

Since its declaration of commitment to CSR management in 2008, Kia Motors has made progress in establishing its CSR Management Framework. The first stage, from 2008 to 2012, was dedicated to setting up the CSR framework for shared CSR goals at Kia's workplaces around the world. The second phase, from 2012 to 2016, is now taking place to stabilize the CSR framework and weave the CSR spirit into the corporate culture. The next step of the CSR roadmap starts in 2017 and will be in line with Strategy 2020, which was introduced in 2016.

Organized in 2008, the CSR Committee at Kia Motors is comprised of the CSR Management Team and a chief executive from each business group. This committee serves as the top decision-making body concerning company-wide CSR issues in consultation with a working-level council.

Trust-based management correlates with labor affairs as well as the procurement, accounting and auditing departments. Environmental management concerns R&D, production and service areas, while administrative affairs, sales and marketing are in charge of social outreach initiatives.

CSR Roadmap

2008	2009	2011	2012	2013-14	2015-16
Declaration of CSR commitment and organization of the CSR Committee	Enactment of Social Responsibility Charter	Strengthening of CSR implementation scheme: Establishment of CSR assessment system and global social outreach value scheme	Launch of Kia's signature CSR projects: Global (Green Light Project) & Domestic (Green Tour)	Promotion of global CSR: Full implementation of global projects (overseas subsidiary involvement)	Internalization of CSR corporate culture and stabilization of global social outreach programs

Re:Design KIA

Redefine the domain	Refine KIA identity	Reinforce KIA capability
Solidifying our market position for sustainable growth	**Developing a competitive edge in customer value enhancement**	**Reinforcing operational capabilities to bolster our fundamentals**
· Raising public recognition in strategic markets · Taking the company to the next phase in China · Securing a competitive edge in tomorrow's volume-driven market · Exploring growth opportunities in potential markets for compact and mid-sized cars	· Bringing about our product identity · Providing an upscale customer experience · Pushing forward with a global brand strategy · Increasing new business opportunities	· Optimizing our global production and supply chain management (SCM) · Heightening quality control in response to changing market/customer demands · Fortifying product development competitiveness · Upgrading the operation of sales and services

Reorganize KIA management system

Completing a new business administration system to become a leading global company		
· Further developing Kia's original programs for HRD and HRM	· Completing a corporate culture and CSR framework that meet the world's highest standards	· Constructing an intelligence-based business management platform

CSR Progress & Plans by Domain

Social Outreach Kia Motors revamped its CSR goals and systems in 2011, setting its main CSR values as promoting mobility and making life better for the underprivileged. The following year gave birth to Kia's signature social contribution projects that bring these new values to life. The first is the Green Light Project (GLP), a global initiative, while the second one is a domestic effort called Green Tour. Marking its fourth year in 2015, both Green Tour and the GLP have established themselves as the company's signature social outreach projects in terms of both size and scope. Furthermore, participants now include all stakeholders, from employees and families to customers around the world. Specifically, this past year was dedicated to reviewing social contribution practices at all domestic worksites and stabilizing the framework of existing projects. In 2016, connectivity will create a new platform for interactive communication between our CSR activities and stakeholders.

Details on each subject are available on pages 68-73 (social outreach), 46-57 and 84-90 (environmental management), and 82-83 (trust-based management).

Environmental Management Kia Motors proclaimed its commitment to global environmental management in 2003 and developed the required infrastructure along with the necessary principles and procedures. In 2014, the company held a ceremony to declare safety and environmental management, and then established a Safety & Environment Planning Office under the direct control of the CEO. Additionally, the Hyundai Motor and Kia Motors mid- and long-term environmental management strategy includes a plan to increase the number of green vehicles to 22 by 2020, which will make it the number two company in eco-friendly vehicles globally. It also contains a fuel efficiency roadmap to improve the fuel efficiency of all its automobiles by 25 percent of 2014 levels by 2020. To that effect, an investment of 27 trillion will be made in R&D efforts up until 2018. For its part, Kia will ensure it has 11 different green vehicles by 2020. In 2015, the second-generation Optima (K5) Hybrid (HEV) was introduced to market, with the company's first dedicated green vehicle, the Niro, as well as the Optima (K5) Plug-in Hybrid (PHEV), and the second-generation K7 HEV all set to be released in 2016.

Trust-Based Management Stakeholders trust companies that act with sincerity and integrity. At Kia Motors, we have established overarching principles that will not be compromised at any cost, and every employee abides by them as their behavioral guidelines at work. Committed to establishing fairness in all transactions, the company adopted its own Compliance Program in 2002. Since that year, a Compliance Support System has been orchestrating company-wide compliance efforts. Today, it is now mandatory for all employees to complete compliance training every year, while those whose duties are seen as more vulnerable to compliance issues are provided with a separate training course on fair transactions. Moreover, the Ethics Committee oversees company-wide business ethics practices along with Kia's internal control system. In 2015, more courses were added to serve the different needs of departments, enhancing the practicality of the training. Also, year-round periodic reminders and notifications help keep all employees vigilant in their compliance with fair transaction programs. M

Action Plans

	Social Outreach	Environmental Management	Trust-Based Management
Goal	Contribute to social development as a corporate citizen	Spearhead global efforts to address environmental challenges	Practice transparent and ethical business management
Basic Direction	Phase in CSR strategies in line with shared CSR values	Reinforce environmental capabilities, mitigate climate change	Perform CSR that meets global standards
Key Initiatives	· Upgrade domestic social outreach projects and frameworks · Promote global social outreach activities · Internalize CSR within the organization	· Build a green production system and practices · Conserve energy and reduce greenhouse gas emissions · Secure green technologies · Build a Resource Circulation Framework	· Establish and promote a trust-based management framework · Build collaboration ties with worksite stakeholders · Enhance stakeholder communication

Key Sustainability Performance Indicators

	2013	2014	2015	YoY Change (%)
Operating Results				
No. of vehicles sold (10,000 units)	283	304	305	+0.3
Sales revenue (KRW trillion)	47.6	47.1	49.5	+5.1
Operating profit (KRW trillion)	3.2	2.6	2.4	-7.7
Product Liability				
Average CO_2 emissions (EU) (g/km)	129.6	131.1	127.3	-2.9
R&D and facility investment (KRW trillion)	3.0	2.6	3.9	+50.0
Environmental Management (Per-vehicle production)				
Raw material input (kg/vehicle)	192.4	232.6	204.0	-12.4
Water use (m^3/vehicle)	4.7	4.4	4.1	-6.5
Wastes (kg/vehicle)	169.0	163.6	161.6	-1.2
CO_2 emissions (EU) ($kgCO_2$-eq/vehicle)	600	545	530	-2.8
Air pollutants (g/vehicle)	606.2	580.4	551.7	-5.0
VOC emissions (kg/vehicle)	5.4	5.9	4.9	-16.6
Water pollutants (g/vehicle)	112.1	98.0	111.6	+13.7
Employees				
Total workforce (persons)	48,089	48,942	50,348	+2.9
Female employees (persons)	904	939	966	+2.9
Female managers (persons)	29	34	42	+23.5
Worker turnover rate (%)	1.15	0.47	0.99	+110.6
Per-employee training hours	35	43	33	-23.3
Occupational accidents (cases)	440	363	304	-16.3
Social Outreach Expenses				
Korea (KRW billion)	26.8	26.4	28.5	+8.0
Overseas (KRW billion)	12.7	15.7	13.7	-12.7

· Social outreach expense figures were calculated by combining monetary donations and cause marketing expenses from headquarters with domestic operations for the "Korea" figures and those of overseas subsidiaries for the "Overseas" figures.

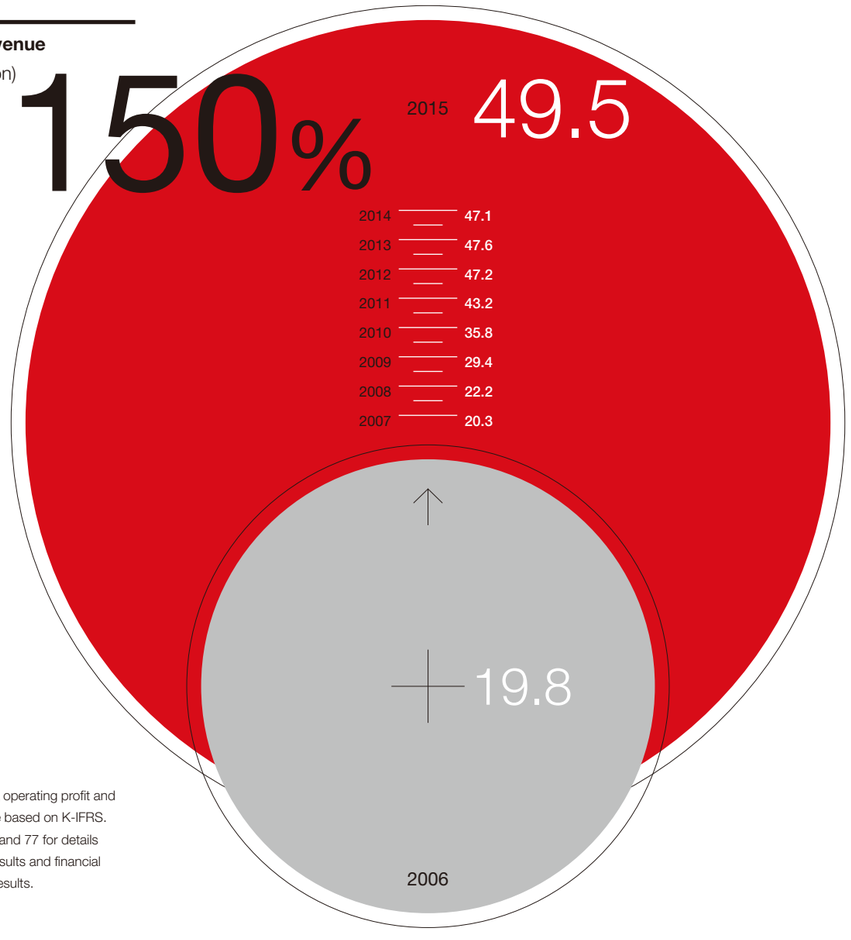
Fair Distribution of Profits

Creation & Distribution of economic value

With prolonged slow growth, the overall global economic pie has shrunk, only leading to more competition and uncertainties. It's no surprise, then, that there was no turnaround seen in the global economy or in the automobile market in 2015. The forecast is no different for 2016. This leaves us with one simple question: How will we continue to grow? Or, more precisely, what drives us to achieve growth in the first place? To find the answer, we need to look back on the past 10 years. Increased sales of automobiles resulted in revenue growth. This propped up the share of our business partners, who account for 80 percent of our sales revenue, while the remaining 20 percent—distribution to employees, investors, governments, local communities and R&D investments—grew as well. Over the past decade, both sales revenue and sales volume have grown more than twofold. Over this time, we have built plants overseas and extended our domestic production lines. More investments were dedicated to product innovation, while we spent more on marketing and services. Consequently, our workforce size and supply chain have also grown, while our influence has increased in local communities in which we have a presence and where we are proactively addressing social issues.

Sales Revenue
(KRW trillion)

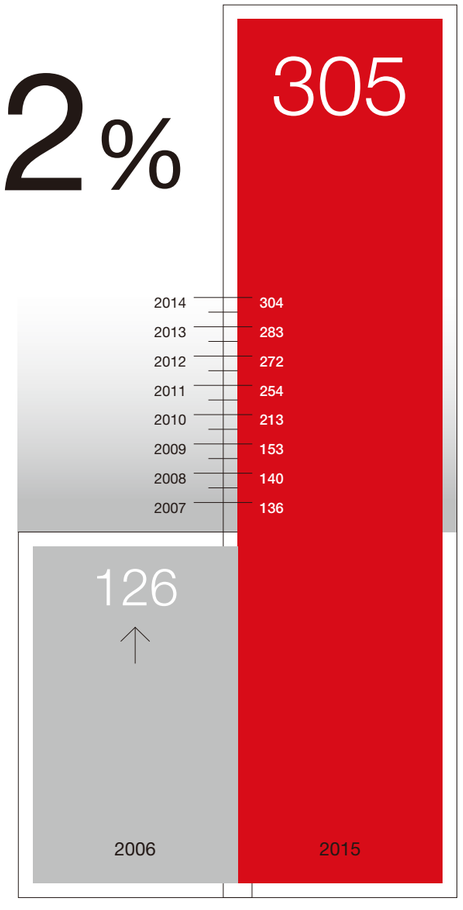
+150%



Sales revenue, operating profit and net income are based on K-IFRS. See pages 76 and 77 for details on business results and financial performance results.

Sales Volume
(10,000 units)

+142%



Learning from the Past 10 Years

Kia Motors' global sales volume surpassed the three million mark for the second year in a row in 2015 when it recorded 3.05 million vehicle sales. At the same time, cumulative exports reached 15 million units as of 2015. In terms of domestic production ratio and growth, both Hyundai Motor and Kia Motors outpaced the world's eight leading automakers in 2014. While major automakers slashed 15 percent of their domestic production ratio on average compared to 2004, Kia expanded its volume by 690,000 vehicles, a growth rate of 68 percent over the same period. Hyundai and Kia Motors also came in fourth in a survey of most likely market share gainers over the next five years. Furthermore, Kia came in 74th place on Interbrand's list of 100 Best Global Brands 2015, with brand value soaring by 714 percent since 2005 to reach USD 5.7 billion. This is the fourth straight year that the company has appeared on the list. Kia Motors also topped both J.D. Power and Associates' Initial Quality Study (IQS) among non-premium brands and the German automobile magazine *Auto Bild*'s 2015 Quality Report.

The 2016 Global Automotive Executive Survey was conducted by KPMG International on 800 top management personnel from automobile and related industries as well as 2,123 consumers from 38 countries.

Performance Results and Goals

The automotive industries in Korea, the U.S., China and EU countries enjoyed market growth in 2015, and Kia was no exception. Its share of the domestic market, where demand edged up by 8.7 percent, grew by 13.4 percent, while its share of the U.S. market, which expanded by 5.7 percent, increased by 7.9 percent. The company's share of the European market recorded 8.8 percent year-on-year growth, similar to that of the overall market growth of 9.2 percent during the same period. In China, where the government helped rekindle market growth to expand 8.3 percent in the last quarter of 2015, Kia also saw a rebound in its sales in the local market that same quarter, though its overall sales in 2015 contracted by 4.6 percent. Sales in emerging markets also experienced a decline. In 2015, Kia Motors unveiled the all-new Optima (K5), Sportage, Optima (K5) Hybrid (HEV), and China-only KX3 model. In January 2016, the all-new Cadenza (K7) was released to the market as well. While these models are expected to boost global sales in 2016, the Optima (K5) Sportswagon, which was developed exclusively for European drivers, and the K2, a China-exclusive model, are to be marketed as part of the company's localization strategy. This year will also see the expansion of our green vehicle lineup with a hybrid SUV (Niro), the Optima (K5) plug-in hybrid (PHEV), and the K7 HEV, all of which will further solidify our fourth place position in the green vehicle market.

Business Results
(KRW billion)

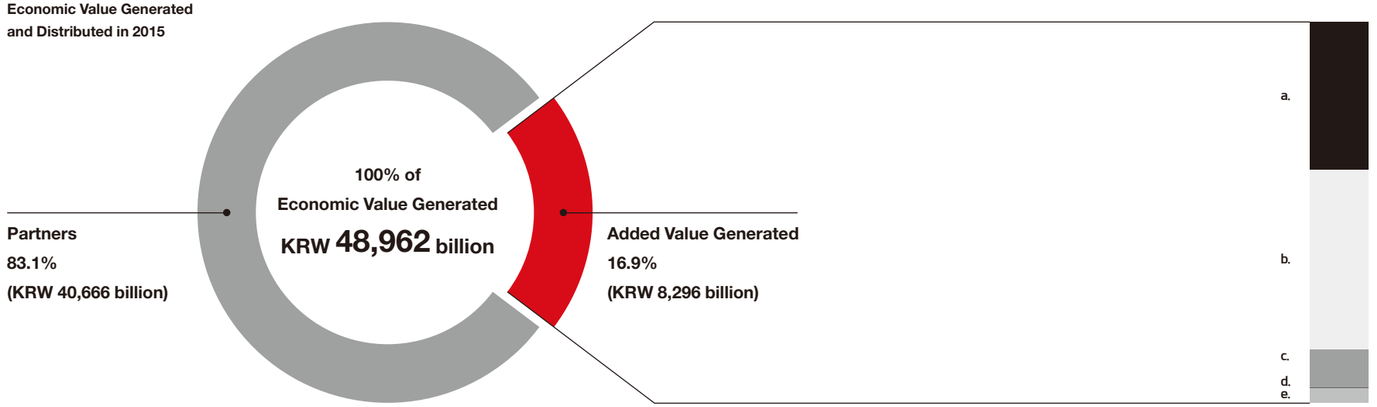
Operating Profit	
2013	3,177
2014	2,573
2015	2,354

Net Income	
2013	3,817
2014	2,994
2015	2,631

Economic value generated is sales revenue and other profits minus other costs and depreciation costs.
See page 76 for a breakdown of other profits, expenses and depreciation costs.

Economic value distributed to local communities includes charitable contributions and cause-related marketing expenses.

Economic Value Generated and Distributed in 2015



a. Kia Motors 26.5%
KRW 2,198 billion

b. Employees 58.0%
KRW 4,810 billion

c. Government 8.8%
KRW 730 billion

d. Local Communities 0.3%
KRW 28 billion

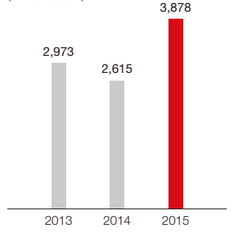
e. Shareholders & Creditors 6.4%
KRW 530 billion

Investing in the Future

Kia Motors is responding to market changes with timely and flexible investments for the future. In 2015, the company finished work on a new plant in Mexico that will have an annual production capacity of 300,000 vehicles and which is now in pilot operation. Kia's third China plant expanded its capacity by 150,000 vehicles in the same year. Along with the existing production lines in the U.S., Europe and the other two plants in China, these expanded manufacturing facilities will allow Kia to meet changing market demands on respective continents and in reflection of local consumers' preferences, while saving the company money in terms of logistics and taxes. Not only does a new plant generate a large number of new jobs, but as Kia brings its domestic partners along with it into new global markets, supplier plants will create more jobs as well. This eventually contributes to the development of local economies, which increases Kia's brand recognition at the same time. A combined annual production capacity of 3.67 million vehicles—globally and domestically—has ensured further growth for the company, while also balancing out the overseas to domestic production ratio at 50.4 percent, which has considerably reduced Kia's foreign exchange risk in 2015.

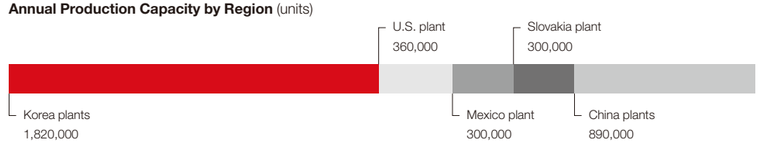
In 2015, Kia Motors embarked on the 2018 R&D Investment Roadmap, which will bolster the company's core competencies. Over a period of four years, from 2015 to 2018, KRW 24.5 trillion and KRW 27.1 trillion have been committed to infrastructure and R&D investments, respectively, at the Hyundai Motor and Kia Motors level. Specifically, KRW 11.3 trillion is earmarked for developing green vehicles, while KRW 2 trillion has been allocated to autonomous driving and related technology R&D activities. A total of 7,345 R&D employees—3,251 of whom will be dedicated to developing green technologies and telematics—will be hired by 2018. This will give Kia the ability to meet its fuel efficiency improvement roadmap, which calls for a 25 percent improvement in average fuel efficiency by 2020. M

R&D and Facility Investments
(KRW billion)



Korea plants are located in Sohari, Hwaseong, Gwangju, and Seosan

Annual Production Capacity by Region (units)



Kia Motors, Mexico and the World

In October 2014, ground was broken for a plant on a vast site that spans five million square meters in Nuevo Leon, Mexico. Nine months later, it was easy to find a Kia vehicle on the roads of Mexico City. As of January 2016, Kia's new plant in Mexico, which will have an annual production capacity of 300,000 automobiles, was in pilot operation, with the aim of commencing full operation by May. Furthermore, the number of dealerships is planned to rise from 48 to 70 by the end of the year. After completing the Kia plant in the U.S. in 2009, the Mexico plant represents Kia's first new manufacturing facility in six years, and the fourth country that Kia has advanced into with a manufacturing presence, following China, Slovakia and the U.S.

Why Mexico? We have many reasons, including the fact that Mexico's GDP, automobile production and sales and export volume have all been pointing upward since 2009. In addition, it is a young country with a large working population and has signed FTAs with 51 countries on all continents. Since 2012, Mexico has been a member of the Pacific Alliance, along with Peru, Chile and Columbia (with 42 other countries participating as observers). It is also one of the 12 signatories to the Trans-Pacific Partnership (TPP) trade deal that came into effect in October 2015, with ratification now pending. On top of the resultant advantage of customs-free trade, Mexico's location at the center of the Americas provides it with a geographic edge in terms of logistics.

The new plant in Mexico will serve as the foundation to further solidify Kia's market position in the Americas. Not only that, this additional facility will push up Kia's overseas production volume to 50 percent of its total output, balancing the ratio of overseas to domestic production and allowing Kia to flexibly respond to external factors such as foreign exchange fluctuations and logistics and environmental issues. More specifically, the plant also facilitates the company's ability to immediately respond to changes in the world's largest auto market, the U.S., along with China. Kia has also devised strategies to further penetrate the South and Central American markets, whose annual automotive demand is around 6.3 million vehicles. With clear goals and strategies aligned with our ambitious global vision, we are busy building our future, and Mexico is the next major stepping stone.

Pesque-Kia, Pes-Corea

Paying respect to Mexican tradition, Kia's plant in Nuevo Leon was inspired by the country's Pyramid of the Sun and Pyramid of the Moon. Thus, the plant has a sun plaza and moon plaza at the main entrance. The exterior of the factory is painted a silver-gray, with the roof coated in white water-based paint, allowing for the reflection of sunlight with higher energy efficiency and reduced harm on the human body and the environment. Furthermore, all of the plant's buildings are equipped with energy monitoring and control systems.

Located northeast from Mexico City, some 900 kilometers from Teotihuacan's pyramids, Pesqueria used to be a quiet rural village, but is now home to Kia's newest plant, which has revitalized the local community.

Of the 3,000 planned jobs at the Kia Motors Mexico plant, 1,200 positions have been filled by local residents. The 14 partner firms from Korea that are entering the market along with Kia are also building plants in the vicinity and plan to hire a total of 11,000 new employees from the local community. The advancement of Korean companies has brought about significant changes in the area. Restaurants, convenience stores and other such businesses are opening one after another. What is more, the University of Nuevo Leon has recently started offering a Korean language course. Local media and residents are welcoming both Kia and Koreans, dubbing each of them, respectively, Pesque-Kia and Pes-Corea.

When its partner investments are added to Kia's direct investment of USD 1 billion in the building of the plant, the total project investment comes to USD 2.5 billion. Labor and facility input for building the plant also generated additional jobs and sales revenue back in Korea, while our partners will pursue business with local automakers, thereby seizing even more opportunities for growth. The direct number of 14,000 new jobs offered by Kia and its partner companies is estimated to contribute to more than 50,000 new jobs in total, including indirect employment, which will support the development of the local economy by boosting consumption through increased tax income for local governments. For its part, Kia also wants to give back to the local community. As a start, plans are in place for improving local education and medical aid to children with serious diseases. Mutual trust and favorable impressions between the company, its partners and local communities will fuel sustainable growth for everyone. M

World's 11th largest population
120,286,655 persons

World's 13th largest GDP
USD 1,232 billion

World's 7th largest automobile production volume
3.4 million units

Automobile market size (+19%)
1.35 million units

MEXICO

Population according to the Central Intelligence Agency (CIA), GDP as of 2015 according to the IMF, Automobile production and market size as of 2015 according to *El Economista* (Spanish edition of *The Economist*)

The fourth base for a brighter future

Geared Up for a N ew Start

Urban nights are replete with merry laughter under splendid lights brighter than the stars. When the sun rises, the festive night gives way to a tranquil daylight that reveals the quaint relics sitting next to colorful wall paintings covering the low walls of the city. Home to hardworking people who understand etiquette, treasure their friends, know how to show respect to others, and relish the pleasure of life, Mexico is more than just your average Latin American country. Mexico's sustainable economic growth is showing far more potential than other emerging markets that are suffering from acute slowdowns. Its geographic advantages and trade strengths have made the country a strategic location for the global auto industry, with many of the world's largest automakers having located production bases here. Consequently, sales and exports of automobiles are soaring in Mexico, and this is where Kia Motors has chosen to establish its fourth overseas production base.

Kia Motors Mexico

In Operation Since	Location	Annual Capacity	Makes	Job Creation	No. of Korean Partners Joining Kia in Mexico	Job Creation by Korean Partners
May 16, 2016	Pesqueria, Nuevo Leon	300,000 units	Forte, localized compact models	3,000 employees (planned)	14 companies	11,000 employees (planned)

Driven by Honesty, Fueled by Success

HEVs: hybrid electric vehicles
PHEVs: plug-in hybrid electric vehicles
EVs: electric vehicles
FCEVs: fuel cell electric vehicles

The 2018 R&D investment plan combines investments from both Hyundai Motor Company and Kia Motors Corp.

2020 Fuel Efficiency Improvement Roadmap

Efficiency

[Engines]
70 percent of the current 10-engine lineup to be upgraded with new turbo technologies

[Transmissions]
New transmissions under development for higher efficiency and multi-speed capability

[Lightweight]
An average of 5 percent reduction in car body weight

Green

[Scope]
Applicable to the entire lineup, launching green vehicle models

[No. of Models]
11 models

[Types]
HEVs (6 models), PHEVs (3 models), EVs (1 model), FCEVs (1 model)

Intelligent

[Safety · Convenience]
Higher safety with mass-produced models and the expanded application of ADAS technology

[Connected Car]
Advanced linformation communication technologies (ICT) and automotive semiconductors to be developed

[Autonomous Driving]
Realization of urban autonomous driving (UAD) by 2020 and fully autonomous driving by 2030

Two missions and three answers

What is the purpose of an automobile? The auto industry is completely breaking through the industrial paradigm of the past century. The revolutionary change that is now taking place has its roots in the pressing issue of mitigating climate change. It is widely accepted that the main culprit of this serious issue is the carbon emissions from automobiles. Furthermore, industrialization and urbanization have brought transportation into our daily lives, causing huge growth in the number of automobiles and traffic accidents. Hence, the research and development being carried out on automotive technologies has been consistently focused on improving the safety and convenience of our lives on the move.

For the sake of the environment, the ultimate goal of automobile technology evolution lies in zero emissions. This means that we should find new fuel sources other than fossil fuels. Admittedly, there are attempts to commercialize alternative regenerative energy sources, but the more feasible option is dropping combustion engines and replacing them with battery-charged electric vehicles (EVs) and fuel cell electric vehicles (FCEVs) that generate electricity on their own. The immediate remedy is hybrid engines because higher fuel efficiency reduces emissions, while improved internal-combustion engine vehicles (ICEVs) are another immediate alternative option.

So what is the answer to packed roads and careless driving? Intelligent cars may be the answer, as they have the capability to find the optimal route to steer clear of traffic jams and may even avert potential accidents with skillful assisted driving. Meanwhile, higher fuel efficiency is an additional benefit.

Each year, Kia Motors is steadily making progress on the journey along its fuel efficiency improvement road map and R&D investment plans that it proclaimed back in 2014. With the aim of raising average corporate fuel efficiency by 25 percent compared to 2014 levels by 2020, KRW 27 trillion will be invested in technology R&D by 2018. The first step began with improving the company's ICEV performance. We set the goal of replacing seven engines out of our line-up of 10 engines with next-generation gasoline and diesel engines featuring turbo technology. Multi-speed transmissions will also be added to achieve higher efficiency. Meanwhile, advanced high-strength steel (AHSS) and lightweight materials will be used to cut the gross weight of our vehicles by more than five percent compared to current levels. All types of eco-friendly vehicles, from hybrids and plug-in hybrids to EVs and FCEVs, will complete our green line-up that will total 11 models in 2020. We will also bring to market connected cars featuring autonomous driving by 2020.

Automobile Market Outlook:
Ministry of Trade, Industry and
Energy, KB Investment & Securities

Efficiency

Whether from an economic or an environmental perspective, fuel efficiency is an indispensable factor when choosing a car. Higher efficiency can be translated into low ownership costs, while the inverse correlation between fuel efficiency and carbon emissions is 99.9 percent. Ongoing innovations in powertrain development have continued to improve the performance of internal combustion engine vehicles (ICEVs) under the notion that the fossil fuel-driven market economy will be here for years to come. As ICEVs are forecast to still account for 50 percent of global annual automobile sales in 2030, there is still a lot of work to do. In any event, fuel efficiency know-how is still largely applicable to green vehicles as well. The three key factors that impact fuel efficiency are the engine, transmission and car body weight. At Kia, we have enhanced fuel efficiency by downsizing our gasoline engines while maintaining the same level of performance. At the same time, we have equipped diesel engines with purifiers to reduce air pollutants. R&D resources are also being channeled toward increasing the number of transmission gears and reducing vehicle body weight. Aerodynamic designs and idle stop & go (ISG) technology are helping to reduce fuel consumption while our tire pressure monitoring system (TPMS) is another critical part of our efforts to ensure maximum fuel economy and safety.

T-GDI Engine

A downsized engine with higher fuel efficiency and functionality is realized by combining a turbo charger with GDI technology.

Engine downsizing involves reducing engine capacity or the number of cylinders for higher fuel efficiency while maintaining or even improving power. Engine weight is critical to the overall weight and performance of a vehicle, and smaller engines lighten car body weight. A lower capacity engine, or one with fewer cylinders, results in higher fuel efficiency because there is less frictional resistance or loss of air during intake. The consequent loss in power is supplemented by a turbo charger that recirculates engine exhaust.

Another technology is gasoline direct injection (GDI), which directly injects fuel into the cylinders, thereby enhancing an engine's air absorption efficiency. Today, Kia has a complete lineup of GDI engines in all of its models. In 2015, we successfully developed T-GDI engine technology that combines GDI and turbo technologies for city cars (Kappa engine) and full-size cars (Lamda engine). In the coming years, T-GDI engine technology will be phased in to the full lineup of Kia vehicles, while conventional engines will be replaced with next-generation powerplants that boast optimal fuel efficiency performance.

Direct injection and turbocharger technologies were originally developed for diesel engines to increase performance in terms of power and fuel efficiency. However, this also resulted in a critical drawback—air pollutant emissions. Advanced technologies have effectively dealt with this problem. Diesel oxidation catalysts and diesel particulate filters (DPF) eliminate carbon monoxide (CO), hydrocarbon (HC), and particulate matter (PM) by 90 percent. In particular, the Lean NOx Trap (LNT) that Kia successfully developed in 2014 cuts down on nitrogen oxide (NOx) emissions by 56 percent compared to conventional models. In fact, Kia Motors' ceaseless R&D efforts have resulted in the development of exhaust gas recirculation (EGR), LNT and selective catalytic reduction (SCR) technologies, which collectively meet the requirements of the latest European diesel engine emission legislation, EURO-6, which took effect in September 2014. These technologies are currently applied to Kia's cee'd, Venga, Rio (Pride), Forte/Cerato (K3), Soul, Carens/Rondo (Carens), Sportage, Mohave and Grand Carnival/Sedona (Carnival), while all Grandbird commercial buses will soon be fitted with diesel engines.

Transmissions

Multi-Speed & CVT

7%

Combining the strengths of manual and automatic transmissions,
DCT improves fuel efficiency by 5 to 7 percent compared to automatic transmissions
with the same number of speeds.

Transmissions transform the mechanical power generated from the engine into the spinning power that is required to maintain an automobile's speed before transmitting it to the wheels.

Multi-speed transmissions can better optimize a vehicle for more specific driving conditions, thus enhancing fuel economy, acceleration performance, and the overall driving experience. More gears, however, mean greater weight, so downsizing should accompany multi-speed gears. While a gear-free continuously variable transmission (CVT) results in a decline in transmission performance and driving experience, CVT boasts higher fuel efficiency and allows for smoother gear shifts. Kia Motors developed its own CVT technology in 2012 and a seven-speed, double-clutch transmission (DCT) in 2014. In 2015, the company completed development of a new transmission for full-size vehicles: a front-wheel drive 8-speed transmission. Currently under development is a new model with higher fuel efficiency and equipped with a rear-wheel drive 8-speed transmission that features improved transmission efficiency and less internal friction.

Realizing both the fuel economy of manual shifts and the convenience of automatic transmissions, DCT improves fuel economy by 5 to 7 percent compared to automatic transmissions. The 8-speed automatic transmission boasts a gear ratio improvement of 34 percent compared to a six-speed transmission, while it is 3.5 kg lighter with improved start and acceleration performance in the low-speed gear range and also features improved gas mileage and drivability in the high-speed gear range.

Kia Motors selectively applies multi-speed transmissions and CVTs according to their strengths and the particular characteristics of any given model. The seven-speed DCT, which shows improved fuel efficiency and drivability compared to the six-speed DCT, is applied to the new Optima (K5) and Sportage that were rolled out in 2015, while the CVT is applied to city cars and compact cars which are focused on high fuel economy. At the moment, Picanto (Morning) and Ray feature the CVT. The next-generation Cadenza (K7), which was launched in January 2016, employs an 8-speed automatic transmission.

Body

Lightweight

-5%

The percentage of vehicle body weight reduction by 2020 through increasing
the use of AHSS and lightweight materials

A lighter car can go farther with the same amount of power than a heavier one, and that means higher fuel efficiency. Not only that, cars that are 10 percent lighter result in a 3 percent improvement in fuel economy, with 8 percent better acceleration and a 19 percent improvement in steering performance. This fact explains why a lightweight car body is imperative, provided that it simultaneously meets safety regulations and economies of scale. That is why we have tested millions of materials and engineering methodologies as well as every vehicle component, from car bodies and their structures to the tiniest parts.

Sheet metal usually accounts for the bulk of a car's weight. Kia is increasing the use of advanced high-strength steel (AHSS), which is lighter than regular automotive steel sheets, while applying hot stamping technology that enhances flexibility and strength. The proportion of AHSS applied on our mid-sized models surged from 20 percent in 2012 to over 50 percent in 2015. In fact, the Optima (K5), Sportage and Cadenza (K7) use 51 percent AHSS while the Niro Hybrid Utility Vehicle uses 53 percent.

Additionally, we are increasingly focused on the use of aluminum, which is 30 percent lighter than steel, and carbon fiber reinforced plastics (CFRP), which are 30 percent lighter than aluminum. The remaining issue is the cost, as both are much more expensive than steel—threefold for aluminum and 20-fold for CFRP. We are considering their application by cutting down the procedural steps and developing new methodologies. We are also expanding the use of aluminum in car bodies and chassis as well as powertrains and wheel parts, while applying CFRP to the panorama sunroof frames on the Sorento and Optima (K5).

Our 2020 Fuel Efficiency Improvement Roadmap declares that we will achieve more than a 5 percent reduction in total car body weight. To that end, Kia Motors plans to expand the use of AHSS to up to 62 percent by 2018 while applying lightweight materials including aluminum, expanded plastics and CFRP.

PRODUCT LIABILITY

Green vehicle market size and outlook according to the Korea Automotive Research Institute (KARI) and J.D. Power and Associates

Green

Amid escalating regulatory pressures on fuel efficiency across advanced economies, the Paris Climate Change Conference reached an agreement on the alleviation of climate change in November 2015. Today, the conventional ICEV seems to be out of date under the stricter regulations. This becomes obvious when looking at market trends in 2015. Although the green vehicle market size was steady at two million vehicles, the number of EVs and PHEVs grew by 73 percent and 88 percent, respectively. From 2009 to 2014, the green vehicle market achieved an annual growth rate of 22 percent on average. With HEVs taking the lion's share, PHEVs and EVs are also growing tremendously. As green vehicle sales are expected to bounce back in 2016, the market size is predicted to increase to five million vehicles by 2020. Forecasts vary by institution, but the unanimously held belief is that there will be growth. The new Paris Agreement will also accelerate the green vehicle trend with both support and strengthened regulations.

In step with this trend, Kia Motors has been producing EVs and HEVs under our EcoDynamics sub-brand. In 2015, the second generation Optima (K5) Hybrid made it to the market, while 2016 will see the launch of the company's first dedicated eco-friendly model, the Niro Hybrid Utility Vehicle, as well as the Optima (K5) PHEV and second-generation K7 Hybrid. With the plan of adding a PHEV to the Niro lineup, Kia's green vehicle model lineup will grow to 11 models covering all types of alternative powertrains by 2020. As such, we are turning possibilities into reality through sizeable investments and the intensive testing required for protecting the environment.

HEVs

Hybrid Electric Vehicles

+45.8%

Optima (K5) HEV's fuel efficiency enhancement over gasoline variants

As their name implies, hybrid electric vehicles (HEVs), or hybrids, have two power sources: an ICE and an electric motor. Powered by an electric motor with high energy conversion efficiency, hybrids are more powerful and deliver higher fuel efficiency than ICEVs. Their alternative dual power source allows HEVs to use regular fueling stations as well.

Kia Motors released the Optima (K5) HEV in 2011 and K7 HEV in 2013, each of which was outfitted with a parallel hard-type hybrid system. A hard-type HEV is powered by the motor only at low speeds, but Kia's technology developed in-house is a parallel hybrid system that features a motor between the engine and transmission to achieve better power performance with competitive fuel efficiency. Its lithium-ion polymer battery (a main determinant component of HEV performance) and quadripartite safety design mean that it is safer and 30 percent lighter than the nickel-metal hydride (Ni-MH) batteries found in other hybrids on the market.

Employing a hybrid-exclusive 2.0 GDI engine and six-speed transmission, the all-new Optima (K5) HEV was released in 2015. Its aerodynamic design realized an industry-low 0.24 Cd of drag coefficient and a 4.5 percent increase in fuel efficiency compared to the first-generation model, or 45.8 percent greater fuel efficiency than the gasoline counterpart (2.0 CVVL with 16/17" tires). It also emits a mere 91 g/km of CO_2 emissions.

Launched in March 2016, the Niro is a compact hybrid SUV that is Kia's first dedicated green model. From the design and planning stages, the model was conceived from an entirely eco-friendly perspective and is equipped with a hybrid-exclusive 1.6 GDI engine, six-speed DCT and various technologies that improve its fuel efficiency. Kia Motors shares all of these R&D efforts with its partners to localize electric power component technologies, laying the foundation for the sustainable advancement of its technological competitiveness while simultaneously supporting the competency-building of its partners.

EVs

Electric Vehicles

148 km

Soul EV's per-charge driving range,
which translates into fuel efficiency of 44.6 km/ *l*

EVs run solely on electric energy supplied to the motor by a high-voltage battery, so they are not only emission-free but also twice as energy-efficient as ICEVs. But there's one unsolved issue: EVs can only travel between 100 and 190 km per charge due to battery size limitations for use in automobiles.

In 2014, Kia Motors launched its second EV, the Soul EV, three years after the release of the Ray EV. Powered by an 81.4 kW motor, the Soul EV boasts a maximum output and torque of 111 ps and roughly 285 Nm, respectively. Its 27-kWh lithium-ion battery boasts the highest level of energy density (200 Wh/kg) in its class. The EV heat-pump system supplements the battery's falling efficiency at low temperature by reusing the waste heat from the refrigerant circulation process or the electronic components to heat the vehicle cabin. The bio plastics applied to the interior and harmless eco-friendly paint have earned Soul EV the Environmental Claim Validation badge from Underwriters Laboratories (UL). Furthermore, its flat, low-rise battery is embedded under the seat for uncompromised interior space. Capable of traveling up to 148 km per charge, which translates into fuel efficiency of 44.6 km/ *l* , a full charge takes about 24 minutes with a high-speed charger, or four hours and 20 minutes using a regular charger.

The Soul EV topped all EV sales in Korea for the second year in a row with a market share of 40 percent in 2015. It was named 2015 Automobile of the Year in Norway, where 20 percent of all annual car sales are green vehicles, with a large share occupied by EVs. Soul EV also earned the titles "Best New City Car" and "Green Vehicle of the Year" in Canada in the same year. Based on the lessons learned from the Ray EV and Soul EV, Kia Motors will continue investing into enhanced system efficiency and battery performance in order to double the travel distance of EVs.

FCEVs

Fuel Cell Electric Vehicles

690 km

Mohave FCEV's per-charge driving range

Powered by the electricity generated through the chemical reaction between hydrogen and oxygen, FCEVs are completely emission-free—water is the only by-product—with three-times higher energy-efficiency than ICEVs. Their charging speed outpaces that of EVs (as fast as pumping gas) and their per-charge driving range is around 600 km. However, the high cost of manufacturing FCEVs and the lack of hydrogen fueling station infrastructure are the current obstacles to widespread proliferation of FCEVs in the market.

Kia's R&D efforts aimed at fuel cell technology date back to 1998. Ten years later, the company introduced the second-generation Mohave FCEV, whose durability and technological superiority were proven by the successful completion of the 2,655-km U.S. Hydrogen Road Tour in 2009. Equipped with a 115 kW fuel cell stack (a generator that converts energy created by the reaction between hydrogen and oxygen into electric power) and a 700-bar hydrogen storage unit, it can travel up to 690 km on a single charge at a maximum speed of 160 km/h. Its low-temperature stability allows for cold-start protection at a temperature of -20℃. Designed to minimize damage to the hydrogen tank and pipes in the event of rear-end collisions, and equipped with a sensor to detect hydrogen leaks caused by impact, the vehicle meets U.S. collision safety requirements.

In 2015, Kia Motors completed the localization of all its FCEV system components and is now collaborating with 200 partners for downsizing the stacks and finding solutions for cost reduction. In January 2015, the company created the Gwangju Creative Economy Innovation Center in partnership with the Gwangju municipal government. The center was established to encourage business-local government partnerships by supporting regional startups and projects. As of January 2016, the center had completed an energy charging station for both FCEVs and EVs. The hydrogen refueling infrastructure will be expanded when the CNG and LPG stations are equipped with fuel processors by the end of the year.

Autonomous driving car market outlook according to Yano Economic Research Institute

Intelligent

The frequent star of sci-fi movies, the self-driving car, will be a reality by 2030. Partially autonomous driving vehicles will be on the market starting in 2016 and the market size for vehicles equipped with autonomous driving technologies is predicted to total 2.6 million units by 2020. Some automakers, partnering with IT developers, are accelerating their R&D efforts and setting the goal of rolling out the first autonomous driving vehicles by between 2018 and 2020. Admittedly, advances in technology have given rise to these ideas of realizing the sci-fi film model, but the more urgent issues behind this trend are the growing populations and aging societies that have pushed up the number of traffic accidents. Now, automobiles are expected to steer clear of accidents as much as possible while tackling parking space issues to optimize traffic and fuel consumption.

With the aim of fully commercializing autonomous driving technologies by 2030, Kia Motors took its first step toward realizing this goal by launching its in-house developed DRIVE WiSE smart car technology sub-brand in 2016. DRIVE WiSE smartly integrates ADAS (Advanced Driver Assistance System) and IT technologies to eliminate accident risks at source, assist drivers with information on surrounding conditions, and ultimately enable cars to smartly drive themselves. A total of KRW 2 trillion in investments have been committed to smart car R&D up to 2018, with the goal of commercializing urban autonomous driving by 2020 and fully autonomous driving by 2030.

Safety

Crash Testing

8 models

Number of models that passed safety tests at home and abroad

Safety is essential to automobiles as it has a bearing on human life. Therefore, crash-resistance performance is a telltale indicator of the strength of a car body. Kia Motors has its own crash test laboratories at its Hwaseong plant and Namyang R&D Center where tests are conducted for a wide range of car accident scenarios. From the initial stages of product development, numerous crash test computer simulations are conducted and over 100 actual crash tests are carried out before releasing a new model. Test variables such as passengers' possible reactions upon impact as well as their physical traits, including weight and height, are accounted for, while special focus is placed on women and children, both of whom are more susceptible to injuries than adult men.

Kia Motors continues strengthening the safety performance of new or updated models every year. The all-new Optima (K5) released in 2015 boasts more than two times (from 20 percent to 51 percent) the use of AHSS than the preceding model. It also features hot stamping technology that heats steel up to 900℃ before quenching to improve strength while also securing flexibility with partial slow cooling. At the same time, improved cohesiveness of the car body is achieved with the use of structural adhesive. In addition, emergency fastening device (EFD) technology makes sure the pelvis part of a seatbelt fits snugly against the passenger's lower body in certain frontal collisions. All seats' safety systems have been improved with the addition of an ISOFIX system for child seats and a driver's knee-level airbag. As a result, the Optima (K5) received top marks from the Korea New Car Assessment Program (KNCAP) and Euro NCAP. The Sportage was another Euro NCAP top-performer. The Soul EV also earned top scores from the KNCAP, while the K4 and KX3 earned top ratings from China's NCAP. At the beginning of 2016, the Sorento, Carnival, and Soul were named as Top Safety Picks following collision tests conducted by the Insurance Institute for Highway Safety (IIHS) in the U.S.

ADAS

Advanced Driver Assistance System

3 steps

The three steps of ADAS technology, which recognizes and judges surrounding conditions and controls vehicles

The notion of automotive safety is evolving from protecting passengers in the event of accidents to averting car accidents in the first place, and ADAS epitomizes this technological development. For instance, driver-warning and automatic-braking/steering functions are already on the market. Work is now being done to upgrade and integrate these ADAS technologies to discern surrounding conditions and to control the vehicle in three steps to realize fully autonomous driving.

Kia Motors is applying diverse ADAS technologies to its mass production vehicles in preparation for the future. Vehicle stability management (VSM), which allows the vehicle to stabilize itself when accelerating or braking suddenly on uneven roads, is now applied to almost all Kia models. Blind spot detection, which warns of any impending intrusion by another vehicle into any of the blind spots, is equipped on Cerato (K3), Optima (K5), Optima (K5) Hybrid, Cadenza (K7), K7 Hybrid, Quoris/K900(K9), the Sportage, Sorento, Mohave and Sedona/Grand Carnival (Carnival). Forward collision warning system (FCWS) is available on the Sorento, Mohave and Sedona/Grand Carnival (Carnival). Autonomous emergency braking (AEB) is one of the key technologies that prevents accidents and will be applied to the entire Kia lineup by 2020. At the moment, the Quoris/K900 (K9), Optima (K5), Optima (K5) Hybrid and Sportage employ this feature.

Advanced smart cruise control (ASCC), which helps cars keep a safe distance between other vehicles, is a basic technology for realizing autonomous driving. Kia is expanding its application, and ASCC is now available on the Sorento, Optima (K5) and Optima (K5) Hybrid, as well as the Cadenza (K7) and Quoris/K900 (K9). A lane departure warning system (LDWS) is featured on the Optima (K5), Cadenza (K7), Quoris/K900 (K9), Optima (K5) Hybrid and all SUVs.

DRIVE WiSE

Hassle-free, Delightful Driving

Future of DRIVE WiSE

Commercialization of urban autonomous driving by 2020 and fully autonomous driving by 2030

Kia Motors has successfully developed partially autonomous driving features that combine the latest IT and ADAS technologies, and is now set for mass production. The latest DRIVE WiSE features include gear shift, speed control and remote control. Also available is highway driving assist (HDA), which monitors speed, safe distance and lanes, and controls the vehicle in connection with the embedded navigator. Traffic jam assist (TJA) enables cars to maintain a safe distance from other vehicles, stay within lanes, follow preceding vehicles, and effectively respond to abrupt cut-ins.

With the aim of realizing fully autonomous driving by 2030, Kia is also busy developing technologies for application to mass production vehicles, including next-generation sensors that will enable faster commercialization. Unveiled at the 2016 CES, the Autonomous Soul EV is the same model as the Soul EVs already on the market, except for one type of sensor: LiDar (Light Detection and Ranging). Featuring highway/urban autonomous driving, traffic jam assist (TJA), emergency stop system (ESS), preceding vehicle following (PVF), and autonomous valet parking functions, the Autonomous Soul EV utilizes a GPS and precise digital map to comprehend the exact location of the vehicle before checking the surroundings with sensors embedded on the front/rear/side of the car body, and finds the optimal route based on the collected information to drive smoothly with precise control technology. The recent acquisition of a U.S. State of Nevada autonomous driving license in December 2015 is serving as momentum for Kia Motors, which is increasing real-world testing to build up its database of variables.

Kia Motors also offers UVO e-Service featuring automatic emergency calling, vehicle self-diagnosis, and parking location check. R&D efforts are being aimed at other technologies such as vehicle to everything (V2X) communication that allows vehicles to communicate with other vehicles and/or infrastructure, as well as phone connectivity technology that allows smart devices to control automobiles. M

PRODUCT LIABILITY

Safety & Green certifications

Kia Motors boasts a complete lineup of passenger cars, recreational vehicles (RVs) and commercial vehicles whose eco-friendliness and safety are verified through domestic and international assessments and certifications.

Green Innovation for Safety

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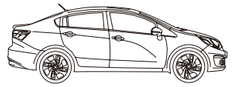

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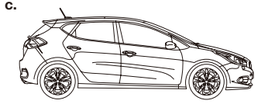

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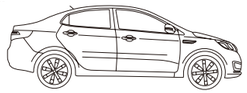

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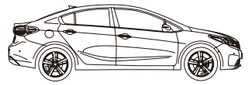

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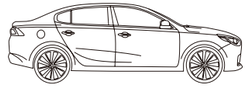

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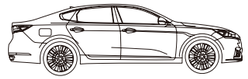

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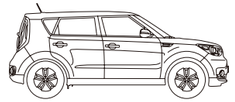

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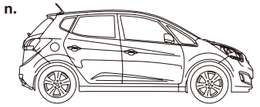

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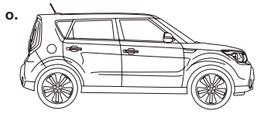

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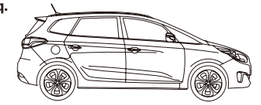

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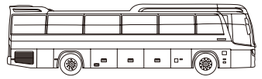

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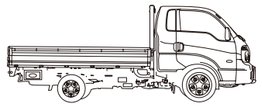


LCA (Life Cycle Assessment) is an international standard (ISO 14040) for a product's potential environmental impact throughout its life cycle, from production and use to disposal. (Related information: p. 49)

CO_2 Carbon Footprint Labeling is a Korean standard on greenhouse gas emissions of a product across its entire life cycle. (Related information: p. 49)

IIHS The Insurance Institute for Highway Safety (IIHS) conducts regular crash tests of all vehicles released in the U.S. A vehicle that passes five crash test assessments is named a "Top Safety Pick" of the year. This page shows only TSP-earners. (Related information: p. 37)

NCAP The New Car Assessment Program (NCAP) evaluates the collision safety performance of new vehicles. The Korean version is KNCAP, while in Europe it is the Euro NCAP and in China it is CNCAP. This page shows only the highest five-star earners. (Related information: p. 37)

Combined fuel economy: a new energy-efficiency standard that is calculated by combining city/highway-driving energy-efficiency, while also taking in consideration actual driving conditions in Korea. Measured in a standard mode, fuel economy can vary with driving conditions (road conditions, driving habits, loads, vehicle maintenance, and outdoor temperature). Some market-specific strategic models (Europe, China) have CO_2 emission figures as per local market regulations.

Sedans

a. Picanto (Morning)
LCA CO_2

Combined fuel economy: 16.2 km/ℓ
(City: 15.0 km/l, Highway: 17.9 km/ℓ)
Combined CO_2 emissions: 104 g/km
(1.0 Gasoline M/T; 14-inch wheels)

b. Rio (Pride)
LCA CO_2

Combined fuel economy: 19.0 km/ℓ
(City: 17.4 km/ℓ, Highway: 21.4 km/ℓ)
Combined CO_2 emissions: 100 g/km
(1.4 Diesel M/T; 15-inch wheels)

c. cee'd
LCA

Fuel economy: 78.5 MPG(3.6 ℓ/100 km)
CO_2 emissions: 94 g/km
(1.6 Diesel ISG M/T; Euro 6)

d. K2
Fuel economy: 6.5 ℓ/100 km
(1.4 A/T; 14-inch wheels)

e. Forte/Cerato (K3)
CO_2

Combined fuel economy: 19.1 km/ℓ
(City: 17.6 km/ℓ, Highway: 21.2 km/ℓ)
Combined CO_2 emissions: 100 g/km
(1.6 Diesel 7DCT_ISG A/T; 16-inch wheels)

f. K4
NCAP

Fuel economy: 7.5 ℓ/100 km
(2.0 A/T; 17–inch wheels)

g. Optima (K5)
LCA CO_2 NCAP

Combined fuel economy: 16.8 km/ℓ
(City: 15.5 km/ℓ, Highway: 18.7 km/ℓ)
Combined CO_2 emissions: 115 g/km
(1.7 Diesel 7DCT_ISG A/T; 16-inch wheels)

h. Cadenza (K7)
CO_2

Combined fuel economy: 14.3 km/ℓ
(City: 12.4 km/ℓ, Highway: 17.5 km/ℓ)
Combined CO_2 emissions: 133 g/km
(2.2 Diesel A/T; 17-inch wheels)

EcoDynamics

i. Quoris/K900 (K9)
LCA CO_2

Combined fuel economy: 9.6 km/ℓ
(City: 8.1 km/ℓ, Highway: 12.3 km/ℓ)
Combined CO_2 emissions: 186 g/km
(3.3 GDI A/T; 18-inch wheels)

j. Optima (K5) Hybrid
LCA CO_2

Combined fuel economy: 17.5 km/ℓ
(City: 17.0 km/ℓ, Highway: 18.2 km/ℓ)
Combined CO_2 emissions: 91 g/km
(2.0 GDI HEV A/T; 16–inch wheels)

k. K7 Hybrid
CO_2

Combined fuel economy: 16.0 km/ℓ
(City: 15.4 km/ℓ, Highway: 16.7 km/ℓ)
Combined CO_2 emissions: 106 g/km
(2.4 HEV A/T; 17-inch wheels)

l. Soul EV
LCA CO_2 NCAP

Combined fuel economy: 5 km/kWh
(City: 5.6 km/kWh, Highway: 4.4 km/kWh)
Combined per-charge driving range: 148 km
(EV; 16-inch wheels)

RVs

m. Ray
CO_2

Combined fuel economy: 13.5 km/ℓ
(City: 12.3 km/ℓ, Highway: 15.2 km/ℓ)
Combined CO_2 emissions: 128 g/km
(1.0 Gasoline A/T; 14–inch wheels)

n. Venga
LCA

Fuel economy: 64.2 MPG (4.4 ℓ/100 km)
CO_2 emissions: 115 g/km
(1.6 Diesel ISG M/T; Euro 6)

o. Soul
LCA CO_2 IIHS

Combined fuel economy: 15.8 km/ℓ
(City: 15.3 km/ℓ, Highway: 16.5 km/ℓ)
Combined CO_2 emissions: 123 g/km
(1.6 Diesel A/T; 16-inch wheels; Euro 6)

p. KX3
NCAP

Fuel economy: 7.6 ℓ/100 km
(2.0 2WD A/T; 17-inch wheels)

q. Carens/Rondo (Carens)
LCA CO_2

Combined fuel economy: 15.7 km/ℓ
(City: 15.0 km/ℓ, Highway: 16.8 km/ℓ)
Combined CO_2 emissions: 123 g/km
(1.7 Diesel ISG A/T; 16-inch wheels; Euro 6)

r. Sportage
LCA NCAP

Combined fuel economy: 15.0 km/ℓ
(City: 14.2 km/ℓ, Highway: 16.1 km/ℓ)
Combined CO_2 emissions: 125 g/km
(1.7 Diesel 2WD ISG A/T; 17–inch wheels)

s. Sorento
LCA CO_2 IIHS NCAP

Combined fuel economy: 13.5 km/ℓ
(City: 12.4 km/ℓ, Highway: 15.3 km/ℓ)
Combined CO_2 emissions: 146 g/km
(2.0 Diesel 2WD ISG A/T; 18-inch wheels)

t. Mohave
Combined fuel economy: 10.7 km/ℓ
(City: 9.3 km/ℓ, Highway: 13.1 km/ℓ)
Combined CO_2 emissions: 189 g/km
(3.0 Diesel 2WD A/T; 18-inch wheels; Euro 6)

Commercial Vehicles

u. (Carnival)
Grand Carnival/Sedona
LCA CO_2 IIHS NCAP

Combined fuel economy: 11.5 km/ℓ
(City: 10.4 km/ℓ, Highway: 13.3 km/ℓ)
Combined CO_2 emissions: 174 g/km
(2.2 Diesel 9-passenger A/T; 18-inch wheels)

v. New Granbird
Euro 6

w. Bongo III
Combined fuel economy: 10.0 km/ℓ
(City: 9.9 km/ℓ, Highway: 10.2 km/ℓ)
Combined CO_2 emissions: 201 g/km
Standard Cab (1.0 t) Diesel M/T) M

Details on the fuel economy and CO_2 emissions of each Kia vehicle are available on the Kia Motors website.

Green-certified models are based on cumulative performance/findings and safety-certified models are based on 2015 performance results/findings.

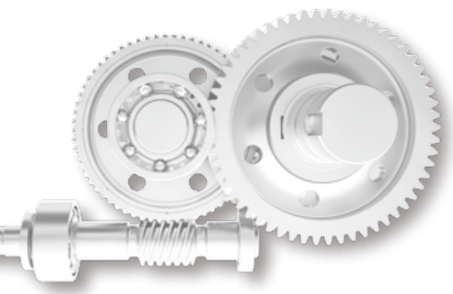
S

Service Center Renovation

Quality control and service correlate with customer satisfaction. A single experience of riding a car or a visit to a service shop can either earn or lose a customer's trust in an automobile brand. This is why we have in place multi-step procedures to monitor the quality of our products during the R&D stages of product planning. Heeding the thoughts of customers on our vehicles through dedicated channels, we always make sure that all customer feedback is sincerely addressed. Developed on the basis of our customer needs analysis, our service activities are crosschecked by customer feedback and external evaluations. We make progress each year in our quality control and service offerings to meet the satisfaction of customers based on an established protocol of customer-oriented feedback that allows us to address issues and demands in a prompt manner.

Progress in quality control and service

Reliability Both Ways



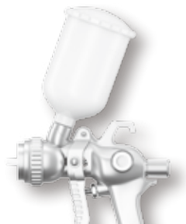
Space Renovation for Enhanced Service Quality

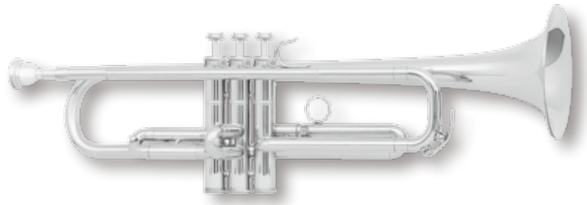
Appropriate maintenance checks and service on a regular basis are critical to the performance of automobiles, making vehicles inextricably tied to service centers. Consequently, a single experience there can leave a long-lasting impression. Chances are high that convenient and agreeable maintenance service provided by professional technicians who are also considerate will elicit customer returns or even customer referrals. To that end, Kia Motors is improving its service quality management in the three fields of software (service), human resources (professionals), and hardware (facilities).

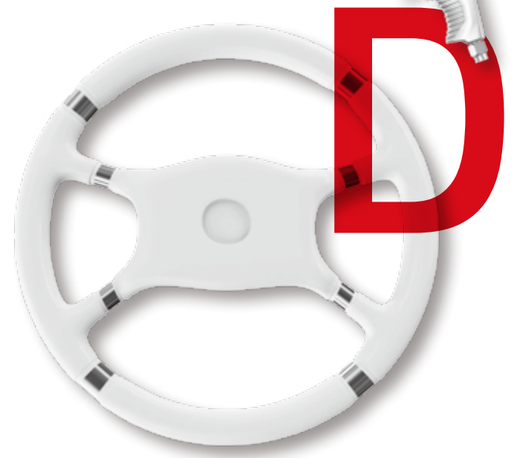
Evolution of Service Centers

Kia Motors serves its customers in Korea at their convenience through its 19 regional service centers and 800 repair shops nationwide. Since 2010, our regional service centers have been revamped to become a more leisurely place where customers enjoy spending time. By 2015, all 19 centers had relocated to enhance accessibility. They also remodeled their interiors. The new customer lounges at these centers feature a cozier, more stylish interior design that is reminiscent of a hotel lounge. Other special features include female-exclusive lounges and cafes. In consideration of local demographic and preferences, each center offers different service campaigns and programs by region. Furthermore, the Kia Motors regional service centers hold music concerts and artwork exhibitions in support of local culture. In particular, the Gangseo Service Center's English Library for Children has earned a highly favorable response from the local community.

Also available is a test drive service at the 18 Kia driving centers nationwide that were completed by 2014. In 2015 alone, 50,798 customers participated and 20 percent of them sat down to sign a contract to buy one of our vehicles. Starting in October 2015, we added six new test drive pickup points to expand the customer experience. In the meantime, we plan on adding more test drive pickup points, while transforming these driving centers into a service complex where customers can experience the full range of products and brand power of Kia Motors. At our service centers, resident master workmen are on hand to provide advisory and repair services to customers (Advisor Program), and all our engineers and technicians are required to specify their names on the car repair specification report. Additionally, customers can have their cars picked up and dropped off at the time and location of their choice simply by applying for the Door-to-Door Repair Service by phone or online.







D

Driving Center

RED SEMS

Seamless Transfer of Service to a Mobile Platform

With the aim of providing ubiquitous service, Kia Motors adopted modern conveniences to its service activities in 2012. Starting with remote diagnostics and emergency roadside services available on smartphones, Kia introduced a mobile application for vehicle maintenance (Q-Friends) in 2013, allowing customers to make reservations for repair services or receive updates on their car maintenance status. A tablet-based consulting service was also launched that same year. One year later, the tablet-based service evolved into a mobile-based vehicle diagnostic device (GDS-mobile). In 2015, the entire vehicle maintenance service process became available on mobile devices, from entering the service center to leaving it.

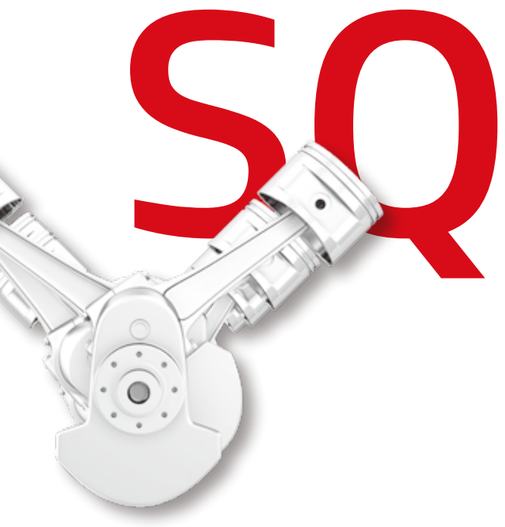
Called RED SEMS (RED Service Experience Management Solution), this application has significantly enhanced convenience and transparency every step along the service journey. Before starting repair services, customers are provided with photographic evidence of the parts requiring repair and maintenance, along with an estimated budget and duration required for repair, as well as an explanation of the specific repair procedures. After the repairs are completed, comparison photos are sent to the customers. Data collected from this process is shared with the Quality Control Headquarters to prevent the same quality issues from occurring in the future and to collect database information for future improvements to our vehicles.

To that effect, Kia Motors has provided approximately 2,500 tablet PCs equipped with the RED SEMS application to all 800 repair shops and 19 regional service centers.

Customer satisfaction and CS training results: p. 78

Front-end Loading System

SQ: Safety·Quality



Quality Control System

For Kia Motors, every vehicle we develop must adhere to stringent internal quality and safety standards. Kia Motors has established the SQ (Safety/Quality)-Standard and operates the SQ-Cluster, which enables company-wide collaboration on any quality issues. Top management has been presiding over all monthly product quality meetings with executives in charge of product development and manufacturing since 1999.

At Kia Motors, quality management begins in the pre-project planning stage. Called front-end loading design, this system for quality verification is employed at the Pilot Center of the Group's Namyang R&D Center. In operation since 2003, the Pilot Center simulates the manufacturing process of newly developed models under the exact same conditions as future mass-produced models. Any defects detected during this stage are addressed and reflected in the new model blueprints.

Today, newly developed models have one more gateway to pass through before entering mass production: the Global Quality Control Center. Opened in 2014, the center is the control tower of company-wide quality verification testing. All related engineers from the R&D Center, production lines, quality control headquarters and production technology center, in addition to components suppliers, convene for a comprehensive and preliminary verification of every new model using high-tech equipment that allows cross-checks on the actual vehicle components and blueprints. After reviewing the production process and verifying the functionality of new models at the in-house test chambers and test tracks, they disassemble the vehicle to check the individual components and their assembly conditions. The analysis and review results are displayed in real-time on monitors during a company-wide video conference.

The Global Quality Control Center reviews and improves the quality of our products from customers' perspective. In addition to the review, the center also studies competitors' vehicles to get a grasp of exactly what customers want from our products. The results and feedback are relayed to the R&D Center for future improvements. Any issues arising despite these meticulous and pre-emptive quality control efforts are directed around the clock to the Global Tower Control, which then relays reports to the relevant technical teams within 24 hours. Solutions found from cross-departmental collaboration are also shared through our global network to prevent future recurrence.

2015 Achievements & 2016 Goals

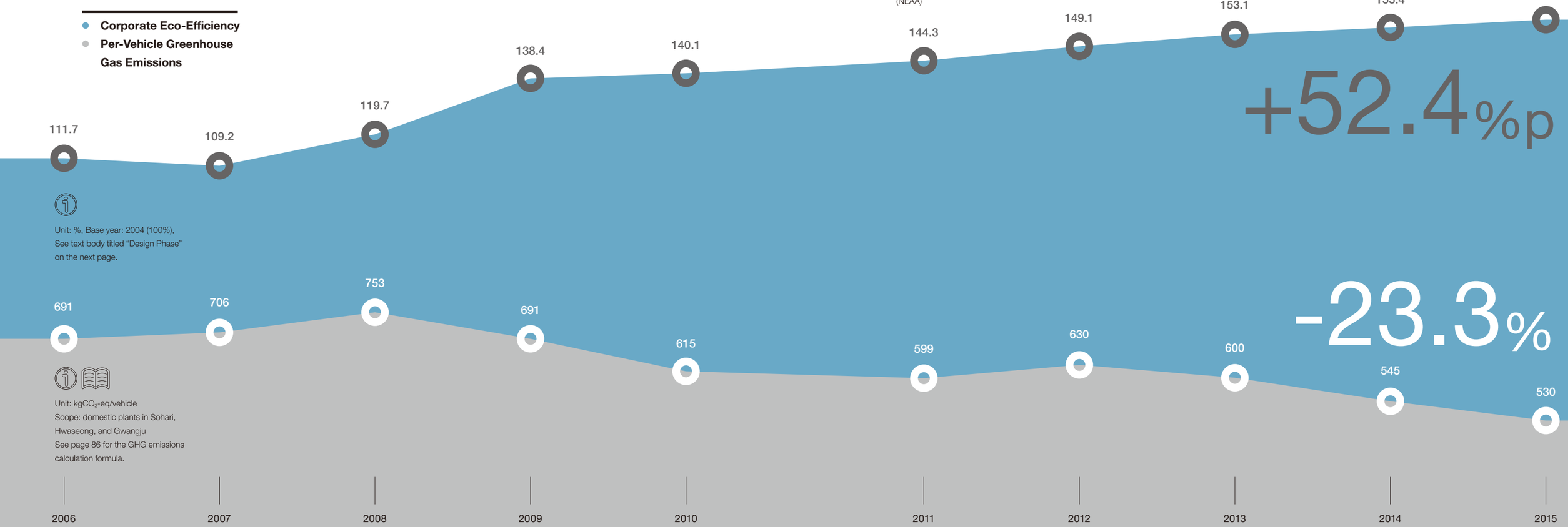
The Kia Sorento and Soul topped their respective categories in J.D. Power's 2015 Initial Quality Study (IQS), while the Kia Motors brand topped both J.D. Power's IQS (among non-premium brands) and *Auto Bild*'s Quality Report 2015. Also, Kia's Gwangju plant received J.D. Power's Global Plant Quality Award in the Asia-Pacific region. The 2015 Sportage model topped the IQS in China by the same agency. At the same time, the K2, Forte/Cerato (K3), and KX3 came out on top in their respective segments in the China Quality Association's Automobile Customer Satisfaction Index (CACSI), with the KX3 being named the 2015 New Model of the Year. Furthermore, Kia Motors ranked second in J.D. Power's Vehicle Dependability Study in the U.K., while the cee'd beat out the competition in the compact car segment according to the same study.

By surveying actual car owners, the results of these studies and rankings carry a high level of credibility, and hence provide us with an opportunity to confirm our current status in the market and to collect customer feedback. By taking into account the voices of customers at various contact points, we are continually raising the bar of our quality performance to further improve customer value and increase our overall ranking. M

In December 2015, representatives of 195 nations reached an agreement during the Paris Climate Change Conference on sharing their burdens to limit the increase in global average temperature to well below 1.5°C above pre-industrial levels, starting in 2020. In fact, the Earth's 2015 surface temperature was 1°C higher than pre-industrial temperature levels, according to a release by the National Oceanic and Atmospheric Administration (NOAA) and National Aeronautics and Space Administration (NASA) in January 2016. That gives us only a 0.5°C gap left to cover. Meanwhile, carbon dioxide emissions increased just 0.5 percent year on year in 2015, a significant drop in the growth rate compared to previous years. While the future has yet to come, the present is in our hands. If everyone does what they can, we firmly believe we can bring about change and attain lofty goals. For Kia, green management practices represent the first step.

Responsible use and emissions

Caring for Our Planet



Unit: %, Base year: 2004 (100%),
See text body titled "Design Phase" on the next page.

Unit: $kgCO_2$-eq/vehicle
Scope: domestic plants in Sohari, Hwaseong, and Gwangju
See page 86 for the GHG emissions calculation formula.

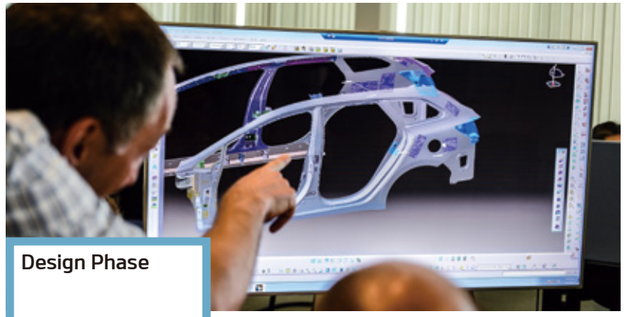
Our Environmental Approach

Since our declaration of commitment to global environmental management in 2003, Kia Motors has established a comprehensive framework that includes the underlying philosophy and implementation initiatives needed to attain a compatible balance between corporate growth and environmental stewardship. To that end, the entire value chain of our operations, from R&D and logistics to production, sales and customer service carry out action plans by field and report major issues and progress to top management. In addition to manufacturing green vehicles, we also enhance the efficiency in resource use and emissions, all the while seeking ways of reducing emissions. Furthermore, we share our resource circulation system, from planning to disposal of automobiles, with business partners. Starting in 2012, GrEEN (Global responsible Environment Expert Network) discusses the latest developments in global environmental regulations, the environmental performance of Kia worksites, and possible improvement measures every year. All of these activities combine to help us put our performance in perspective and remind the company of our objectives and directions.

Environmental management key action plans and annual goals: p. 84
Environmental Management System on Production Lines: p. 89

2015 carbon dioxide emission growth rate released by the Netherlands Environmental Assessment Agency (NEAA)

An automobile designed to slash the input of resources and raw materials and to eliminate hazardous substance use is more environmentally friendly than those that do not. Raising efficiency and recyclability in consideration of the power source and air resistance as well as car body weight will further raise the eco-friendliness of a vehicle throughout its entire life cycle. This is what happens at Kia Motors every day, and our efforts to raise corporate eco-efficiency performance have been recognized by several domestic and international certification agencies. At the carbon capture pilot plant (annual CO_2 processing capacity of 18 tons) we built within the Namyang R&D Center in 2012, efforts aimed at developing carbon capture and regeneration technologies are underway. Our carbon capturing technology was already verified in 2013 and is expected to cut carbon emissions by 20,000 tons annually when applied to our production lines. Also under development are technologies for turning captured carbon into liquefied carbon dioxide (LCO_2) for welding and using CO_2 as fuel for making biomass materials such as micro-algae for automotive parts.



Green Design Procedures

Kia Motors operates an established digital system for the application of green design to its production lines. Referring to the in-house-built database on green design guidelines, vehicle designers check the environmental impact of materials before making any selections. Simplifying the component structure and improving materials streamlines the manufacturing process, while more recycling-friendly assembly methods are developed.

A three-dimensional model dismantling simulation is then conducted to assess how easily the vehicles can be dismantled and recycled. Based on the analysis results, the blueprints are modified, or components (or parts) are replaced with those featuring higher recyclability. Test models are later created for dismantlement verification to assess the duration of the dismantling process as well as the number of assembly factors involved, with the results compared against existing models. The test results form a reference database for future development of next-generation models.

International Material Data System (IMDS): Parts and materials management system operated jointly by automakers around the world to meet regulatory standards on hazardous substances. Through IMDS, raw material suppliers, parts suppliers, and automakers share information on the weight and chemical composition of automotive parts.

Chemical Substance Control

Restrictions on the use of the four key heavy metals—lead, mercury, cadmium, and hexavalent chrome—all ozone-depleting substances, and other hazardous chemicals, are now international regulations. In fact, Kia Motors bans at source the use of these four key heavy metals and has substituted them with alternative materials. All chemical substances and weight information collected through the International Material Data System (IMDS) are shared with Kia's in-house developed e-CMS (e-Chemical Management System) database. Based on the e-CMS, we have been controlling the chemical substance information of all components and parts used in every model and make produced since 2005. Kia also opens its e-CMS database to all its partner companies.

Environmental regulations around the world dictate the standards on automotive recyclability. Kia Motors is proactively responding to this with its self-developed ProdTect system, which allows for calculating the recyclability of our vehicles and serves as the base for its environmental assessments. Up until now, all Kia automobiles have met the requirements of recyclability certification and relative regulations in Korea, Europe, the U.S. and China. Released in 2015, the all-new Sportage and Optima (K5) Hybrid received these certifications.

Carbon Footprint Labeling

Year	Model
2009	Cadenza (K7)
2010	Optima (K5), Sportage (Sportage R)
2011	Picanto (Morning), Optima (K5) Hybrid, Rio (Pride), Ray
2012	Kia Quoris/K900 (K9), Sorento (Sorento R), Forte/Cerato (K3), Ray EV, Optima (K5) Hybrid (low-carbon labeled)
2013	Carens/Rondo (Carens), Soul
2014	Soul EV, Carnival, Sorento, Cadenza (K7) Hybrid (low-carbon labeled)
2015	Optima (K5) Hybrid (low-carbon labeled)

Making Progress: Corporate Eco-efficiency & Product Eco-labeling

Kia Motors has been tracking its corporate eco-efficiency by comparing the economic value (sales revenue) generated against resource input and CO_2 emissions since 2007. Eco-efficiency is measured as the ratio between the (added) value of what has been produced and the (added) environmental impact of the product or service. In 2015, Kia Motors' eco-efficiency improved 64.1 percentage points compared to the base year of 2004 as 100 percent, and 8.7 percentage points higher than the previous year.

The life cycle assessment (LCA) is a globally recognized method of assessing the environmental impact of a product in each stage of life cycle. Kia Motors conducts the LCA process on every new model, comparing the results to their predecessors' performance to verify the level of improvement. The credibility of the results is examined by an independent assurer for ISO14040 certification.

Of the 13 models certified by TÜV NORD in Europe and the Underwriters Laboratories (UL) in the U.S., by the end of 2015, the first two-generation cee'd models were awarded the ISO14062's Design for Environment (DfE) certification by TÜV NORD. Kia Motors' LCA is conducted in five categories: global warming, resource depletion, atmospheric acidification, water eutrophication, and smog. The newly certified all-new Sportage model demonstrated a 12 percent improvement compared to its predecessor in terms of its impact on global warming.

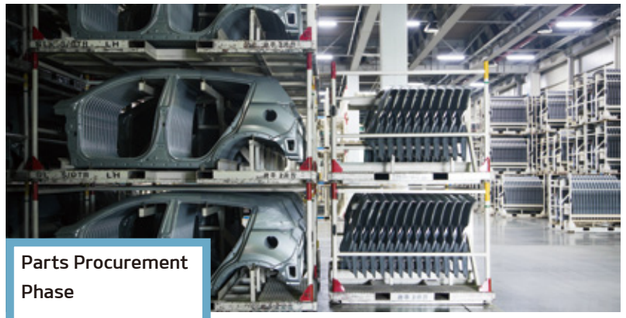
In Korea, Kia Motors participates in the Carbon Footprint Labeling Certification program, which is supervised by the Ministry of Environment. Every new Kia model since the Cadenza (K7) in 2009 has received a carbon footprint label and LCA certification since 2014. By measuring the greenhouse gas emissions of products at each stage of their life cycle, the gross amount is affixed with certification labeling translated into a CO_2 equivalent figure. Products are also labeled as low-carbon when they attain the reduction goal set at the time of first carbon footprint labeling based on their GHG emissions performance. In 2015, the second-generation Optima (K5) Hybrid earned a low-carbon labeling for its successful five percent cut in its carbon emissions compared to the previous model.

Resource input: Total volume of steel (coil), paints and other resources input

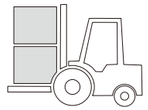
ISO14040 (LCA) Certification

Year	Market	Model
2008	Europe	cee'd
2010	Europe	Soul, Venga, Sportage (Sportage R)
2011	Europe	Optima (K5), Rio (Pride), Picanto (Morning)
2012	Europe	Sorento (Sorento R), Optima (K5) Hybrid, cee'd
	U.S.	Sorento (Sorento R), Optima (K5)
2013	Europe	Carens/Rondo (Carens)
	U.S.	Soul
2014	Korea	Soul EV, Carnival, Sorento
	Europe	Soul EV, Sorento
	U.S.	Soul EV, Carnival, Kia Quoris/K900 (K9)
2015	Europe	Sportage

Automobiles are assembled from around 30,000 parts. In other words, eco-friendly parts make eco-friendly automobiles. Consequently, our partner companies are playing a pivotal role in our green management efforts. Kia Motors has entered into green partnerships with its partners to encourage them to use eco-friendly materials and to reduce the environmental load of the parts and components manufacturing process. The agreements call for all suppliers to meet Kia's self-developed standards, which are stricter than global requirements. We regularly monitor the level of compliance at partner companies' sites and help them build strong environmental management practices. We also share all our information and standards with our partners to help them build green competencies. In addition to general parts and components suppliers, electronic parts suppliers are mandated to acquire EU End of Life Vehicle (ELV) certification. Under the shared goal of a future filled with green vehicles, we cooperate with our partners and support each other in our competency-building activities.



Parts Procurement Phase



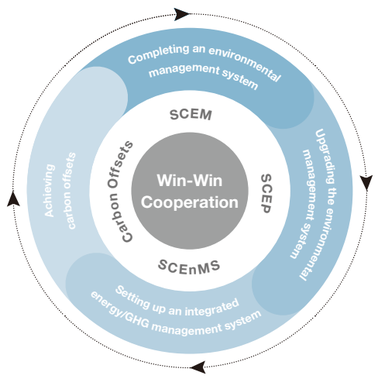
Partnerships in Mitigating Climate Change

Kia Motors has been assisting partner companies' environmental management practices through the SCEM project since 2003, and supported their development of an integrated GHG management system until 2010. Upon the company's recommendation, all of Kia's primary partners had obtained the ISO14001 certification by 2012, and the scope has extended to secondary and tertiary partners through the SCEP program since 2006.

More recently, all businesses are faced with tangible losses or new trade barriers resulting from the more stringent emission regulations around the world, including the emission-trading scheme that is in effect in Korea. All businesses are alike when it comes to the consequences, but there is no question SMEs, which often lack resources for effective responses or preparation, are more susceptible. Under an agreement with the Korean government, Kia Motors has created a consortium with partner companies and telematics engineering companies to oversee setting up a supply chain energy management system (SCEnMS) for large, medium and small businesses alike.

Under the program, 10 of our partners received support for building pertinent instrumentation and computerized systems. We proposed a council for the others to exchange information and find solutions. Established in April 2014, the green growth partnership (GGP) program is aimed at imparting Kia's energy-saving techniques and know-how to partner companies as well as utilizing external experts' diagnosis on the practices of partner sites to find room for improvement. Up until the end of 2014, five partner companies benefited from the program.

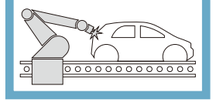
Kia Motors has developed a computerized database on its energy-saving techniques and best practices of energy conservation for sharing with its partner companies. Additionally, the company hosts annual meetings for case studies and information exchanges on energy-efficient factories and market trends as well as new technologies for energy conservation. Starting in 2015, we began supporting partners in setting up infrastructure for cutting their greenhouse gas (GHG) emissions. Reducing energy use or substituting renewable energy sources can not only save on our partners' energy bills but also enhance their long-term competitive edge in the era of tougher GHG regulations. Furthermore, the reduced amount of GHG emissions from the supply chain will be used as carbon credits for Kia Motors to offset its direct emissions.



- SCEM: Supply Chain Environmental Management
- SCEP: Supply Chain Eco Partnership
- SCEnMS: Supply Chain Energy Management System
- GGP: Green Growth Partnership

In 2015 alone, approximately 86 million automobiles were sold around the world, and more than three million of them were from Kia. That's why even a single improvement on a car is important.
At Kia Motors, production lines do not just materialize environmentally conscious designs, but find room for on-site improvements to achieve the highest possible levels of conservation and efficiency. All worksites have in place an established system for monitoring and controlling the input and output on the entire work process. Facilities are constantly updated to enhance efficiency or curtail emissions, thereby optimizing the production process along the way. By double-checking practices and alternating routines, we reduce or eliminate losses and improve efficiency. The goal is clear: to find and put into action ways to produce and recycle more, while using fewer resources and generating fewer emissions.

Production Phase



Raw materials
-12.4%
Per-unit input change from 2014

Water
-6.5%
Per-unit output change from 2014

Waste
-1.2%
Per-unit output change from 2014

CO_2
-2.8%
Per-unit output change from 2014

Material Balance of the Auto Manufacturing Process

On the production line, input, outcome and output are basically in proportion to each other. We want to alternate that proportionate flow of producing and using more and disposing proportionately on the site. By enhancing process efficiency, we are reducing the input and emissions of per-vehicle production, while modernizing facilities and systems and raising the recycling rate to cut down on the total amount.

As we have been setting emission goals by material, we have been building a database on the annual resource input (resources used), output (waste and emissions), and outcome (value generated) to get an understanding of the status quo and find any room for improvement annually.

In 2015, Kia Motors maintained a production volume similar to that of the previous year (only one percent higher). In terms of the total volume, raw material input decreased by 11.5 percent from 2014, using 5.5 percent less water resources and 14.1 percent less hazardous chemicals. Emissions also declined by four percent in air pollutants and by 15.7 percent in VOCs. Waste discharge hardly changed, inching down by 0.2 percent from 2014, but the recycling rate hovered over 90 percent, in addition to our constant efforts to lower the landfill rate to below one percent. Energy consumption improved by 1.2 percent and GHG emissions by 0.9 percent over the previous year. Only water pollutant output increased by 14.9 percent in total volume because of a higher concentration arising from temporary factors in the first half of the year, but our swift move to take remedial action stabilized the situation in the latter half of the year. Per-unit emissions also rose by 13.7 percent from 2014. Emissions that saw their total volume decrease also declined when it came to per-unit input/output.

Raw Materials

Natural resources are limited, and as users, we take responsibility for future resources. Conservation is the imminent solution we can resort to at the moment, while also preparing for renewable alternatives. Of all the raw materials used in the auto-manufacturing process, automotive sheet metal (steel) takes up the biggest proportion, followed by paints, thinners and plastics. At Kia Motors, we are focused on reducing per-unit use of these raw materials. By improving the production process, we are cutting the growth rate of total input as we strive to raise the recycling rate and cut waste output. The results of these efforts are tracked by tabulating the volume of highly used materials, such as steels, paints and thinners. Since we started building the database in 2003, the performance has improved. The total volume of steel and thinners used in 2015 also declined from the previous year.

Water Resources

Water is finite, too. With no substitute available, water is essential to producing necessities for life, such as energy sources and food. Exploding population growth and the resultant increase in water consumption, coupled with climate change, have meant that water resources are being depleted. It is no surprise that many political disputes throughout the world are over water resources. According to the United Nations, more

- Scope of data collection: Kia's three domestic plants in Sohari, Hwaseong and Gwangju, Scope 1 (direct) 2 (indirect emissions from the generation of purchased energy), and vehicle production volume excluding OEM units.
- Base year: 2003, except for energy and GHG (2008)
- TRI chemicals figures are for the 2014 performance because the 2015 data was not yet available as of the reporting period. TRI chemical results are reported at the end of April of the following year.
- Per-unit input (output) volume: the input (output) amount involved in the production of one vehicle.

Air pollutants

−5%

Per-unit output change from 2014

VOCs

−16.6%

Per-unit output change from 2014

than one billion people worldwide already lack access to clean water. Korea is also classified as a potentially water-scarce nation, with its annual per-capita potable water amount falling short of requirements. In a bid to address this issue, Kia Motors is making facility investments and improving water spending practices, while encouraging its employees to conserve water. Per-unit water consumption has been falling each year since 2003. In 2015, its total consumption volume also decreased from 2014.

Waste

Waste that is not reusable or recyclable is landfilled or incinerated, resulting in a direct impact on the environment. On the contrary, the value of reusable or recyclable materials goes beyond their lower impact on the environment as they can replace the consumption of finite natural resources. At Kia Motors, the recycling rate has remained above 90 percent since 2007 due to constant endeavors to raise the waste recycling rate while cutting down on per-unit waste output as well as total volume. In dealing with the landfill site shortage issue, the volume of landfilled waste output is strategically controlled to stay below one percent of the entire waste output. In fact, the Sohari plant has kept the figure at zero every year since 2008, while the three plants' combined landfill waste output accounted for 1.2 percent of overall waste output in 2015. The inevitable output of landfill waste and other materials non-recyclable due to geographical challenges are kept at a minimal level and disposed of appropriately as the company constantly seeks ways for improving its disposal means. As a result, per-unit waste output has been decreasing since 2003, while the total volume in 2015 remained the same as the previous year.

Energy & Greenhouse Gases

Climate change is an immediate issue. Unprecedented extreme weather like heat waves, severe winters, droughts, and hurricanes are reported everywhere around the world. Climate change has entered into our daily lives, disrupting the natural pattern of seasonal change and raising the frequency and severity of extreme weather. Posing threats to our very existence, the main culprit to these phenomena is often cited as carbon dioxide (CO_2), 80 percent of which is generated from energy consumption, and there are increasing calls for immediate action to counter this issue. Therefore, Kia Motors has done its utmost to cut down on CO_2 emissions from its production process. In fact, the company has been keeping a GHG inventory since 2006. Looking at the past decade, per-unit emissions are curving downward, although slowly, since 2008, while the total volume also started diminishing in 2012.

In 2015, CO_2 emissions from Kia's domestic plants stood at 765,000 tons, down 15,000 tons from the previous year. Translated into per-vehicle emissions, the figure dropped 2.8 percent (15 kg) year on year or 29.6 percent (223 kg) less than 2008. This is equivalent to the annual carbon intake of 33 30-year-old pine trees. Multiply this by our domestic production volume and Kia's total CO_2 emissions reduction in 2015 amounts to the annual carbon intake of 48 million pine trees.

- Input/output of substances and our improvement efforts: pp. 84-88
- The air and water pollutant amounts in the flow chart above represent the sum of each substance as reported in the index at the end of this report.

CO_2 intake per pine tree: 6.6 kg CO_2/year (Korea Forest Service, 2013)

- BOD (Biochemical Oxygen Demand)·COD (Chemical Oxygen Demand): The amount of oxygen required for microorganisms to degenerate organic matter in the water. Used as a measure of water pollution, the lower the value is, the lower the level of pollution.
- SS (Suspended Solids): Concentration of solids suspended in water

Water pollutants

+13.7%

Per-unit output change from 2014

Hazardous chemicals

−15%

Per-unit input change from 2014

Environmental Pollutants

Kia Motors manages air and water pollutants from its production process using its own monitoring system against self-developed standards (30 percent lower than the legal minimum).
In order to minimize hazardous chemical use, the company constantly develops and identifies substitute materials, phases in eco-friendly facilities, and recycles more than 90 percent of byproducts from the production process. At the same time, it also appropriately processes environmental pollutants to minimize their impact on the environment of local communities.

Air Pollutants

Air flow knows no borders. As it has a direct impact on humans when inhaling—and uncontrollable once it diffuses—polluted air must be controlled with special care. Air pollutants generated from the auto-manufacturing process include paint particles and volatile organic compounds (VOCs) from the painting and coating process, dust particles, and gases from combustion. Kia Motors applies a separate measure to collect and control hazardous VOCs. It also monitors pollutant emissions round the clock and eliminates the use of any hazardous materials in its automobiles while operating pollutant emissions control facilities for capturing and eliminating pollutant emissions. In 2015, air pollutants and VOC per-unit emissions decreased, although there was moderate fluctuation since 2003, and the total volume declined compared to both 2014 and 2003.

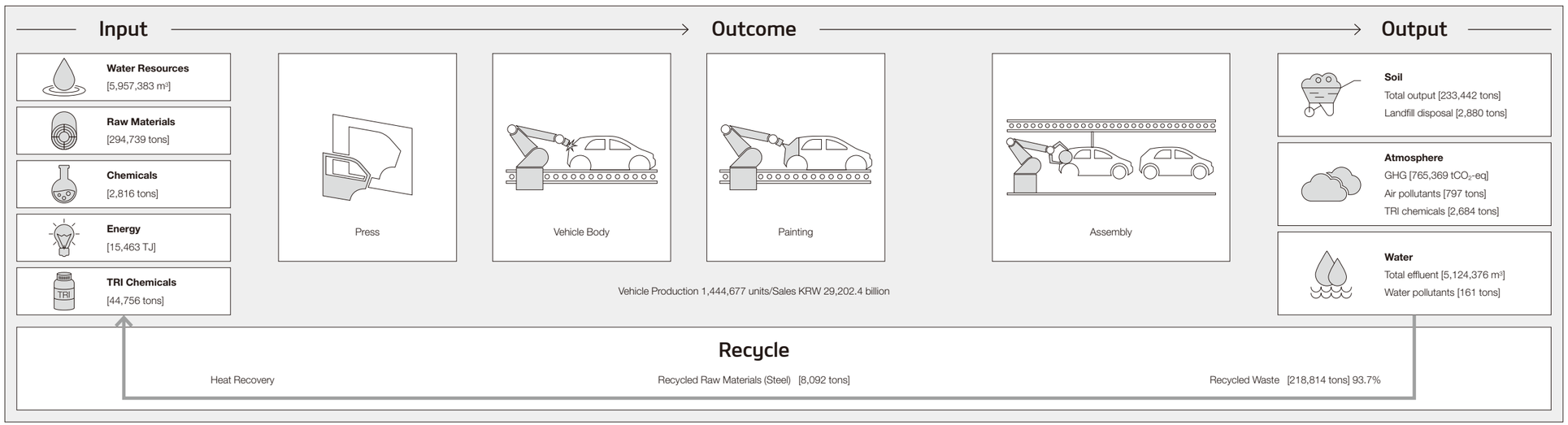
Water Pollutants

Water resources are growing scarce, and while they are finite and irreplaceable, they can be reused when appropriately processed. Kia Motors purifies its effluent before discharging it, in addition to its constant efforts to reduce water consumption. The company's wastewater treatment facilities are being maintained and repaired on a regular basis to uphold optimal performance levels. We also apply an exhaust effluent control system to minimize water pollutant emissions and to stave off any environmental risks at the source. In 2015, total volume and per-unit emissions increased from the previous year, but per-unit emissions still diminished by 38.4 percent compared to 2003.

Hazardous Chemicals

Hazardous chemicals require extensive control, as they are harmful to both humans and the environment. Since 2007, when the REACH (Registration, Evaluation and Authorization of Chemicals) agreement took effect in the EU, a growing number of nations are regulating hazardous chemicals worldwide. In Korea, a tighter chemical substance management act also went into force as of 2015. Kia Motors has completed preliminary reporting to REACH and has continued monitoring the use of REACH-banned chemicals. While abiding by the Ministry of Environment's Toxic Release Inventory (TRI) program, a voluntary reporting scheme for the volume and type of restricted chemicals used and the sources of emission, we are focusing on investments to install eco-friendly facilities and substitute controlled substances with safer materials. In 2015, the total volume of hazardous chemical use dropped compared to 2014, and per-unit use is also constantly declining, which has resulted in a 30.4 percent decrease compared to 2003.

Input-Outcome-Output Flow

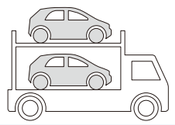


2015 Change in Per-Unit Input/Output Against Base Year

2003	Raw materials input	-21.5
	Water resources input	-38.5
	Waste output	-30.0
2008	GHG emissions	-29.6
2003	Air pollutant emissions	-53.0
2005	VOC emissions	-54.2
2003	Water pollutant emissions	-38.4
	Hazardous chemicals input	-30.4

The automobiles logistics process consists of three steps: procurement of parts and components from suppliers; warehousing and transport of these parts and components within the production site; and sales logistics that delivers complete cars to end-users. The farther the distance and the more frequently objects are transported, the higher the costs, energy use and CO_2 emissions. Therefore, improvements in logistics can be boiled down to streamlining the process: systemizing logistics procedures to find room for improvement, streamlining the overlapping procedures, and eliminating losses. As procurement involves our partner companies, enhanced efficiency throughout the procurement process can also benefit our partner companies. In 2015, Kia Motors came up with a mid- to long-term logistics innovation initiative to secure globally competitive logistics competencies and began enhancing efficiency of its entire supply chain.

Logistics Phase



Innovation in Procurement

Including the OEM production line, Kia Motors has four domestic plants to which 300 primary suppliers transport automotive parts and components nationwide.

Of these suppliers, 40 percent of them have to travel more than 100 kilometers to reach our plant and 32 percent of the transportation trucks are pick-ups with less than five tons of capacity. In proportion to our growing production volume, the number of transporters is on the rise, causing traffic jams around Kia's plants and leading to rising CO_2 emissions.

Therefore, our focus is on increasing the size of trucks for transporting our parts and components, and integrating the transportation among suppliers to achieve lower frequency of delivery. For Kia Motors, parts and components control will become more efficient, while suppliers can save on their transportation expenses. In addition to these direct benefits, CO_2 emissions from transportation will drop and traffic jams around our plants will be improved, helping increase the quality of life for local residents.

Building an IT-enhanced Logistics System

For the more efficient management of logistics, Kia Motors is adopting a high-tech IT system for what was manually processed in the past. With parts and components constantly on the move, visibility of these items is critical in achieving an efficient auto-manufacturing process.

The RFID system tracks the arrival of suppliers' vehicles carrying automotive parts and components and their input into the production process. In 2016, we plan on enhancing the efficiency of transportation routes by tracking all transportation vehicles. Providing drivers with the traffic conditions on the main routes to and from Kia's plant will combine the present procurement process innovation project with the RFID-based efficient transportation route system. The expected benefits will affect not only Kia Motors and its partner companies but also local communities.

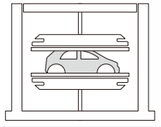
KLIP (Kia Logistics Innovation Process)

Kia Motors is integrating and streamlining improvement initiatives that were conducted individually at each business unit in order to enhance its overall logistics competitiveness. At the same time, it is making fair compensations based on objective evaluations and sharing best practices to motivate synergies among business units.

In 2015, the first year this process was in place, logistics-related indicators improved more than 70 percent compared to the previous year. Going forward, Kia Motors aims at creating an autonomous innovation scheme that can autonomously evolve in the process of setting specific goals and accomplishing missions.

Thoughtlessly disposed end-of-life vehicles (ELVs) are serious environmental pollutants, but when recycled properly, they can yield significant amounts of useful resources. Nations around the world have already noticed the usefulness and environmental impact of ELVs and are pushing forward with recycling policies. In Korea, more than 95 percent of vehicle weight was mandated to be recycled as of 2015. Kia Motors ensures that its material and assembly structure is as recyclable as possible at the product design stage, while concentrating its R&D efforts on disposal technologies that facilitate safe dismantling and recycling of automotive parts and components. In fact, 85 percent of ELVs are recycled through dismantling and classification, while 10 percent are directed to thermal power plants for electric power generation.
Kia Motors will continue sharing its in-house developed eco-friendly dismantling technologies with ELV dismantlers, while making constant R&D investments to raise the recycling rate and complete a full resource circulation system.

Disposal Phase



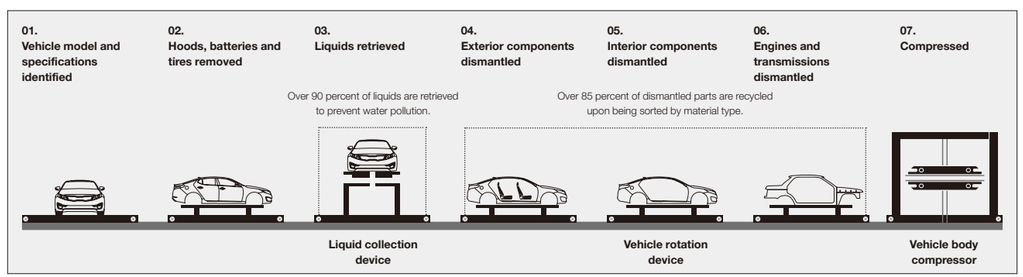
Automobile Resource Regeneration Center

In operation since 2005, Kia Motors' Automobile Resource Regeneration Center dismantles approximately 4,000 test vehicles annually through its 7-step dismantling system, with R&D efforts currently underway to improve eco-friendly dismantling and recycling technologies. The ELV dismantling process is guided by the following steps: ELV reporting, tire/battery separation, liquids retrieval, exterior components dismantling, interior components dismantling, engine and transmission dismantling, and compression. Having successfully developed technologies for safely retrieving remaining liquids and fuels, the center is now concentrating its efforts on improving dismantling efficiency and reusing components. The study results and data are delivered to the automobile R&D team to ensure that new models are developed in ways that ensure easily dismantling and recycling. Developed technologies are also applied to components in production. As EVs and HEVs are different in structure from those of ICEVs, the center has distributed separate dismantling manuals to automotive dismantling yards. Every year, the center hosts two regular meetings with 110 of Korea's 550 dismantling yards to impart its dismantling know-how.

ELV Component Recycling Technologies

Interior and exterior plastic components are stained on the surface or worn-out at the ELV stage, requiring refurbishing and cleaning. Kia Motors has developed technologies for recycling the plastic components of ELVs through technological exchanges with partner companies and applied this knowledge to its products, including wheel guards and undercovers. We also reprocess ELV seats to make the luggage partition within the vehicles and reuse the engine room materials for the roof racks or engine covers. Currently under development is technology for making wheel covers after removing silicon coating from airbags. M

ELV Disposal System Flow Chart



Unlimited Passion and Faith

Solutions for mutual prosperity

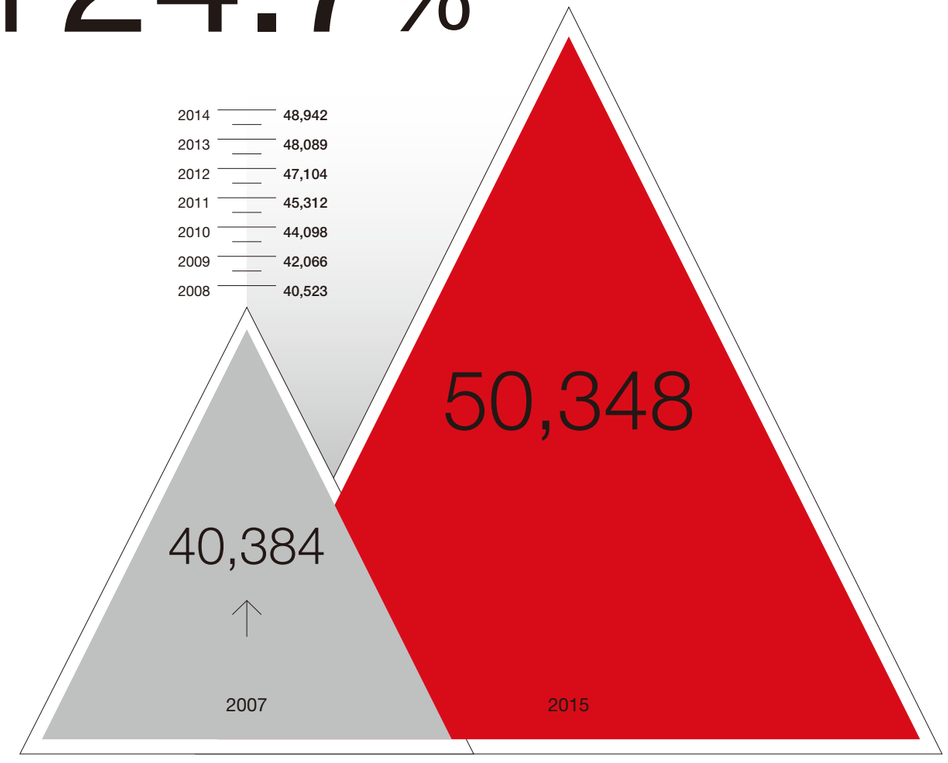
Details: pp. 79-81

Over the past several years, soaring unemployment has become a growing worry in all countries. Creating quality jobs has become a struggle, while there are concerns over the shrinking number of working-age people worldwide. Although unemployment is an imminent problem all economies must face, we also have to prepare for labor shortages in the longer run. Furthermore, the dearth of skilled professionals in many industries continues to be a problem. In dealing with this contradictory issue, Kia Motors takes a mixed approach of creating more jobs while preparing for future labor shortages at the same time. We offer a great workplace with an open corporate culture that does not discriminate based on gender or nationality, and guarantees equal opportunities and fair compensation. All employees receive the company's full support in terms of their self-development, work efficiency, and quality of life. At the same time, we take a flexible, long-term approach when reviewing our annual performance results to reassess our progress made over the period and to ensure that we are moving in the right direction.

Global Workforce

(persons)

+24.7%

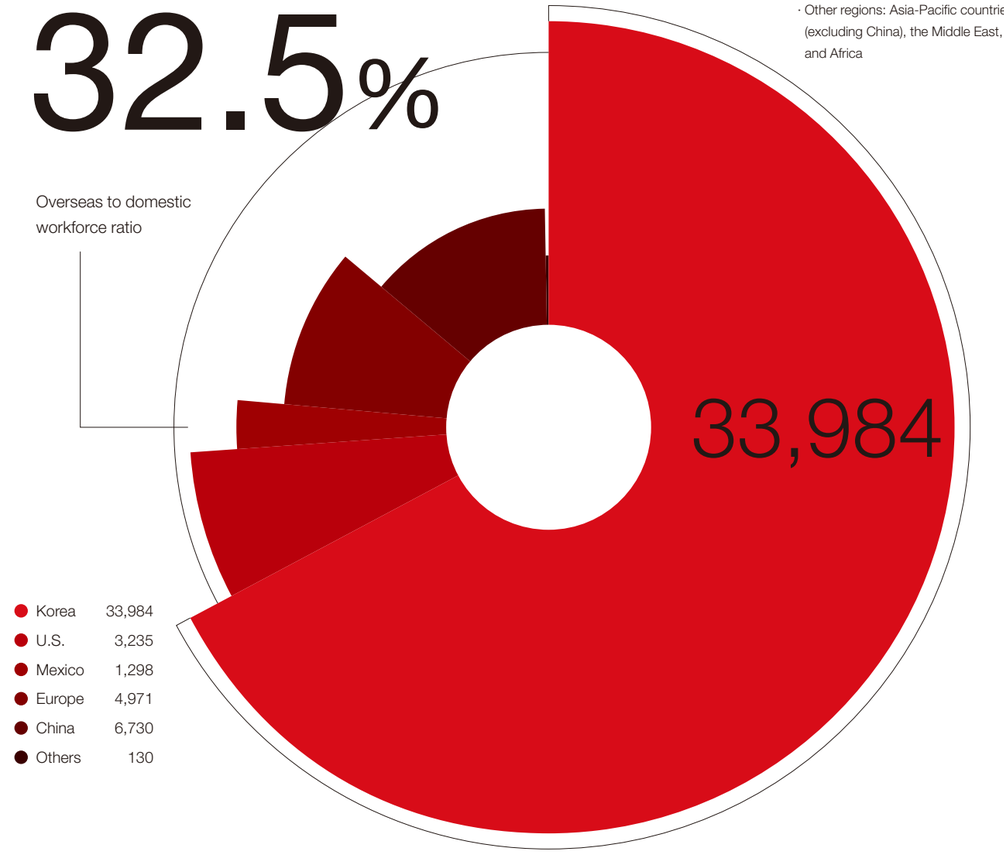


Employment by Region

(persons)

32.5%

- As of December 31, 2015
- Other regions: Asia-Pacific countries (excluding China), the Middle East, and Africa



Equal Opportunities & Fair Compensation

As a global company, Kia Motors guarantees equal working conditions and opportunities for all employees from around the world. Recruitment procedures are open with no discrimination against gender, nationality, race, religion, or social background. The paper review process places importance on an applicant's competencies and passion over anything else.

In 2015, we hired 340 new employees in Korea. Out of the total domestic workforce of 33,984 people, disabled employees account for 3.9 percent, and 83.5 percent, or 28,391 employees, are unionized. Kia Motors upholds the three labor rights stipulated in the Constitution of the Republic of Korea and guarantees the right to fair and free union activities as per the Collective Agreement, while consulting the labor union on major issues at quarterly Labor-Management Council meetings. Kia Motors provides its employees with industry-leading pay and fringe benefits with the uncompromising principle of equity and fairness in compensation and treatment without discrimination against nationality or gender under the corporate bylaws (Collective Agreement Article 25 and Employment Regulation Article 4). Basic pay is determined as per a standardized compensation scheme according to the duration of service and without gender discrimination.

As of 2015, non-Koreans made up 32.5 percent, or 16,364 persons, of Kia's entire workforce, which totals 50,348 employees. Under a glocalization policy to contribute to local economies and localize operation practices, Kia Motors' overseas worksites hire local residents on their own. As a result, 97.9 percent of our overseas site workforce was locally hired, with 66.9 percent of all management-level staff at Kia Motors being locally hired.

Upholding Diversity

Diversity matters because it gives birth to creative ideas and innovation in as much as employees from various backgrounds can exchange different ideas and experiences with mutual respect for each other. That is why we embrace diversity in our recruitment policy and provide various opportunities for employees to have exchanges with each other to build solidarity and unity as part of one global Kia family. For instance, the Work Exchange Program helps non-Korean employees to comprehend our corporate philosophy and culture, while the Regional Specialist Program offers Korean employees the opportunity to learn the languages and cultures of other regions, and to broaden their experiences by working abroad in regions with strategic importance to Kia.

At the same time, we continue to raise the portion of the female workforce across all levels of the organization. In 2015, female employees made up only 2.8 percent, or 966 people, of our total domestic workforce, but that percentage has been steadily rising each year. The number of female managers also keeps growing every year, totaling 42 as of 2015.

In line with the growing number of female employees, our family-friendly working conditions have also been improved. In response to the issue of childrearing being the main cause of female career discontinuity in Korea, we are constantly expanding our maternity programs. On top of legally protected maternity leaves before and after childbirth, the company also guarantees a flexible work hour system and childcare leaves for employees with preschoolers. We also plan on expanding the corporate daycare centers at all our operations, in addition to the first one at our head office building in southern Seoul that opened in 2013.

Family-friendly management practices gained momentum with the launch of a company-wide team under the control of the HR Division in 2014, and is comprised of personnel dispatched from each business division and plant. This initiative helped us earn a Family-friendly Business Certificate from the Ministry of Gender Equality and Family that same year.

Work-Life Balance

The Smart Work Campaign has been in operation at Kia Motors since 2012 as part of our efforts to establish a more sensible and productive work process. With the goal of realizing higher work efficiency and a paperless workplace, documents were computerized on databases; infrastructure was built for video conferencing on the corporate instant messaging system; other work-related infrastructure, such as our corporate portal, is in operation; every Wednesday, all employees are obliged to leave the office on time; and a company-wide campaign is being conducted to improve our meeting culture and practices. In 2016, the Smart Work Self-check Index will be implemented according to the different needs of each organizational division.

Launched in 2008, the New Kia campaign is being expanded for more interactive communication across the board and for enhanced family engagement, while finding ways to achieve even greater happiness for all employees at work and at home.

Meeting rooms are being renovated, while cross-divisional meetings and exchanges are encouraged. Lower-ranking staff members take the lead in finding the value of their work and bringing about changes in their teams and groups. The Family Engagement Program, in which employees visit their children's schools or invite their kids to their workplace, has been favorably received by all employees.

Developing individual competencies and work proficiency is also an important initiative for Kia Motors. While offering a comprehensive curriculum covering all job requirements, we also provide a mentoring program whereby senior employees help new hires quickly adapt to the company as mentors.

Managing Health & Safety

Ensuring a safe, healthy workplace where employees enjoy doing their work is important to Kia Motors. To that end, our worksites have gyms and medical clinics on their premises to offer physiotherapy treatment for musculoskeletal disorders as well as general treatment and care. These facilities are also open to partner companies' employees.

At the same time, Kia Motors provides extensive health screening allowances to ensure that employees receive regular check-ups and remain healthy. In addition to the legally mandated examinations for general physicals, we subsidize screening for adult diseases. Employees working at Kia for 10 years or more can also benefit from additional comprehensive physicals for one of their family members every three years. Beneficiaries can choose from any physical examination the company offers. Up to 50 percent of the cost of additional physician-advised tests is covered by the company. In 2015, a total of 21,628 people (14,440 employees and 7,188 family members) received physicals, with the total subsidies amounting to KRW 4.5 billion. In addition, our group accident insurance policy covers one dental implant and up to three cosmetic surgery procedures for injuries resulting from occupational accidents. As a corporate subscriber to the National Health Insurance Service, our insurance policy also covers our employees' immediate family members with medical allowances, discounts and other benefits at select healthcare providers, as the company contributes to their National Health Insurance premium. In 2015, related expenditures stood at KRW 27.8 billion.

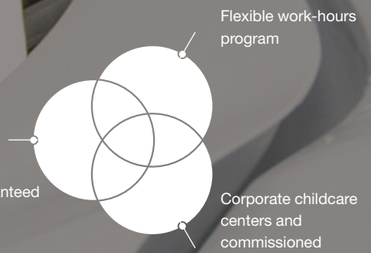
Operating since 2012, the Maeum Sanchaek (literally, "Heartfelt Stroll") Counseling Center is open to all employees and their family members who need help. Located inside our plants for assembly workers and regional headquarters for our sales/services staff, the operation of the centers is commissioned to an external group of experts (the Korea Counseling Psychological Association). The number of visitors to these centers is on the rise every year. In 2015, 635 cases were treated, with recipients expressing a high level of satisfaction (4.5 points on a scale of 5). M

2015 Overview

No. of female managers (persons)

+223%

Childcare support



Locally hired employee percentage at overseas operations

98%

67% of all managerial-level employees are locally hired

New employees (persons)

340

Female workforce (persons)

966

2.8% of total workforce

Occupational accident rate

-16%

304 accidents in 2015, a 16% drop from 2014, with an average injury rate of 0.9%

Per-employee training hours

33

Annual training hours: 1,113,561 hours

Smart Work Campaign

2012 Campaign to simplify meeting and documentation process

2013 Infrastructure-building, such as document digitalization and the establishment of a video conference system and a corporate portal

2014 Scope expanded to all domestic plants in Sohari, Hwaseong and Gwangju and to overseas operations

2015 Smart Day campaign established

2016 Smart Work Self-check List to be adopted by each business division

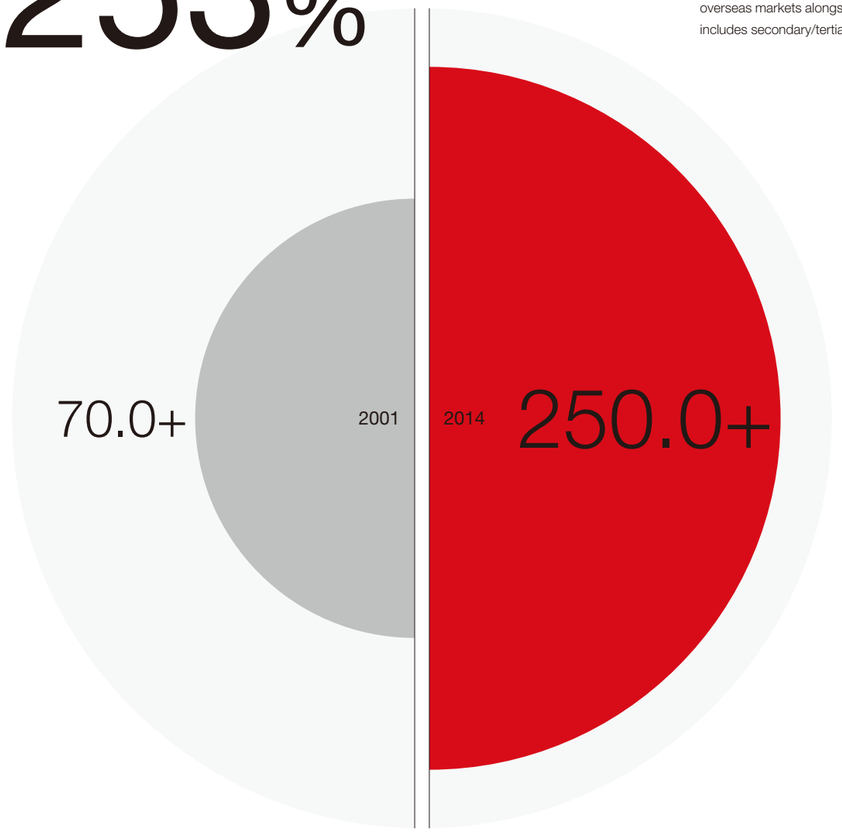
Trust-based Mutual Support

Figures in the text body are the sum of Hyundai Motor and Kia Motors' figures.

Mutual growth performance results: Hyundai & Kia Motors' Transparent Procurement portal sites
Data collection: Primary parts suppliers (excluding subsidiaries and non-parts specialists with less than 10 percent dependence on Hyundai & Kia Motors), No. of partners entering overseas markets alongside Kia includes secondary/tertiary partners

Sales
(KRW billion)

+253%



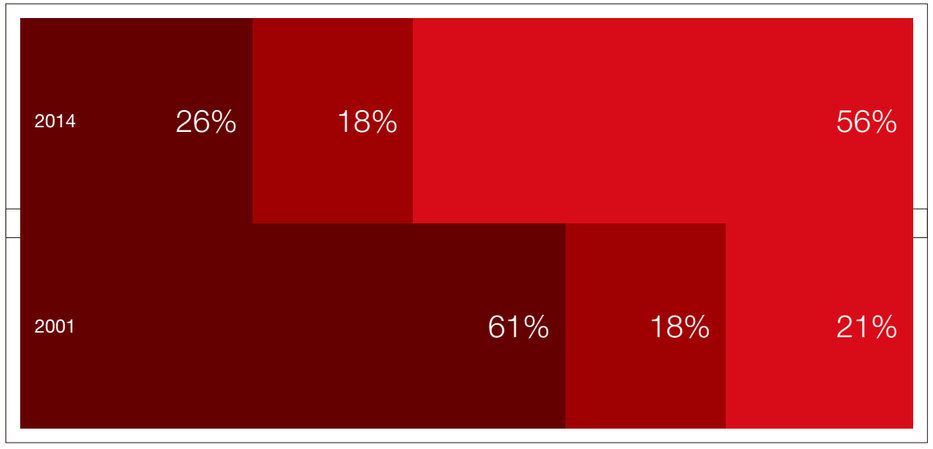
Sustainable supply chain

Our supply chain is comprised of 300 primary suppliers and 5,000 secondary and tertiary suppliers. This is a significant figure that has an impact on the industry and the national economy as a whole. That is why we feel a responsibility towards our supply chain and support suppliers' competency-building efforts to reinforce their technologies and their business fundamentals, making them more competitive in the global marketplace. We ensure that the benefits go beyond primary partners and cover the entire business supply chain. Since 2001, Kia Motors has been tracking its partner companies' performance results to verify the effectiveness of their strategies, encouraging reinforcement of such strategies when necessary.

Corporate size

+35%p

Partners with sales of KRW 100 billion and above



Three Mutual Growth Strategies & Systems

Kia Motors is committed to achieving mutual growth with its partners under three guidelines: reinforcing partners' global competitiveness; laying the foundation for sustainable growth; and setting up a framework for mutual growth. These three guidelines set the direction for our various efforts aimed at ensuring shared growth with partners, while the scope of our activities is being extended to cover the entire supply chain.

In order to ensure the effective implementation of these guidelines, three organizational units inside and outside the company have been established. The Win-Win Cooperation Promotion Team plans and executes company-wide mutual growth programs. The R&D Partner Technology Support Team takes charge of technical assistance to partner businesses. The third entity is the Korea Automotive Parts Industry Promotion (KAP) Foundation, which was co-founded in 2002 by Hyundai Motor Group affiliates and 165 partner companies to promote the advancement of the automotive parts industry. For its part, Hyundai Motor Group contributes KRW 5 billion to the foundation's annual budget. Since 2010, Kia Motors has established regular management by walk about (MBWA) practices to timely address inconveniences of partner companies. In fact, MBWA at secondary partners are accompanied by the representatives of primary partners for tripartite collaboration to find solutions to quality and technological issues. Since 2014, we have been contributing each year to a fund worth KRW 50 billion for financing R&D and HRD of SMEs, IT convergence of manufacturing businesses, and suppliers' global advancement alongside Kia's entry into overseas markets.

Strategy 1. Reinforcing Partners' Global Competitiveness

With clear objectives to improve quality, technology and productivity, we provide practical support to our partners in reinforcing their global competitiveness through a dedicated team consisting of experts with on-the-job experience in R&D, procurement, quality control, and production under the KAP umbrella. The support varies by need, such as training sessions, three-month to one-year stay-overs at sites for instructing, and arranging sessions for information sharing and technology exchanges. We also co-develop technologies with partners and support them with patent filings and license protection, with a particular focus on secondary and tertiary partners who often lack opportunities in this regard. In addition to our in-house developed programs, we seek collaboration with related entities and primary partners to expand the scope of our activities.

For instance, 4,214 trainees completed 11 quality/technology training courses for SMEs and MEs at the Quality Control School, and 1,338 trainees completed eight courses at the Technology School in 2015. While offering secondary partners with quality control education by business type, we help them improve working conditions and production processes through technology innovation under the Industrial Innovation campaign. The Hyundai Motor Group's automotive affiliates have made a commitment of KRW 25 billion in total over the course of five years, from 2013 to 2017, with primary partners and related experts to provide any required assistance. From August 2014 to May 2015, 150 of our partner companies benefited from this program.

Additionally, our technicians visit the production lines of our secondary and tertiary partners to provide instruction on quality control. A total of 4,000 of our partners, including 200 from overseas operations, have received this support. Also, a monthly average of 527 engineers from 56 Kia partners participated in Kia Motors' R&D activities to develop new models under the Guest Engineer Program in 2015.

Strategy 2. Laying the Foundation for Sustainable Growth

Stable cash flow is critical to sound business management. If a business is to achieve continued growth, it must be able to seize present opportunities to invest in its future. That is part of the reason why Kia Motors pays all its bills and invoices to SME partners in cash. Taking advantage of our negotiating advantage arising from massive purchases, we either negotiate raw material prices in our favor or organize bulk purchases to help partners slash their procurement costs. In addition, 10 different funding programs are available for our partners according to their needs and uses. Since 2013, the scope of beneficiaries for the Mutual Growth Fund and Win-Win Molding Facilities Fund has expanded to secondary and tertiary partners. In 2015, we expanded the eligibility of payment in cash from the previous KRW 300 billion of sales volume to KRW 500 billion to raise our ME support.

The second objective of laying the foundation for sustainable growth can be achieved by helping our partners' global market expansion efforts. Hyundai Motor and Kia Motors provide all-out support to domestic partners as they advance into overseas markets where we have operations. As of 2015, 600 of our partners, including secondary partners, were active in global markets, and the number is growing each year. Our extensive assistance to partners' global expansion activities include arranging global road shows, sharing export logistics information, and assisting with the setup of country-of-origin certification systems.

Lastly, we support our partners with their recruitment and training of employees, and with realizing ideas for reinforcing their eco-friendly competencies. In a bid to tackle the chronic disparity in SME labor market supply and demand, Kia Motors has held a yearly Partner Job Fair since 2012. In 2015, 364 of our partners, as well as service shops, participated in the fair. The number of annual new employment recruits by our primary partners expanded by six percent over the previous year to 18,600 people in 2015. In 2015, Kia Motors also launched an Employment Stepping Stone Program where it will offer 2,400 young adults with job training and internships at its primary suppliers up until 2018. Applicants will be joining the eight-week job training course at the Hyundai Motor Group before working three months at one of the Group's primary partners to acquire on-the-job experience and a chance of securing permanent employment.

Strategy 3. Setting Up a Framework for Mutual Growth

By setting up a framework for mutual growth, we aim to establish fair and transparent transactions as well as mutually beneficial growth practices within our corporate culture. Council meetings are designed to help primary partners build cordial partnerships. From quality control and technology development to financing and global expansion assistance, we are increasing the scope of all programs to cover the entire supply chain.

Since 2009, we have been entering into the Agreement on Mutual Growth with all suppliers every year, offering them support with ethical management and corporate social responsibility management. At the same time, almost all of our partners at home and abroad have obtained OHSAS 18001 certification upon our advice to ensure workplace safety. As a means of ensuring faithful compliance with the agreement and that second/tertiary partners benefit from it, Kia's procurement executives carry out performance evaluations to assess their mutual growth performance. Also, primary partners come under our review to ensure they are honoring their settlements with secondary/tertiary partners. Kia Motors earned the "Excellent" grade on the Mutual Growth Index for the second straight year in 2015. The Mutual Growth Index is calculated based on fair transaction/mutual growth agreement implementation results and SME satisfaction survey results.

We have also enacted a Procurement Headquarters' Code of Ethics and Four-pronged Subcontracting Guidelines to ensure ethical practices by departments involved with partner firms. Furthermore, the Transparent Procurement Center receives grievances from partner firms' employees. In 2015, a total of eight cases were reported, all of which were relayed to the relevant departments for follow-up/improvement measures.

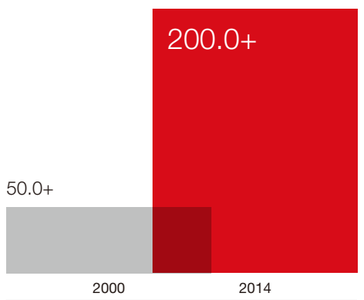
Procurement is conducted through an open e-bidding system called VAATZ. The results are published after evaluating submitted bids for product quality, payments and technological competencies according to the Five-Star Scheme scale. M

VAATZ (Value Advanced Automotive Trade Zone): an open e-bidding system for procurement

· 2015 partner companies' support programs and the Compliance Program: pp.82-83

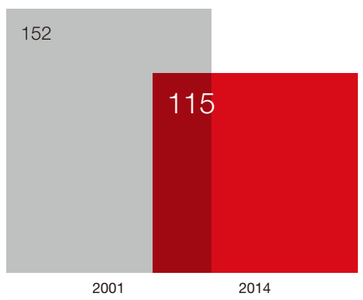
Assets (KRW billion)

+309%



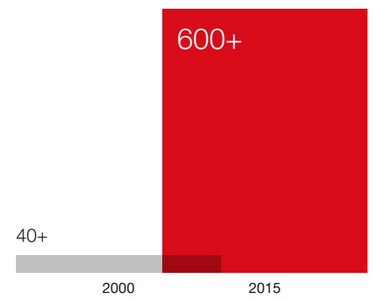
Debt-to-equity ratio

-37%p



No. of partners entering overseas markets alongside Kia

+1,383%



As the Millennium Development Goals era that began in 2001 came to a close at the end of last year, 2016 ushers in the official launch of the Sustainable Development Goals (SDGs) era, which was unanimously adopted by 193 world leaders at the United Nations. Over the next 15 years, countries will make concerted efforts to attain the 17 SDGs that were developed to promote dignity, human beings, prosperity, the planet, justice, and partnerships. Kia Motors, for its part, also reflected on its past performance results before setting forth more comprehensive and segmented goals. We checked to see if our commitment to equal mobility and opportunities for a better life were honored in appropriate ways and thought of new ideas for increasing the benefits of our initiatives. Looking for better ways to bring about a greater world, we are playing our part in the quest towards one shared goal: sustainable development.

Opportunities and possibilities

Support for Self-reliance

Social contribution frameworks and programs: Kia Motors website

Employee Volunteerism

Employee engagement plays an important role in our commitment to equal mobility and opportunity, and is fundamental to the company's CSR programs through the Supporters Group and corporate volunteer corps/self-launched volunteer teams throughout the organization.

Launched in 2005, the corporate volunteer corps, named "Challenge," celebrated its 10th anniversary in 2015. A total of 473 volunteer sessions with 3,468 participants were conducted throughout the year. Launched in 2013, the K-Family Volunteer Corps also played its part, as the number of participants increased by 43 percent from 2014 to reach 1,673 people in 2015. In proportion to the growth in size and duration of volunteer activities, the number of beneficiaries is also increasing. No matter how big or small, the firm commitment that the Challenge Volunteer Corps has made through all of the ups and downs deserves to be lauded. To this end, Kia Motors organized K-Challenger Week, which featured company-wide volunteer activities in the run-up to the company's foundation anniversary in 2015.

Under the theme of mobility—one of our CSR shared values—every employee took part in numerous company-wide programs during K-Challenger Week to address mobility issues such as taking mobility-challenged people out on a day trip. Going forward, K-Challenger Week will become a signature annual program celebrating the company's anniversary and reminding all our employees of the value to be found in volunteering.

Looking After Future Generations

By definition, sustainable development takes into account future possibilities—and children represent our future. Caring deeply about

· Year: beginning year (launch)
· Performance as of 2015

Challenge Volunteer Corps Launched
employees volunteer group

13,819 hours

3,468 volunteers from 100 teams and offices

Road Safety Campaign for Kids

125,000 children

25,000 children completed experience training programs for road safety, 100,000 children completed safety training with road safety education kits

2005

2006

EcoDynamics Expedition
Youth engagement in appropriate technology R&D

493 persons

Cumulative number of participants

our future generations, from preschoolers to university students, Kia Motors has a variety of programs in place for them.

Kia's Road Safety Campaign for Kids began in 2005 to protect preschoolers and elementary school students who are vulnerable out in traffic and to help prevent any accidents. As part of this campaign, Kia Motors held an experience training program of road safety in 2015 called ENZY Day, featuring its brand character Enzy. In addition, we gave out road safety education kits called ENZY Kits to educational institutions. Over the course of the year, a total of 25,000 children participated in the ENZY Day program and 100,000 preschoolers and elementary students were reported to have used the ENZY Kits. ENZY Kits are also available at our 23 subsidiaries and dealers worldwide and have even been used in the Philippines and Azerbaijan. In 2016, we plan on distributing ENZY Kits to more countries and regions worldwide, including Yancheng and Nanjing in China. Originally launched under the name Lotze Youth Expedition in 2006, then relaunched under its current name in 2011, the EcoDynamics Expedition brings participating teenagers to underdeveloped communities, where they join in efforts to find solutions for local issues and develop appropriate technologies.

Imparting technology upon local residents and getting to know each other, the participants benefit from the opportunity of broadening their experiences with the privilege of receiving advice from MIT D-LAB researchers. In 2015, the program expanded the scope of beneficiaries to global youth at separate camps. The summer camp was held in Mongolia, where 30 Korean teenagers joined 20 local counterparts, while the winter camp hosted 25 Koreans, 10 Malaysians and five Saudi Arabian teenagers.

With the goal of giving our children more insight into international issues, the UNESCO Kids program adopted a quota for the socially underprivileged in the application process to enhance the inclusiveness of the program. In 2015, 25 elementary students—and five university students as their mentors—were selected for field trips to international organizations and other global culture programs. In 2016, the university students' social change project called Red Clover is launching as an upgraded integration of *Eogiyeocha* and CSR idea contests to brainstorm solutions to important social issues. The project is scheduled for July or August of 2016.

Green Light Project

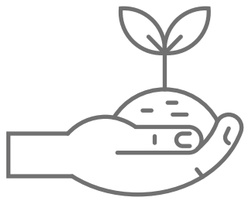
The Green Light Project (GLP), Kia Motors' signature global CSR campaign, epitomizes the company's CSR philosophy. We go to places most in need and find solutions to the most pressing issues. Based on past resolutions, we have built schools and community centers, while providing vehicles that best serve local needs such as school shuttles, village shuttles, mobile clinics and mobile libraries. Our five-year programs are aimed at helping local communities stand on their own feet through education and training and also at providing assistance in terms of operational know-how. Based on the GLP Roadmap, we select two new beneficiaries every year. As a result, we helped eight communities in five African countries between 2012 and 2015. Starting in 2016, another five-year project begins in Uganda.

Since 2013, our employees have been joining hands with this cause during the summer vacation months. In 2015, the third GLP volunteer group of Kia employees from across the world volunteered at Salima and Lilongwe in Malawi for 10 days. Additionally, the corporate donation system, K-Nanum Together, raised a total of KRW 33 million for one-to-one sisterhood campaigns between Kia employees and GLP school students.

2007

Jatropha Tree-Planting Project
Addressing environmental and poverty issues in Mali, Africa

2,000,000 trees
Planted annually by Kia Motors Europe by 2014



2008

Happy Move launched
Hyundai Motor Group's global youth volunteer corps

8,000 persons
Two 500-people groups participated in 16 activities

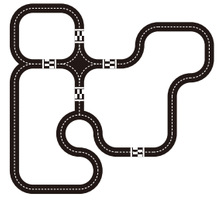
2009

Kia Village built
Residential condition improvement project for underdeveloped/disaster-heavy regions

A total of 160 households in 14 villages in five regions benefitted (Pengzhou City of Sichuan Province, Yancheng City of Jiangsu Province, Pinghu City of Zhejiang Province, Guilin City of Guangxi Zhuang Autonomous Region, Conghua Qu of Gwangzhou, Guangdong Province)

Kids Auto Park opened
Kids' theme park for traffic culture experience

85,000 persons
Cumulative number of visitors
The second kids' theme park opened in Yancheng City in 2014



2010

CSR Centers opened at domestic plants

Centers opened in Sohari, Hwaseong and Gwangju plants for the smooth implementation of CSR programs in partnership with local communities

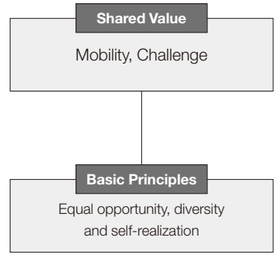
Building Elementary Schools for Hope
As part of the Chinese government's Project Hope

42 schools
Cumulative number of schools built
(six new schools completed in 2015, visiting 12 Elementary Schools for Hope in 8 Provinces)

2011

CSR Framework developed

"A Better Way to Go"



2012

Public Schools in Georgia, U.S.
Math, science, and technology courses (A World In Motion® (AWIM) program)

USD **2,100,000**

2015~2017
USD 1.2 million (USD 400,000/year)

2012~2014
28,000 students benefited from USD 900,000 (USD 300,000/year)

Villages Undergoing Change

The first beneficiary of Kia's Green Light Project was Nagashangqui village in Tanzania in 2012. The village's GLP School later graduated its first class in February 2016. Some of the graduates are going to visit Korea as part of an exchange program.

At Kipato House, a self-reliance project site, local residents and students are taking sewing lessons to make school uniforms. In 2016, we expect that they will be able to make about 2,400 uniforms for sales purposes, with all proceeds to be used for funding village projects. Another GLP School will be opening in Bagamoyo, Tanzania in March 2016.

At the GLP Healthcare Center in Salima, Malawi, Korean doctors and nurses treated a total of 10,000 patients at the center or through mobile clinics throughout 2015. The center engaged in a malaria prevention program throughout the village, where 46 percent of visitors to the clinic are diagnosed with malaria. The center's nutrition project also helped 73 infants, 71 of whom became healthier.

We also run literacy campaigns and health education programs through mobile clinics, mobile libraries, and mobile theaters in five villages in the region. Additionally, our fertilizer lending program is expected to generate more than USD 10,000 in profits for 2016.

In Lilongwe, Malawi, the GLP School will graduate its first class in August 2016, and we plan on doubling the number of students there, while the number of classrooms will increase from four to eight. Completed in 2015, the maize mill is slated for full operation as of 2016, with estimated annual profits of USD 11,500 from flour milling and bakery operations.

In Zavala, Mozambique, 1,019 students are attending the GLP School and a local hospital is operating a mobile clinic that visits 10 neighboring villages once a week. Also, a microfinancing program is helping 396 people from 17 groups in 19 villages.

Another GLP School was completed in Guangua, Ethiopia in March 2016, with the aim of accepting its first new students in September of the same year, while the Mobility Project is preparing to get off the ground in July. Currently under construction under an alliance with KOICA (Korea International Cooperation Agency) are vehicle repair training centers in Addis Ababa, Ethiopia and Dandora, Kenya. When completed and in operation later in 2016, the centers are expected to help alleviate local unemployment issues.

Green Tour

Green Tour is Kia's signature social outreach program in Korea, where the company takes the mobility-challenged—those most in need of convenient access to mobility but often deprived of it—on trips in various forms. Launched in June 2012, the program has provided travel opportunities to 17,932 beneficiaries for a total distance of 1.12 million kilometers, or 28 round-the-world trips as of December 2015. The number of beneficiaries is constantly rising. In fact, in 2015 alone, 7,097 people, or 40 percent of the entire program's cumulative total, participated in Green Tour.

The program consists of a standard course that only sponsors vehicles used for family trips and theme events that provide group trips. A total of 10 Easy Move vehicles featuring special driver seats for disabled drivers and wheelchair loading are earmarked solely for the program.

The Home-to-Home service was added to the Green Tour program in 2014, and as of 2015 the service range now covers the entire nation. Based on a business partnership with the Korean Army, Kia Motors also began sponsoring vehicles for use by transportation-less parents who want to visit their sons in the military.

In 2016, we plan on launching a new center in Chungcheong Province for easier access to the Green Tour program by local mobility-challenged people and their families. M

Green Light Project launched

Community development project supporting educational programs and villages' self-reliance efforts

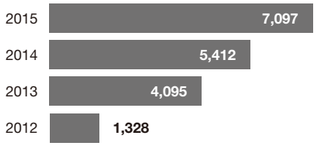
8 communities in 5 countries (total)

Green Tours

Volunteer program for a day out with the disabled

17,932 persons

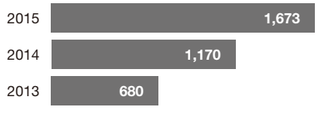
Cumulative number of beneficiaries



K-Family Volunteer Corps Launched

A volunteer corps made up of Kia employee family members

+246%

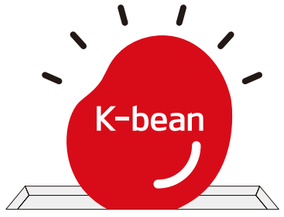


2013

***Eogiyeocha*-CSR idea contest**

Supporting university students' CSR activities

- CSR project idea contest for university clubs (up to KRW 10 million subsidies)
- CSR theses and projects contest (Kia Motors Presidential Prize and KRW 5 million prize money)
- Scheduled to be relaunched as a university student-led social change project under the new name Red Clover



2014

K-bean campaign

Cause-related donation campaign for customers in alliance with Naver's Happy Bean mileage points

KRW **89,471,100**

Funded from four sessions annually, 2.27 million page views, with 97,751 participant donations

Green Light Happy Car

Car-sharing support program for mobility-challenged residents of LH public rental apartments

21 cars shuttling to and from 15 apartment complexes

2015

Appendices

Sustainability Management

UN Global Compact

As an adherent to the UN Global Compact (UNGC) since July 2008, Kia Motors upholds the UNGC principles of human rights, labor, environment, and anti-corruption. Our progress and commitment are detailed in the pages listed in the table below.

UNGC Index

Area	Ten Principles	Coverage (pages)
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure they are not complicit in human rights abuses.	58–67, 79–83
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.	60, 81 81 81 58–63, 79–81
Environment	Principle 7: Businesses are asked to support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally-friendly technologies.	46–49, 86, 89 50–57, 84–90 26–39
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	82–83

ISO 26000

The ISO 26000 is an international standard on social responsibility issued in 2010. Kia Motors endeavors to internalize the seven core subjects and their implications, upholding them as standards of social responsibility in all our business management activities, from top to bottom, in the decision-making process at the managerial-level as well as working-level job fulfillment.

ISO 26000 Index

Seven Core Subjects	Relevant Issues	Coverage (pages)
Organizational governance	Decision-making process and structure, Delegation of power	6–7
Human rights	Discrimination and vulnerable groups, Human rights risk situations & Avoidance of complicity, Civil and political rights, Economic, social and cultural rights, Fundamental rights at work	58–67, 79–83
Labor practices	Employment and employment relationships, Conditions of work and social protection, Social dialogue, Health and safety at work, Human development and training in the workplace	58–67, 79–83
Environment	Prevention of pollution, Sustainable resource use, Climate change mitigation and adaptation, Protection and restoration of the natural environment	26–39, 46–57, 84–90
Fair operating practices	Anti-corruption, Responsible political involvement, Fair competition, Promoting social responsibility in the sphere of influence, Respect for property rights	64–67, 82–83
Consumer issues	Fair marketing, information and contractual practices, Protecting consumers' health and safety, Sustainable consumption, Consumer service, support, and dispute resolution, Consumer data protection and privacy, Education and awareness	26–45, 78
Community involvement and development	Community involvement, Employment creation, Technology development, Wealth and income creation, Social investment, Education and culture, Health, Skills development	20–25, 26–39, 58–63, 68–73, 79–81

Memberships to Associations and Organizations

Association/Organization	Purpose of Membership
Federation of Korean Industries (FKI)	Exchange information on management activities; cooperate on CSR activities
Korea Automobile Manufacturers Association (KAMA)	Promote the auto industry; pursue intersectoral joint projects
Korea Chamber of Commerce & Industry (Seoul, Gwangmyeong, Hwaseong, Gwangju)	Mandatory membership as per the Chamber of Commerce & Industry Act
Korea Auto Industries Coop. Association (KAICA)	Cooperate with relevant businesses to advance the auto industry
Korea Standards Association	Promote industrial standardization and quality management
Korea Fair Competition Federation (KFCF)	Share information and opinions with government and businesses to observe fair trade regulations
Korea AEO Association	Promote safety management practices on Authorized Economic Operators (AEOs)
BEST Forum: Business Ethics and Sustainability management for Top performance	Engage in ethical management and CSR work exchanges
Global Compact Network Korea	Uphold the ten principles of the UN Global Compact
Korean Association for Industrial Technology Security (KAITS)	Promote efforts aimed at protecting industrial technologies
Korea Economic Research Institute (KERI)	Conduct comprehensive research on long- and short-term development issues pertaining to Korean businesses and the nation's economy

Economy

As of the 2011 fiscal year, consolidated financial statements for the corporate headquarters and overseas subsidiaries are drafted on a consolidated basis according to International Financial Reporting Standards (IFRS).

Business Performance

KRW million

	2013	2014	2015
Production volume (vehicles)	2,832,168	3,049,692	3,040,650
Sales volume (vehicles)	2,827,092	3,041,685	3,050,834
Sales revenue	47,597,897	47,097,049	49,521,447
Operating profit	3,177,100	2,572,549	2,354,273
Cash flow	4,776,593	2,363,825	3,375,248
Ordinary income	4,828,576	3,816,316	3,100,266
Net profit	3,817,059	2,993,593	2,630,600

Financial Standing

KRW million

	2013	2014	2015
Assets	36,182,040	41,044,202	45,980,113
Current assets	13,472,386	16,655,401	18,390,784
Fixed assets	22,709,654	24,388,801	27,589,329
Liabilities	15,927,245	18,560,387	21,776,082
Current liabilities	10,806,238	11,974,388	14,579,485
Fixed liabilities	5,121,007	6,585,999	7,196,597
Equity	20,254,795	22,483,865	24,204,031
Equity ratio (capital/assets)	55.98%	54.78%	52.64%
Debt-to-equity ratio	78.63%	82.55%	89.97%

Value Distributed to Stakeholders

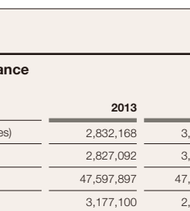
KRW million

	Detailed Breakdown	2013	2014	2015
Total value generated		48,164,860	47,087,015	48,962,402
Sales revenue		47,597,897	47,097,049	49,521,447
Other income	Other income - (other costs + depreciation)	566,963	(10,034)	(559,045)
Partner companies	Product & service costs	38,547,540	38,300,949	40,666,452
Value added generated		9,617,320	8,786,066	8,295,950
Employees	Wages and benefits	4,536,658	4,721,277	4,809,575
Shareholders	Dividends	283,489	404,058	441,025
Investors	Interest payments	89,673	57,240	89,060
Government	Tax payments (corporate taxes + other taxes)	955,781	747,054	730,200
Local communities	Donations	27,138	26,224	28,399
Kia Motors	Retained value	3,724,581	2,830,213	2,197,691

· Other income = (other operating income + income from investment in affiliated companies + financial income) - other costs (other operating costs + financial costs excluding interest costs and donations) - depreciation costs (depreciation costs + depreciation cost of intangible assets)

Economic Value Generated & Distributed (EVG&D)

%



a. Partner companies	83.1
b. Employees	9.8
c. Shareholders & investors	1.1
d. Government	1.5
e. Local communities	0.1
f. Kia Motors	4.4

Sales Revenue by Region

KRW million

	2013	2014	2015
Sales revenue	47,579,897	47,097,049	49,521,447
Korea	9,017,976	9,311,265	11,640,861
Outside Korea	38,561,921	37,785,784	37,880,586
North America	17,090,431	16,865,983	18,896,020
Europe	12,360,058	11,892,172	10,889,617
Others	9,111,432	9,027,629	8,094,949

Contribution to Sales Revenue by Region

%

a. Korea	19.8
b. North America	35.8
c. Europe	25.2
d. Others	19.2

Economy

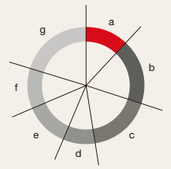
Production Volume by Plant

Vehicles

	2013	2014	2015
Sohari	292,190	328,517	364,385
Hwaseong	541,379	562,355	546,809
Gwangju	479,880	538,896	533,483
OEM	285,414	282,717	273,790
Georgia (USA)	369,299	369,379	369,063
Slovakia	313,000	323,720	338,020
China	551,006	644,108	615,100
Total	**2,832,168**	**3,049,692**	**3,040,650**

Contribution by Plant to Total Production Volume

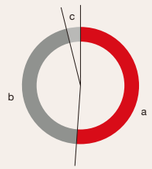
%



a. Sohari	12.0
b. Hwaseong	18.0
c. Gwangju	17.6
d. OEM	9.0
e. Georgia	12.1
f. Slovakia	11.1
g. China	20.2

Contribution to Sales by Model

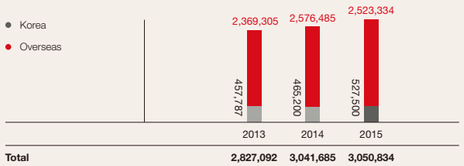
%



a. Sedans	51.3
b. Recreational vehicles	45.0
c. Commercial/ Special vehicles	3.7

Sales Volume by Year

Vehicles

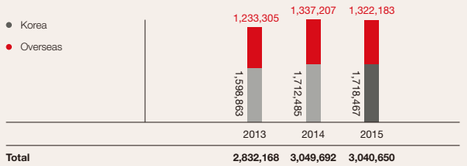


	2013	2014	2015
Total	**2,827,092**	**3,041,685**	**3,050,834**

· Sales data (Contribution to Sales by Model and Sales Volume by Year) are based on plant sales orders.

Production Volume by Year

Vehicles



	2013	2014	2015
Total	**2,832,168**	**3,049,692**	**3,040,650**

Society/Customers

Customer Satisfaction Assessment Results

Internal

For objective assessment and tracking of its performance in sales and service issues from the customer's perspective, Kia Motors commissions customer satisfaction index (CSI) surveys to an external agency every year. Monthly e-mails request feedback from our customers on their most recent purchase of one of our latest models, or on our services at the car lot where they made their purchase. Separately, regular reviews are conducted on customer reception attitude (eight sessions annually) and over-the-phone response attitudes (monthly) at our customer contact points. The survey results are published and sent to all relevant staff company-wide, serving as the basis for developing our CS training programs. Furthermore, the Kia Motors Customer Center has completed a fast-track cooperation system called "3-Step Follow-up," whereby customer grievances are addressed, while preventing any similar recurrence in the future. At the same time, the voice of customers (VOC) program is promoted company-wide to ensure future improvements to our CS practices.

External

Organization	Assessment	Kia Motors' Standing
Korea Productivity Center	National Customer Satisfaction Index (NCSI)	No.1 in the micro, sub-compact and mid-size segment
JoongAng Daily	National Brand Awards (NBA)	Recipient of an Automobile Membership Award for a 4th straight year
Korea Management Association Consulting	Call Center Quality Index (KSQI)	No. 1 in the industry for a 3rd year in a row Best call center for the 12th year in a row
	Korea Sales Satisfaction Index (KSSI)	No. 1 in the industry for a 2nd year in a row

CS Training

Kia Motors gives regular customer satisfaction (CS) training to all sales and service employees. Sales staff members receive customized training courses (CS consulting) that check current practices at each regional office, providing intensive training sessions to help them develop the very best customer reception skills. In response to the advancement of global automakers into the Korean market, we also adopted the CS Premium training course to offer high-end customer service. Additionally, new salespeople receive one-on-one coaching to reinforce their basic competencies, such as serving customers properly, while an "image-making" training course is offered to develop a heightened customer-oriented brand image. In 2015, a total of 38,538 employees completed 2,769 differentiated CS training sessions. In 2016, we will focus on establishing a customer-first mindset and on undertaking a company-wide CS mindset development program to reinforce CS competencies in all job duties.

Sales and Service Training

	2013	2014	2015
No. of annual trainees (persons)	34,286	41,202	38,538
Total training hours	-	57,204	54,723
Per-employee training hours (person/hour)	-	1.39	1.42

· Trainee composition breakdown: 15,416 salespeople (7,720 from regional sales offices, including administrative staff, and 7,696 from dealerships), 17,573 service staff (3,715 from regional service centers and 13,858 from partner firms), and 5,549 from other departments
· Training hours data was available as of 2014.

Customer Information Protection

Kia Motors has been operating the Personal Information Protection Council since 2011 as part of its customer information protection framework, which runs concurrently with the enforcement of the Personal Information Protection Act. The council's sector-specific subcommittees, each overseen by a chief privacy officer (CPO), went into full operation as of 2012. The council develops integrated management systems and conducts regular monitoring on each system, while also preparing contingency plans for potential risks related to personal information leaks.
As a means to control company-wide legal compliance, web-based personal information search solutions and integrated log monitoring systems have been in place since 2013. In 2015, we strengthened the Personal Information Protection System to ensure complete control of our customer information. That same year, we obtained the Personal Information Protection Level (PIPL) certificate from the Ministry of Government Administration and Home Affairs. As a result of these efforts, we had no cases of violations on our duty in protecting the personal information of customers in 2015. We will continue striving to protect our customers' personal information by developing effective techniques and systems as well as physical security devices.

Product Labeling

All Kia models are labeled with CO_2 emissions (g/km) and fuel economy data information to ensure that customers make informed decisions concerning these issues. All new models rolled out as of January 2013 are labeled on the weighted combined fuel economy (55 percent for city driving, 45 percent for highway driving) as per changes to fuel economy calculation standards.

Customer Marketing Communication

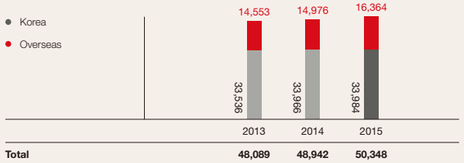
In our marketing and corporate external communication, we strive to avoid any infringement upon customer privacy, apply double standards, or exert undue influence on vulnerable groups. While aligning our marketing communication activities to cultural and ethical norms, we also make sure that our overseas marketing activities conform to local sensibilities through advance research and local canvassing. Kia Motors did not violate any regulations or receive any fines in regard to its marketing communication efforts in 2015.

Society/Employees

As of December 31, 2015
Scope: domestic worksites (except for the total workforce and workforce by region)
Target: full-time employees (except for outsourced employees and interns)

Total Workforce

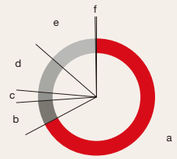
persons



Total	48,089	48,942	50,348

Workforce by Region

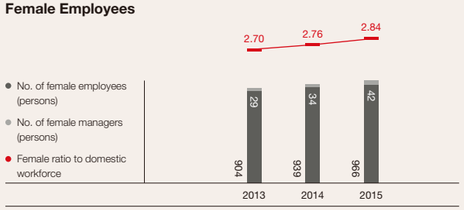
persons



a. Korea	33,984
b. U.S.	3,235
c. Mexico	1,298
d. Europe	4,971
e. China	6,730
f. Others	130
Total	**50,348**

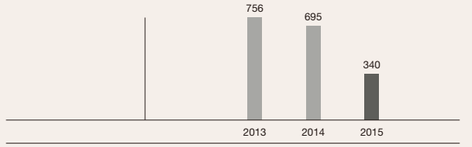
· Others: Asia-Pacific (excluding China), the Middle East, and Africa

Female Employees



Recruitment

persons



Recruitment by Region

persons

	2013	2014	2015
Headquarters	85	76	69
Sohari	34	207	120
Hwaseong	154	203	84
Gwangju	449	120	18
R&D Centers	17	5	4
Others	17	84	45
Total	**756**	**695**	**340**

· R&D Centers and their operations are run collectively with the rest of Hyundai Motor Group. R&D Centers' figures herein refer to "non-researchers."

Recruitment by Age/Gender

persons

		2015	Percentage
By Age	Ages 20-29	210	61.8
	Ages 30-39	79	23.2
	Ages 40-49	40	11.8
	Aged 50 and above	11	3.2
By Gender	Male	295	86.8
	Female	45	13.2

Retirement & Resignation by Region

persons

	2013	2014	2015
Headquarters	29	35	34
Sohari	86	21	80
Hwaseong	38	23	47
Gwangju	45	24	56
R&D Centers	2	6	3
Others	68	51	117
Total	**268**	**160**	**337**

Retirement & Resignation by Age/Gender

persons

		2015	Percentage
By Age	Ages 20-29	29	8.6
	Ages 30-39	43	12.8
	Ages 40-49	47	13.9
	Aged 50 and above	218	64.7
By Gender	Male	322	95.5
	Female	15	4.5

APPENDICES

Sustainability Management Economy Society/Customers Society/Employees Society/Partner Companies·Local Communities Environment KMS About This Report Independent Assurance Statement GRI (G4) Index

Society/Employees

Wages KRW million

	2013	2014	2015
Average period of continuous service (yrs)	18.6	18.2	19.0
Annual wage	3,400,370	3,587,205	3,595,755
Per-employee wage	101.9	106.1	106.3
Entry-level per-employee wage	48.5	47.4	45.9

· Period of continuous service: as of the date the person joins the company
Wage calculation principle: Wages include retirement allowances, but entry-level wages do not include retirement allowances. Kia Motors' entry-level per-employee average wage is 3.28 times higher than the legal minimum wage. The percentage of production employees grew among overall new recruitments starting in 2013, resulting in a fall in the entry-level per-employee wage

Fringe Benefits

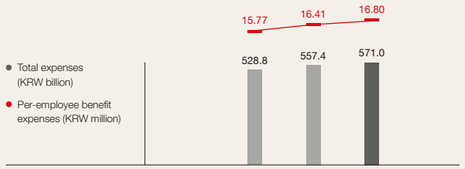
Kia Motors' fringe benefits system does not discriminate between full-time and temporary (or part-time) employees. On top of legally mandated fringe benefits, the company provides a wide range of benefit programs to contribute to the quality and security of employees' lives, and also to boost their morale for trust-based labor relations. In 2015, 95 employees used the legally mandated childcare leave, with 44 employees on maternity leave and five women on miscarriage/stillbirth leave. Additionally, 18 pregnant employees used the Flexible Work Hour system an average of 18 days each.

Childcare Leave persons

		2013	2014	2015
No. of employees on childcare leave	Male	7	12	20
	Female	73	60	75
Rate of return after childcare leave	Male	100%	100%	100%
	Female	100%	100%	100%

· No. of employees on childcare leave: the number of employees who had been on childcare leave for at least one day during the reporting period (Data collection guidelines changed as of 2015 and have been retroactively applied to 2013 and 2014 results)
· Rate of return after childcare leave: the percentage of employees who returned from childcare leave during the reporting period
· If the same employee with several children extends childcare leave for for a different a child he/she counts in proportion to the number of kids to care for.

Fringe Benefit Expenses



Employee Education & Training Expenses

	2013	2014	2015
Total education & training expenditures (KRW billion)	19.6	20.0	19.7
Per-employee education & training expenditures (KRW 10,000)	59	60	47
Per-employee education & training hours	35	43	33

Human Resource Development

In line with its HRD direction of attaining management's goals through effective HRD and corporate culture development, Kia Motors has established a highly effective HRD system and offers HRD programs. The objectives of the HRD programs include employee job competency-building, establishing a sound corporate culture, and assisting in business goal attainment. The job competency-building course offers an individualized curriculum by job position in three categories: leadership, job duties, and global competencies. Also in place is an assortment of programs to help internalize the company's core values. In a bid to attune individual goals to the corporate goals, the company constantly delivers corporate strategy-based messages to all employees in various educational forms, while offering HRD-based consulting services to assist employees with job-related trouble-shooting. Starting in 2004, employees who are retiring are provided with retirement life planning programs, while career development consulting services are provided for those who will be leaving the company for a new career. There is also a dedicated website for online procedures concerning the required administration. In 2015, a total of 147 soon-to-be retirees completed the retirement planning program, with a turnover rate of 0.99 percent.

Human Rights

Kia Motors upholds the basic human rights of its employees. They can vent their grievance(s) through the intranet-based processing system, where the progress and outcome of handling the received grievance(s) can also be tracked. Furthermore, in prevention of sexual harassment and the protection of human rights, we give employees semi-annual classes on all relevant laws, corporate regulations, and related punishments. Also, we have a Sexual Harassment Counseling Center within the Employee Counseling Center to prevent such incidents at source. Separately, the Committee for Female Employee Counseling assists female employees to resolve problems.

Society/Employees

Ban on Child Labor & Forced Labor

Kia Motors hires new employees in full compliance with the Framework Act on Employment Policy, and its employment regulations stipulate the eligible age at 18 and above. As per Article 65 of the Collective Agreement, Kia Motors does not force employees to work on holidays or perform overtime and does not attach any accompanying penalties for refusing to do so.

Announcement of Management Changes

Article 17 of the Collective Agreement provides that Kia Motors must announce management changes in writing. Changes requiring written disclosure include those to to the company name or the articles of association; revisions to, enactment of, or annulment of employment and personnel policies, and other company regulations that affect the condition or status of employment of any union member; appointment, dismissal, or change in position or status of executives; audit reports; business performance; and resolutions passed by the Board of Directors. We also disclose our business performance monthly/quarterly/semi-annually to the labor union as a courtesy of mutual understanding and cooperation.

Health, Safety & Environment (HSE) System

The company-wide HSE management framework was modified in 2014, with a new company-wide unit launched and HS management teams installed at all plants. In 2015, we established a system for improving HSE risk factors. Safety facility guidelines were developed to prevent any omission of the essential safety gears in the process of facility investment. Each plant has adopted self-directed daily/weekly/monthly safety check procedures to detect, control and improve risk factors on site and has in place established manuals for responding to infectious diseases. In 2016, we will share and implement company-wide HSE management policy that has already been developed in order to promote a human-oriented corporate culture. Guided by the goal of a zero rate of serious accidents/injuries, we will continue to expand the framework for preventive and responsive measures, raise company-wide HSE awareness, and encourage partner and community engagement in our HSE initiatives.

Preventing and Reacting to Industrial Accidents

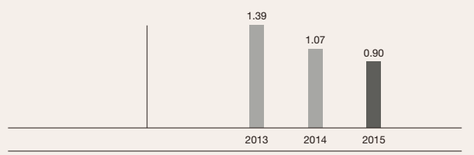
Kia Motors maintains safe and agreeable working conditions as stipulated in Article 79 of the Collective Agreement and through the Industrial Health & Safety Committee, which consists of seven members each from labor and management, at each plant. The company-wide Industrial Health & Safety Committee convenes labor and management representatives from each plant to discuss and reach agreements on major health and safety issues. Each plant operates in compliance with their respective certified industrial health and safety systems (KOSHA 18001 at the Sohari and Gwangju plants and OHSAS 18001/KOSHA 18001 at the Hwaseong plant) and provides health and safety officers with regular training sessions to brush up on their job competencies. In addition to regular inspections every third year, the company separately assesses the potential risks involved in production line renewal, or if any musculoskeletal diseases are reported, and takes the appropriate measures to improve the work process. Furthermore, we have in place a program to prevent hearing loss from worksite noise and respiratory damage from hazardous airborne substances. All factory and plant workers receive regular health check-ups (ordinary, special, random, and pre-deployment) and can consult with doctors when need be. The health check-up results are collected on our computerized database for any possible follow-up measures. The company also offers individualized rehabilitation care for employees returning to work after treatment for injuries from industrial accidents. In 2015, the number of industrial accidents at our domestic worksites declined by 16 percent, from 363 cases in 2014 to 304 cases a year later. This marks a downward trend for the fourth straight year.

Industrial Accidents by Worksite

	Workforce (persons)	No. of accidents (cases)	Accident rate (%)
Sohari	5,779	67	1.16
Hwaseong	12,203	147	1.20
Gwangju	7,267	70	0.96
Outside plants	8,460	20	0.24
Total	**33,709**	**304**	**0.90**

· Industrial accident rate formula: total number of industrial accident workers/total workforce X 100

Industrial Accident Rate %



Society/Partner Companies

Support & Assistance through the Promotion of the Korean Parts Industry Foundation

	Type	Primary Partners	Secondary Partners
In-house technical assistance (Quality/Technology Volunteer Corps)	12 business types	6 companies	91 companies
Business consulting (Partner Support Corps)	7 business areas	22 companies	24 companies
Technical schooling	8 courses	919 persons	419 persons
Quality schooling	11 courses	2,737 persons	1,477 persons
General management training	2 courses	404 persons	150 persons

Payments for Goods & Services

		Payment Method	Payment Cycle
Parts for domestic use	SME partners	Cash	Weekly
	ME partners (with annual sales under KRW 500 billion)	Cash	Weekly
	ME partners	Cash e-promissory notes (60 days)	Weekly
	Large corporations	e-promissory notes (60 days)	Weekly
Parts for export		Cash	Monthly

· The cash payment policy is applied differently according to the sales volume of ME partners. Eligibility was eased from KRW 300 billion in 2014 to KRW 500 billion in 2015.

Education/Training Programs for Partner Companies

	Type	Program	No. of Sessions	Persons
Executives/Working-level staff	Quality competency	Quality seminars and education for quality enhancement of parts	505	130,652
	Job training	Job competency-building/assistance education	460	33,374
	Quality awareness	Quality awareness and transparency/ethics education	320	47,251
Total (including overseas worksites)			**1,285**	**211,277**

Ethical Management

Kia Motors defines ethical management as rectifying wrongful practices or cost structures to meet ethical standards for the benefit of stakeholders, and we believe this is a way of enhancing the company's long-term competitiveness. At Kia Motors, the Ethics Committee, which consists solely of outside directors under the Board of Directors, supervises company-wide ethical management practices, overseeing and monitoring the process and ensuring smooth implementation. The committee has enacted a Code of Ethics and Regulation of Workplace Ethics as behavioral guidelines for employees to comply with in their daily duty performance.

Anti-Corruption Program

Kia Motors has in place a Compliance Officer and a Compliance Program as a means of translating into action its commitment to ethical business practices. The first Compliance Officer was appointed by the Board of Directors in 2012 as the control tower of corporate legal compliance activities. Since then, the Compliance Officer has been monitoring legal compliance against in-house-developed compliance guidelines and reports these results to the BOD. Supported by a dedicated Compliance Team, the Compliance Officer also trains employees on compliance and provides compliance consulting services. All Kia employees complete compliance training at least once a year and are supported with our Compliance Guidelines for the benefit of carrying out their duties.

Adopted in 2002, the Compliance Program (CP) is an internal compliance system to ensure that all business activities are in accordance with the Fair Trade Act and other relevant regulations. Top management at Kia Motors is dedicated to establishing fair transaction practices within the organization. Consisting of executives and team heads related to fair transactions, the CP Council discusses CP operational schemes and updates plans and measures. CP regulations have become standard in the work process, and their implementation is monitored by an internal control system. CP operational results are reported to the Board of Directors on a regular basis before they are publicized company-wide. The CP Council and all employees working in related departments receive internal/commissioned training regularly to remain up to date about CP trends.

Society/Partner Companies·Local Communities

In 2015, the CEO's commitment to voluntary compliance was publicized six times through the corporate groupware system, called Autoway. CP news is also available via monthly newsletters and through the CP Bulletin Board on the intranet. CP training has been upgraded in its effectiveness with new customized courses that match the different needs of employees in the areas of production, sales and service. Based on the review results on 23 pertinent departments for on-site CP practices, outstanding performance was fairly rewarded in order to motivate employees' voluntary engagement. Starting in 2013, we adopted competitive bidding by principle for all new deals with partner companies, ensuring fair competition in our selection of partner companies.

Kia's internal control system consists of a Group-wide Audit Team and Cyber Audit Office, both of which guarantee anonymous reporting. In 2015, Kia Motors imposed punishment measures and disciplinary action on internal corruption violations, and employees found guilty were dealt with swiftly, depending on the severity of the offense(s). In the future, we will continue to carry out preemptive checks and prevention measures to advance fair competition and ensure transparent work processes.

Compliance Program Training in 2015

	Period	No. of Sessions	Targets	Subjects
In-house	1H	2	Heads of domestic regional sales offices (10 sessions) and dealers	Training on the Fair Trade Act and case studies of CP practices at the dealership level
	2H	9	A total of 1,104 trainees (working-level staff from various departments and staff from the Apgujeong Office and Guro Office of domestic regional sales offices and the directors of domestic regional sales offices)	Courses customized to the different needs of targets on collusion, Fair Transactions in Franchise Business Act, and Subcontract Transactions Act
Commissioned	1H	4	CP executives and working-level staff	Compliance officers' breakfast meetings, special lectures on Fair Trade Act-related issues, case studies on the Fair Transactions in Franchise Business Act and Fair Labelling and Advertising Act
	2H	3		Overview of the revised/instituted provisions of the Fair Trade Act in 2015 and case studies on unfair transactions by the Korea Fair Competition Federation (KFCF)

Social Outreach Expenditures

KRW

	2013	2014	2015	Subtotal
Social welfare	11,988,657,830	10,306,917,495	11,904,885,000	34,200,460,325
Medical care, public health	81,340,780	50,000,000	177,000,000	308,340,780
Education, schools, academic research	5,716,299,200	4,637,670,700	7,482,683,060	17,836,652,960
Arts & Culture, sports	1,893,194,000	2,573,671,332	4,151,490,410	8,618,355,742
Environment	185,666,000	253,855,000	532,460,000	971,981,000
Emergency & Disaster relief	358,090,000	1,880,000,000	0	2,238,090,000
International programs & activities	3,494,134,129	3,246,032,416	3,709,434,380	10,449,600,925
Others	3,079,067,576	3,499,000,000	499,335,856	7,077,403,432
Total	**26,796,449,515**	**26,447,146,943**	**28,457,288,706**	**81,700,885,164**

· Scope: domestic worksites
Data collection: expenditures qualifying as donations as per tax laws, cause marketing expenses and sponsorships classified as academic, arts & culture, and sporting events

Social Outreach Involvement

	2013	2014	2015
Annual involvement (persons)	13,492	12,275	11,548
Total service hours	41,960	33,968	35,590
Per-person service hours	1.25	1.00	1.05

· Per-person service hours are the total number of service hours divided by the total number of employees in Korea for the respective year (33,984).

Environment

Data collected on three domestic plants (Sohari, Hwaseong, Gwangju)
Per-vehicle input/output: resource input or emissions/output involved in manufacturing one automobile based on the number of units produced
Decimals are rounded up to the nearest (first/second) decimal places.

Targets and Performance by Indicator

Based on its environmental management key actions plans, Kia Motors sets targets for key indicators and monitors its performance against them.

2015 Results & 2016 Goals

● 100% or higher of target ● 85% and above ● 85% and below

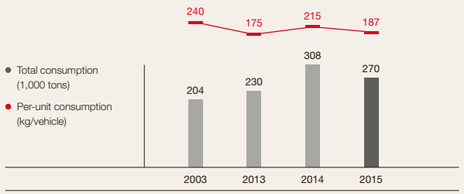
Category	Subcategory		Basis of Measure	2015 Target	2015 Performance	2015 Achievement rate	2016 Target
Green growth	Energy (GHG)	tCO_2eq	Unit reduction from 2008 level	25.0 or higher	29.6	100.0	25.0
Green production	Air	PM	Unit reduction from 2003 level	65.0 or higher	62.9	96.8	65.0
		SOx		30.0 or higher	37.7	125.7	35.0
		NOx		30.0 or higher	38.7	129.0	40.0
	Water	BOD		45.0 or higher	27.9	62.0	35.0
		COD		33.0 or higher	45.0	136.4	50.0
		SS		50.0 or higher	6.0	12.0	50.0
	Controlled chemicals	Usage		20.0 or higher	30.4	152.0	40.0
Resource regeneration	Waste	Recycled	Percentage to total waste output	92.0 or higher	93.7	101.8	92.0
		Landfill disposal		0.9 or below	1.2	75.0	1.0
		Incinerated		7.1 or below	5.0	142.0	6.0
	VOCs	Emissions	Unit reduction from 2005 level	50.0 or higher	54.2	108.4	56.0

· SS performance fell short of annual targets because of an operational failure in the wastewater treatment plant. The resultant increase in concentration caused a slight year-on-year rise in the first half of 2015, but it stabilized towards the end of the year.

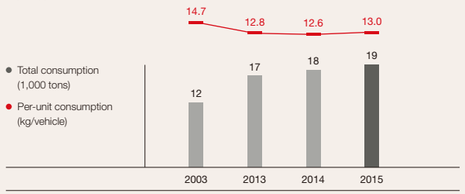
Raw Materials

In 2015, the total volume of raw materials consumption declined by 11.5 percent from 2014, but increased 34 percent compared to the base year of 2003. Per-unit consumption was down by 12.4 percent from 2014, 21.5 percent lower than the base year. Per-unit input of steel (not including partner companies' steel usage) decreased 22.1 percent from the base year, and both total and per-unit input dropped from 2014. Per-unit consumption of paints and thinners subsided by 11.7 percent and 21.6 percent, respectively, from the base year. Leftover zinc-coated steel is sent to steelmakers, while uncoated steel is recycled at the foundry in Gwangju. In 2015, 8,092 tons of steel was recycled, down 452 tons from the previous year. The Gwangju plant retrieves leftover thinners to outsource for recycling, and then reuses the recycled thinners within the plant.

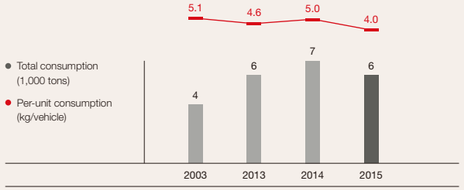
Steel



Paints



Thinners

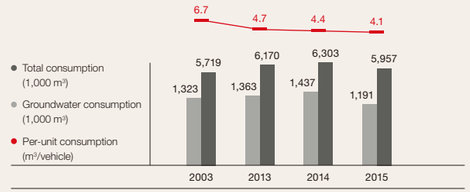


· Starting in 2014, other resources are not reported as a measurement of volume, as their presence is negligible.

Water Resource

Kia Motors intakes its water supply from water reserve dams that hold more than 200 million tons of water (Paldang Dam for its Sohari and Hwaseong plants and from Juam Dam for its Gwangju plant). Since 2000, we have stemmed cooling water overflow, increased the water recovery rate from condensed steam, and conserved on lavatory water use through constant water conservation campaigns. Despite the slight growth in total production volume, our water use decreased by 5.5 percent in total volume and 6.5 percent in per-unit consumption in 2015 over the previous year. The efficiency of water input is on the rise, as per-unit consumption declined by 38.5 percent from its 2003 level, while total consumption increased 4.2 percent over the same period.

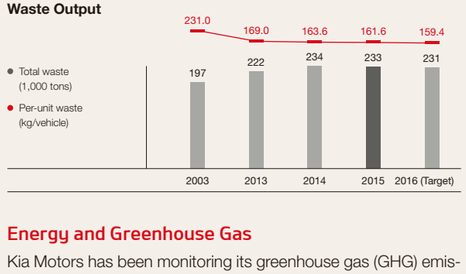
Water Resource Use



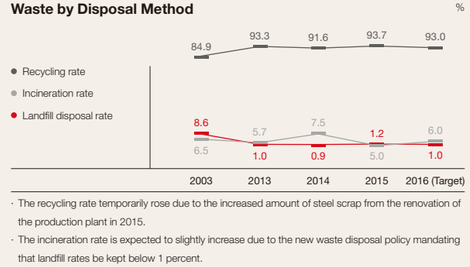
Waste Reduction & Recycling

In 2015, the three domestic plants (Sohari, Hwaseong, Gwangju) generated a total of 233,000 tons of waste, down 0.2 percent from the previous year but up 18.5 percent from 2003. Of this total, 219,000 tons, or 93.7 percent, was recycled to make cement and other materials. Per-unit waste output edged down by 1.2 percent year on year, and saw a 30 percent decrease from 2003.

Waste Output



Waste by Disposal Method %



· The recycling rate temporarily rose due to the increased amount of steel scrap from the renovation of the production plant in 2015.
· The incineration rate is expected to slightly increase due to the new waste disposal policy mandating that landfill rates be kept below 1 percent.

Energy and Greenhouse Gas

Kia Motors has been monitoring its greenhouse gas (GHG) emissions and has kept a GHG inventory since 2006, when it became the first Korean company to undertake third-party assurance of its GHG emissions on its service and production facilities. In compliance with the Basic Law on Low Carbon Green Growth that has been in force since 2011, all our domestic worksites have been reporting their GHG emissions and energy consumption to the government by tracking their GHG emissions and energy consumption retroactively from 2007. In 2015, our domestic plants, service centers, sales offices, shipping offices, and training centers collectively generated GHG emissions totaling 787,407 tons. Of this, direct emissions from fuel consumption stood at 270,923 tons (scope 1) and indirect emissions from electricity use (scope 2) amounted to 516,509 tons. Specifically, GHG emissions from the Sohari, Hwaseong and Gwangju plants amounted to 765,369 tons, or 97 percent of total emissions from all domestic premises. Overseas worksites received their first third-party assurance on their GHG emissions on the Slovakia plant and China plants #1 and #2 in 2007. The Georgia plant in the U.S. followed suit in 2010, as did the China plant #3 in 2014, completing third-party assurance on all our worksites. In 2015, total GHG emissions from our overseas worksites stood at 421,212 tons (114,232 tons of scope 1 and 306,980 tons of scope 2).

· Calculation guidelines: ISO 14064-1 (2006), WRI/WBCSD GHG Protocol (2004)
· An accidental error between the total volume and the sum of scopes 1 and 2 arose from the difference in the calculation formula of Korea's national GHG inventory report.

GHG Emissions Reduction Performance and Goals

Having signed up to the voluntary agreement (VA) for energy conservation in 2000, Kia Motors strives to slash its energy consumption and GHG emissions, and has been filing progress reports with the Korea Energy Management Corporation (KEMCO) since then. As a proponent of the Greenhouse Gas and Energy Target initiative, we have been setting targets every year for our annual GHG emissions and energy consumption based on mutual consent with the government and reporting on this progress since 2011. We are also participating in the emissions trading scheme (ETS) that took effect in 2015. The ETS allots participants with GHG emissions credit and the participants can exchange or trade the credits to control their emissions

Environment

within the cap. Kia Motors will continue reduction initiatives to keep under the target set for the first phase (2015-2017). In the longer run, the company set its goal at curtailing per-unit GHG emissions by 30 percent from 2008 levels, and is looking to achieve the global automotive industry's agreed-upon goal: cutting emissions by 7.8 percent compared to the BAU level by 2020.

Energy Management System

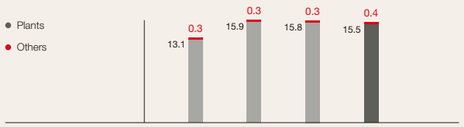
For the systematic management of energy consumption, we are working to attain ISO 50001 (energy management systems) certification, an international standard on corporate energy conservation planning and implementation that went into effect in June 2011. After Kia's Gwangju plant obtained the certification in 2012, the Sohari and Hwaseong plants earned the certification in 2015.

Employee Mobility Emissions

Kia Motors applies various measures to minimize GHG emissions from employee commutes and business trips. Driving to work is discouraged through limited parking pass issuance and a rotating parking system. At the same time, the company helps employees with their commutes through shuttle bus services. In fact, 22,000 employees, or 66 percent of the domestic workforce (33,984), use shuttle buses to and from work.

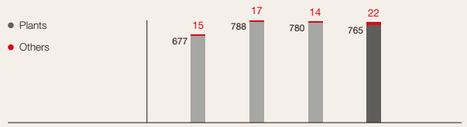
In order to reduce business trip distances, we have set up videoconferencing infrastructure at all our domestic and overseas worksites, while encouraging public transportation and carpools for domestic business trips. Adopted in 2012, the carpool business trips have surged by 144.5 percent, from 1,554 cases (2.8 percent of all business trips) in the first year to 3,800 (8 percent) in 2015. In the meantime, the total number of business trips has been slashed by 16.7 percent, from 54,000 in 2014 to 45,000 in 2015, achieving both efficiency and decreasing the total. Videoconferencing not only cuts CO_2 emissions but also contributes to better meeting practices. Kia Motors' Smart Work Campaign promotes an efficient conferencing culture, while providing personal videoconferencing equipment to applicants. As of 2015, a total of 240,000 video conferences were convened at the Hyundai Motor Group level and the practice is becoming more widespread.

Total Energy Consumption 1,000 TJ



Total	13.4	16.2	16.1	15.9

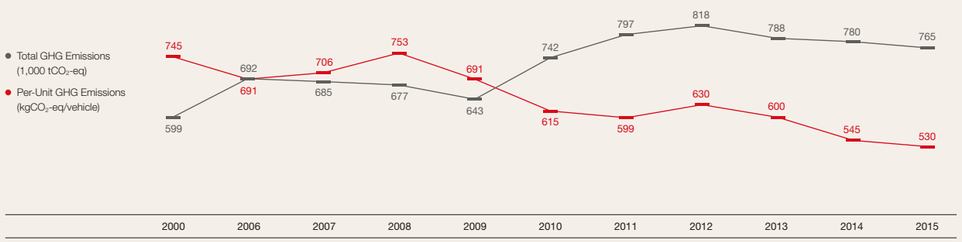
Total GHG Emissions 1,000 tCO_2-eq



Total	692	805	794	787

· BAU (Business As Usual): projected total GHG emissions amount if no reduction measures are taken.
· Plants: Sohari, Hwaseong, and Gwangju
· Others: corporate headquarters, service centers, sales offices, shipping offices, Osan Training Center, and Pyeongtaek Port

Per-Unit GHG Emissions



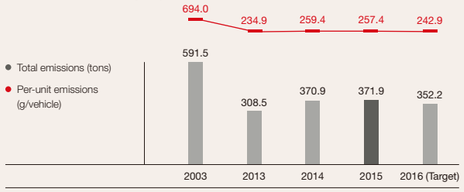
· Emissions calculation formula: Scope 1 & 2 emissions based on lower heating value (2000-2006) / Operating Guidelines on Greenhouse Gases and Energy Target Management System (Notification No. 2011-29 from the Ministry of Environment [2007-onwards])

Environmental Pollutants

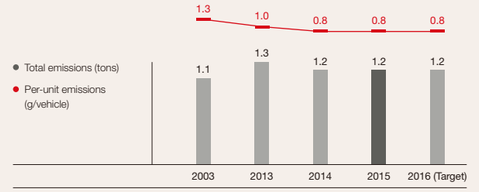
Air Pollutants

Kia Motors has installed pollutant filtration systems at all plants to minimize its air pollutant emissions. The Sohari and Hwaseong plants are equipped with tele-monitoring systems (TMS) on their boilers and other high-polluting facilities for round-the-clock monitoring. Air pollutants from each worksite are scrupulously controlled according to corporate standards that are only 30 percent of the legal minimum. Total GHG emissions in 2015 were down by four percent from 2014, with per-unit emissions falling five percent over the same period. Against the base year (2003), total volume dropped by 20.3 percent and per-unit emissions by 53 percent. Per-unit emissions declined by 37.7 percent with SOx, 38.7 percent with NOx, and 62.9 percent with PM from 2003 levels.

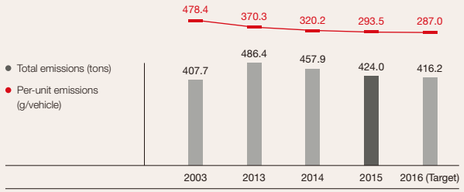
Particulate Matter (PM)



SOx



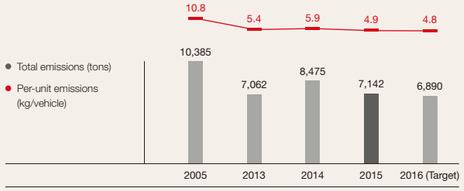
NOx



Volatile Organic Compounds (VOCs)

Volatile organic compounds (VOCs) are one of the main culprits to global warming and ozone depletion, generating a noticeable odor. Kia Motors makes every effort to minimize VOC use and emissions in our manufacturing processes. As a result of the increased use of water-based paints to reduce VOCs, total emissions fell by 15.7 percent from the previous year in 2015, with a 16.6 percent year-on-year decrease in per-unit emissions. Compared to the base year of 2005, total volume declined 31.2 percent, with the per-unit amount down by 54.2 percent.

VOC Emissions

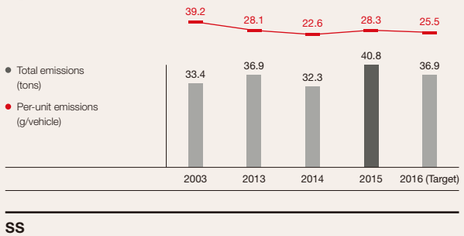


Environment

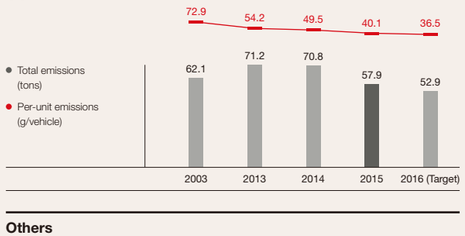
Water Pollutants & Hazardous Chemicals

Kia Motors has built up a database on all chemical substances applied in all its automobiles produced since 2005 through the Group-wide e-CMS (chemical management system). Plus, each plant has independent systems to monitor their use of hazardous chemicals on a regular basis. In 2015, the painting process improved the conventional ion-exchange process to a reverse osmosis process, eliminating hazardous chemical use. In 2015, total input of hazardous chemicals decreased by 14.1 percent from 2014, with per-unit production dropping 15 percent over the same period. Compared to 2003, per-unit input fell by 30.4 percent, while total volume jumped 23.4 percent. Kia Motors makes every effort to avoid hazardous chemical leaks or violations of related regulations at all costs. As a result, we had no cases of such accidents in 2015. Both production volume and domestic water supply input increased in 2015. This, coupled with the operational failure in the wastewater treatment facilities at the Gwangju plant, caused a temporary rise in BOD and SS emissions concentration, pushing up the annual emissions over 2014. Instant countermeasures to fix the errors, however, successfully brought the emissions concentration under control towards the end of the year. All in all, water pollutant discharge increased 14.9 percent in total volume, with a 13.7 percent growth in per-unit emissions in 2015 from the previous year. Compared to 2003, total volume rose by 4.3 percent, with a 38.4 percent decline in per-unit amount. In addition, per-unit emissions declined by 27.9 percent for BOD, 45 percent for COD, and six percent for SS compared to the 2003 level.

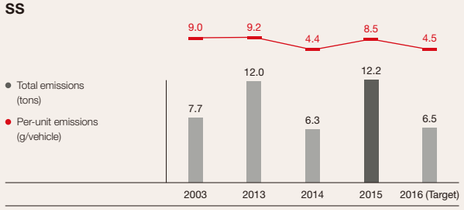
BOD



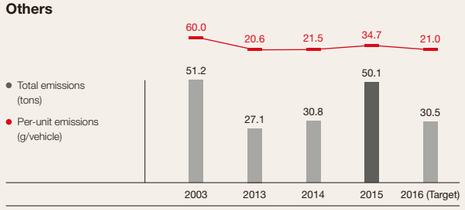
COD



SS

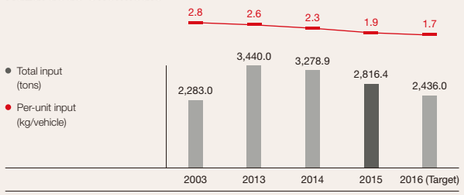


Others



· Others subject to data collection include n-H, T-P, and T-N.

Hazardous Chemicals



· BOD (Biochemical Oxygen Demand)/COD (Chemical Oxygen Demand): The amount of oxygen required for microorganisms to degenerate organic matter in the water. It is used as a measure of water pollution, and the lower the value is, the lower the level of pollution.
· SS (Suspended Solids): Concentration of solids suspended in water

Partners' Environmental Management

Kia Motors shares information on controlled chemicals with its partners through its IMDS and self-developed e-CMS. Environmental regulatory changes and industrial trends are updated through regular education sessions for our partner companies to promote their elimination and substitute of the use of hazardous substances. Random inspections on partners' production lines are accompanied with disciplinary measures, or corrective requests are made depending on the seriousness of the use or type of substance. Using any of the four major heavy metals results in a 10-point deduction in a company's quality management score on the Quality Five-Star scheme. As for IMDS-banned and carcinogenic chemicals, a corrective order is issued and relevant training/education is mandated. Kia Motors provides its primary partners with environmental management guidelines under the Agreement on the Supply of Eco-Friendly Automotive parts signed in 2007. Separately, we regularly update and distribute guidelines on global environmental regulations pertaining to automotive parts manufacturing.

Environment

Environmental Management System

Kia Motors has obtained the ISO 14001 (environmental management standard) at all its worksites at home and abroad. Through an internal evaluation and an environmental audit, we check our progress on environmental management and detect issues to make improvements. Domestically, we updated and integrated the environmental management work process standards applicable to all our three plants and service operations division in 2014. As a result, we passed the third-year renewal inspection in 2015 and maintain the certification. Starting in 2014, we commissioned an outside expert agency to foster ISO 14001 certificate inspectors at the three plants. In 2015, the scope expanded to regional service centers to train in-house inspectors. We expect these trained inspectors will further enhance our EMS operations at our plants. System documents were also realigned with the new ISO 14001:2015 standards that go into effect as of 2016, and prepared for the conversion review slated in 2018. In addition, we will develop and implement phase-by-phase investment schemes to reduce environmental pollutant emissions to discern highly efficient facilities and replace old ones.

Environmental Expenditures

Kia Motors classifies its environmental expenditures into five subcategories that it has invested in for improving environmental management and emissions control. The adoption of the environmental investment evaluation system in 2004 helped streamline investments, facilitating a comprehensive review of the cost-saving benefits and returns on investments to be reflected in planning for the following year. The evaluation scheme was segmented by air, water, waste, and hazardous substances starting in 2015. The change allowed for eco-friendly facility investments that can prevent environment issues at source. In particular, the Hwaseong plant adopted a hazardous substance-free manufacturing process into its new renovated painting process, cutting down on the hazardous substance input. Other plants will also adopt the same process in the future. In 2015, our three domestic plants spent a total of KRW 38.5 billion in environmental expenditures, up 50 percent from the previous year.

Domestic & Overseas Environmental Expenditures KRW 1,000

Category		2013	2014	2015
Direct reduction on environmental loads	(Environmental investments & maintenance expenditures)	36,734,059	20,321,968	33,509,692
Indirect reduction on environmental loads	(Employee environmental education & assessments)	1,039,181	970,912	831,240
Waste disposal & recycling	(Waste disposal outsourcing expenditures)	4,903,174	4,309,483	4,148,675
Environmental risk management costs	(Environmental regulatory compliance & accident prevention)	93,110	10,080	7,400
Total		**42,769,524**	**25,612,443**	**38,497,007**

Afforestation

Kia Motors is developing even more eco-friendly and agreeable worksites by creating more green areas in proportion to the increase in its building areas. We have been strictly controlling soil-polluting factors since 2000, and as a result we have staved off even a single case of soil contamination over the past 15 years. Nevertheless, inspection standards become more stringent each year.

Afforestation Status

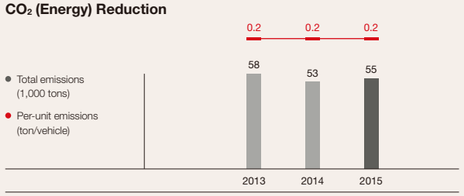
	Sohari	Hwaseong	Gwangju	Slovakia (KMS)	China #1 (DYK1)	China #2 (DYK2)	China #3 (DYK3)	Georgia (KMMG)
Area (m²)	498,908	3,199,636	1,014,941	1,898,288	450,000	1,449,172	1,467,743	2,596,130
Building area (m²)	226,539	1,162,072	597,446	278,396	95,000	272,496	178,976	219,254
Green area (m²)	74,850	663,848	80,007	1,218,314	36,752	310,437	337,581	785,487
Green ratio (%)	27.5	32.6	19.2	75.2	10.4	26.4	26.2	33.0
Afforestation (trees)	91,334	248,245	201,712	1,230	3,599	2,234,841	2,154,889	227

· Green area ratio: Green area/(site area-building area)

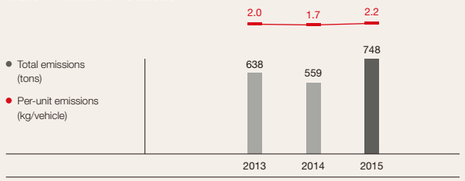
Environmental Performance at Overseas Plants

Slovakia Plant

CO_2 (Energy) Reduction

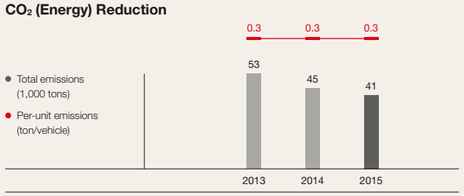


Water Pollutant Reduction

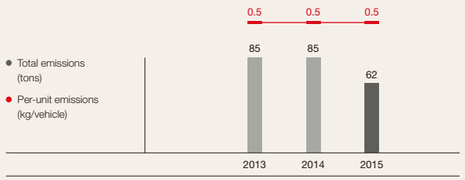


China Yancheng Plant #1

CO_2 (Energy) Reduction

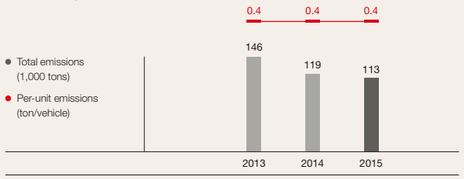


Water Pollutant Reduction

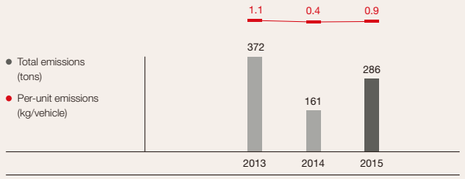


China Yancheng Plant #2

CO_2 (Energy) Reduction

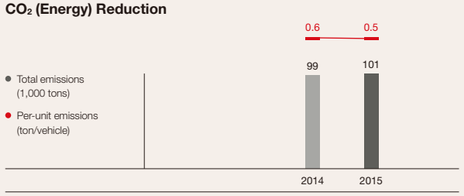


Water Pollutant Reduction

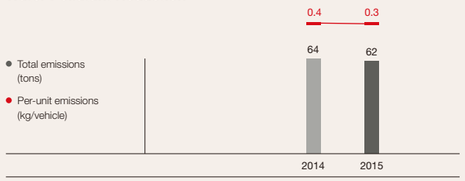


China Yancheng Plant #3

CO_2 (Energy) Reduction



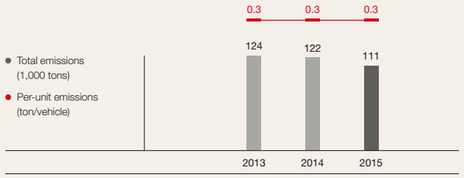
Water Pollutant Reduction



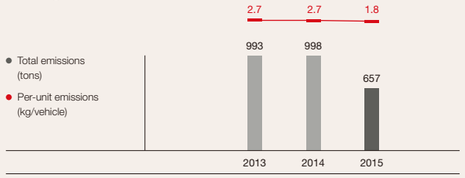
· China's Yancheng plant #3 went into operation as of 2014.

U.S. Georgia Plant

CO_2 (Energy) Reduction



Curbing Hazardous Chemicals Emissions



KMS EU Directive on Nonfinancial Reporting

At a Glance

Establishment

2004

Location

Zilina, Slovakia

Annual production capacity

300,000 vehicles

Cumulative production exceeded two million units

Production models

cee'd, Sportage, Venga

9.4 percent of the total workforce is involved in quality inspection

Export countries

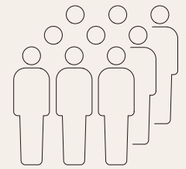
71 countries

Number of employees

3,646

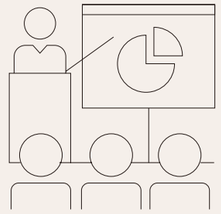
(including Korean secondees)

Locally hired employees: 98.4%,
Female employees: 11.8%



2015 employee education hours

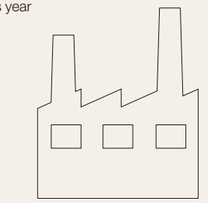
51,750



Occupational accidents

Zero

Recipient of the President's Safety Award;
47 percent lower than the previous year



Social contribution

EUR 1,813,576

1.2% higher than the previous year

· The President's Safety Award is a motivational tool which also aims to help prevent future occupational mishaps. Specifically, it is a contest to single out the safest production line at the factory. In total, 14 factors are evaluated, including safety training, medical checkups, safety improvement, and solutions for near misses.

A Responsible Corporate Citizen from Slovakia

As part of Hyundai Motor Group, Kia Motors Slovakia strives to fulfill the company's vision and become a "lifetime partner in automobiles and beyond," while also working hard for a better future. At the same time, Kia Motors Slovakia is determined to be a responsible corporate citizen. Achieving this goal is beneficial not only for the Zilina region, where Kia Motors built its first European factory, but for all of Slovakia, whether looked at from an economic or social perspective. Thus, a great deal of attention is paid to human resources, education, health, environment and safety, fair and ethical business practices, and customer and supplier care.

Human Resources

The human resources policy at Kia Motors Slovakia is based on four basic pillars: employee care, transparent communication with employees, a highly competitive pay system, and a wide range of benefits.

An integral part of the human resources policy is employee care. Located directly inside each production site, we have been operating a unique concept of counselling centers called Harmony Rooms for more than 10 years, giving employees a chance to participate in the improvement of the working environment and build on relationships in the workplace. In 2015, employees visited Harmony Rooms a total of 4,812 times. In the near future, we plan to expand our system of consulting services to include a psychologist.

The company hands out awards to its best employees on an annual basis for their exceptional work performance. The award carries with it a financial bonus and participation for the recipient in one of Kia's motor shows around the world. For employees demonstrating the very best work results, Kia Motors Slovakia runs a motivational program named Kia Pride in South Korea, which 59 people attended last year.

Education

Kia Motors Slovakia focuses closely on the personal and professional growth of its employees. In 2015, production and administrative employees attended 290 different types of training sessions. The goal of all this training was to improve their skills and increase their expertise, as well as to strengthen their work and management competencies. Throughout the year, employees at Kia Motors Slovakia trained for 51,750 hours altogether.

Safety at Work

Last year, the company concentrated on a number of activities in order to increase the level of safety and fire protection at its Slovakian plant. One of the most significant projects was the successful launch of the Lock out/Tag out system, which improved employee safety when maintenance work was being carried out on technical equipment. Today, the factory is the only car production facility in Slovakia to have received the OHSAS 18001 certificate as well as the title "Safety Enterprise" from the Slovak Republic's Ministry of Labor, Social Affairs and Family. In 2015, the plant reached an important milestone in the realm of work accidents, achieving Kia's ambitious target of zero registered work accidents.

Environment

Throughout the entire manufacturing process, Kia Motors Slovakia takes the environment into consideration and aims to minimize the impact of its activities on it. An Environmental Management system has been implemented at the factory and certified according to the international standard ISO 14001 in 2007. It was recertified in 2015. This system has us comply not only with required legislation, but also commits us to constantly improving environmental protection efforts, regularly evaluating environmental performance, and increasing environmental awareness among employees. On top of regular monitoring and evaluation of the consumption of water, energy, and materials, as well as the amount of waste, waste water and emissions created over the time it takes to produce one vehicle, an important part of the system is embracing environmental goals for their reduction.

The waste management system is well established at all production sites to ensure waste prevention, correct waste separation, and a high level of waste recovery. Attention is also paid to the selection of used materials in the production process. Furthermore, an evaluation is done on the potential impact of new chemicals on the environment and human health prior to their usage.

Suppliers

Kia Motors Slovakia takes its supplier chain very seriously, as our success and the quality of our products depend on the quality and excellent performance of our suppliers. When choosing a supplier, we keep three key things in mind: quality, delivery time, and price. In 2015, we organized 38 seminars and training sessions for suppliers during which we exchanged information and strengthened our mutual cooperation. Also, Kia Motors Slovakia is fiscally responsible in terms of payment discipline. In fact, the company is adamant about paying suppliers on time and within the agreed upon contract period, general terms and/or conditions.

Customer Care

Kia Motors Slovakia offers its products with a unique seven-year warranty—the longest provided by any car company in Europe. In addition, our sales department communicates with customers at regular conferences and meetings organized in cooperation with the European headquarters for sales and marketing as well as the Korean headquarters. Based on current needs, investigations into problem areas are conducted directly at the related dealer, allowing the company to gather feedback on product quality and overall cooperation.

Making a Difference in the Community

Last year, organizations and residents of the Zilina region were yet again able to rely on Kia Motors Slovakia as a responsible partner in supporting various philanthropic endeavors. Through the Kia Motors Slovakia Foundation Fund, which is part of the Kia Pontis Foundation, the company donated a total of EUR 1,738,573 in 2015. As part of this initiative, we focused primarily on promoting projects that were directed toward self-realization of disabled athletes, equal opportunities for minority groups, increased environmental stability, and heightened security, health, education, culture, sports development, and volunteer activities. The largest project of the year was the start of reconstruction at Zilina University Hospital, where work on four departments began with the help of financial and volunteer support from Kia Motors.

Grant Programs

In 2015, Kia Motors Slovakia, in cooperation with the Kia Pontis Foundation, carried out five grant programs in which EUR 450,000 was distributed. The aim was to support organizations that had initiatives covering social, safety, sports, culture, and education aspects.

Volunteering

A significant part of corporate responsibility for Kia Motors Slovakia is connected to the company's volunteer programs. This includes blood donations, the voluntary support of 20 non-profit organizations, and helping in the reconstruction of the New Synagogue and Zilina University Hospital. Overall, 503 employees volunteered a total of almost 2,300 hours in 2015.

Schools and Education

Kia Motors Slovakia is committed to being an active supporter of high school and university education, thereby contributing to improving the quality of Slovakia's overall education system. For example, we focus on the promotion of vocational training, which at present is insufficiently provided for in terms of the needs of the labor market. Additionally, we communicate with students and their parents at schools and job fairs, where we describe opportunities for selecting the right school and, consequently, the most appropriate future career.

Obligations to the Slovak Republic

Whether it is filing reports and payment of taxes, insurance and every other obligation under the VAT, or customs duties and employee-related duties, Kia Motors Slovakia follows and fulfills all its legal obligations. Furthermore, Kia Motors prepares investment reports about the fulfillment of obligations connected with the drawing of state funds on a regular basis and provides them to the Ministry of Economy of the Slovak Republic. By December 31, 2015, Kia had settled all due claims and due liabilities toward state authorities.

Milestones

2006

Dec.
Initial production of the cee'd

Apr.
Groundbreaking ceremony for the Slovakia plant

2004

Mar.
KMS established

2007

Apr.
Completion ceremony of the Slovakia plant

Oct.
cee'd production volume exceeded 100,000

Nov.
Slovakia plant received ISO 14001 certification

2010

May.
New engine shop construction begun at Kia Motors Slovakia

2009

Feb.
Kia had the quality production of its vehicles verified
Recipient of the Quality Management System ISO 9001 certificate

2008

Apr.
cee'd became the first Korean car to receive ISO 14062 certification from TÜV Nord

2011

Nov.
One millionth engine produced at Kia Motors Slovakia

2012

Jan.
Grand celebration for production of the one millionth car at Kia Motors Slovakia

2013

Mar.
Kia pro_cee'd GT and cee'd GT make their world debut at Geneva Motor Show

2015

Aug.
cee'd production volume exceeded one million units

2014

Apr.
KMS's cumulative production volume exceeded two million vehicles

Sep.
Won a European Business Award 2014/15 in the Environmental & Corporate Sustainability category

About This Report

Kia Motors publishes an annual sustainability report called "MOVE" to disclose its efforts and progress in maintaining and enhancing sustainability and to make our renewed commitment to proactive action and improvements to our stakeholders in reflection of their feedback.

Borrowing from the more liberal structure of magazines, "MOVE" continues improving on its reader-friendliness. For this report, we augmented our analysis of international standards, industry best practices, and media coverage to provide more information of high concern to our stakeholders. This edition of the report was compiled under the theme of "A Better Way to Go." The report highlights our accomplishments and vision in our efforts to build a better world for everyone as a major automaker with a total production volume of three million vehicles. Our Perspective section deals with the past and present as well as the performance results and goals of Kia Motors, all under the design theme of a maze because, even though the world is full of uncertainties and complexity, we are making substantial progress in making the world a better place. Looking both behind and ahead of us, you will easily be able to see what we are doing in our efforts to move forward in an ever-changing world.

Reporting Standards

Kia Motors' 2016 sustainability report follows GRI Sustainability Reporting Guidelines (G4). Item-for-item coverage ratings and relevant pages can be found in the GRI Index in the Appendices section.

· GRI: Global Reporting Initiative

Reporting & Assurance

All information disclosed here is based on verified materials gathered by relevant Kia Motors' departments. For enhanced reliability, the DNV GL, a third-party assurance agency, has verified that this report content meets the requirements for G4 comprehensive reporting. The assurance statement is provided in the Appendices of this report.

Reporting Scope & Period

The report covers the period from 2013 to 2015. Quantitative performance data covers trends over the past three years to provide a comprehensive overview of all positive and/or negative progress. The base year is listed for systems whose year of adoption is clear. If the point of adoption is 2014-2015, however, only performance data for the relevant year in question in adoption is included. As for qualitative performance, this report focuses on 2015 activities and initiatives. The corresponding time period is listed for those activities and efforts that are underway without significant changes upon adoption or implementation. The reporting period corresponds to Kia Motors' fiscal year, which is January 1 to December 31. There were no significant changes during the reporting period of the Kia Motors 2016 Sustainability Report.

Accounting Standards

The tabulation of environmental and socially responsible investments and expenditures meet the accounting standards assured by the Board of Directors, Audit Committee, and independent auditors, and follow investment assessment standards adopted in 2004. Details on environmental and CSR expenditures are provided in the Data Sheet in the Appendices section of the report.

Reporting Scope

This report covers Kia Motors, subsidiaries that are joint stock companies in which Kia Motors owns 50 percent or more shares, and overseas offices which are joint-venture corporations. The reporting subjects include domestic worksites (headquarters; Sohari, Hwaseong, and Gwangju plants; technical centers; and service centers) as well as Dongfeng Yueda Kia, Georgia plant (U.S.), Slovakia plant, Mexico plant, overseas technical centers and the worksites of all overseas offices. The data collection schemes were first applied to Korean worksites and were then expanded to cover overseas worksites. This means some of the coverage in this report is confined only to domestic worksites, as footnoted or notified in the main text.

Reporting Cycle

The 2016 Korean version of "MOVE" was published on March 18, 2016 and distributed at the general shareholders' meeting. The English version is scheduled to be published on May 1, 2016. This is the 14th edition of Kia Motors' annual sustainability report.

Additional Information

Please refer to the following resources for additional information:

Management or product information: Kia Motors' official website and official PR website

Business report: Kia Motors' PR website or the Repository of Korea's Corporate Filing to the Financial Supervisory Service

Department in charge: CSR Management Team, Planning Division (refer to the Contact Us page for contact information)

Independent Assurance Statement

Introduction

Kia Motors Corporation (“Kia Motors”) commissioned DNV GL Business Assurance Korea Ltd. (“DNV GL”), part of DNV GL Group, to undertake independent assurance of ‘Kia Motors Sustainability Magazine 2016 MOVE (the “Report”). The directors of Kia Motors have sole responsibility for the preparation of the Report. The responsibility of DNV GL in performing the assurance work is to the management of Kia Motors in accordance with the terms of reference. DNV GL’s assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been prepared in good faith.

Scope of assurance

The scope of assurance includes a review of sustainability activities and performance data over the reporting period ending on 31st December 2015. This also includes:

- Evaluation of the principles for defining the sustainability report content in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 4.0
- Evaluation of the process for determining material aspects for reporting and the management approach to material issues and the process for generating, gathering and managing the quantitative and qualitative data in the Report.

Basis of our opinion

We have performed our work using DNV GL’s assurance protocol, VeriSustain™[1], which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000). We applied the limited level of assurance. The audit was carried out in February through April 2016. The site visits were made to Kia Motors Head quarter in Seoul, Sohari Factory and Slovakia Factory. We undertook the following activities as part of the assurance process:

- challenged the sustainability-related statements and claims made in the Report on a sampling basis and assessed the robustness of the underlying data management system, information flow and controls;
- interviewed representatives from the various departments;
- conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system and associated reporting systems as they relate to selected content and performance data;
- reviewed the materiality assessment report.

Limitations

The engagement excludes the sustainability management, performance and reporting practices of Kia Motors’ associated companies, subsidiaries, suppliers, contractors and any third-parties mentioned in the Report. DNV GL did not interview external stakeholders as part of this Assurance Engagement. Economic performance based on the financial data is 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). These documents including financial statements and the announcements are not included in the scope of Assurance Engagement. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. The baseline data for Environmental and Social performance 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 a person or an entity may make based on this Assurance Statement.

[1] The VeriSustain protocol is available upon request at www.dnvgl.com/assurance/reporting/verification.html

Independent Assurance Statement

Opinion and Observation

On the basis of the work undertaken, nothing has come to our attention to believe that the Report does not properly describe the adherence to the Principles for defining report content in GRI G4. Further opinions with regards to the adherence to the following Principles are made below;

Stakeholder Inclusiveness

Kia Motors has identified internal and external stakeholder groups such as Customers, Government, Shareholders and Investors, Employees, Suppliers and Local Communities. Kia Motors engages with the stakeholders at the company and business unit levels through various channels. The examples of approaches to engagement with selected stakeholders are described in the Report. In the future, Kia Motors could present the reasonable expectations and interests of stakeholders and report corresponding actions taken in the Report.

Sustainability Context

Kia Motors has reported various performances associated with sustainable management. The stakeholders can review the improvement of sustainability performance with indicators from the Report. Kia Motors could address the sustainability objectives with key performance index which are set up in line with the corporate mid and long term business strategy as well as sustainability initiatives to which it subscribes or which it endorses.

Materiality

Kia Motors assesses the materiality assessment on an annual basis to prepare the content of the Report. The relevant issue pool is formed by analysing the key issues from the global sustainability initiatives and standards, the topics which industry peer group considers material and the subjects covered by mass media. The issues in the pool are rated by combining internal and external impacts. The audit team has reviewed the materiality assessment process and noted that the materiality assessment was performed as described in the Report.

Completeness

The Report covers the sustainability strategy, management approach and sustainability performances of Kia Motors for the reporting period. Kia Motors could consider expanding more to the international operations its reporting boundary of material information which is limited to the facilities in Korea.

Opportunity for improvement

The following is an excerpt from the observations and opportunities reported to Kia Motors’ management.
However, it does not affect our conclusions on the Report, but is provided to encourage continual improvement.

- To engage more key suppliers within the sphere of influence in the sustainability program run by Kia Motors to enhance the sustainability in its supply chain.

Competence and Independence

DNV GL Business Assurance is part of DNV GL Group and a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. Our environmental and social assurance specialists are present in over 100 countries. The assurance work was performed by independent team which meets DNV GL’s competence requirements. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

April 2016
Seoul, Korea
DNV GL Business Assurance Korea Ltd.
Country Representative **In Kyoon Ahn**

APPENDICES

Sustainability Management Economy Society/Customers Society/Employees Society/Partner Companies·Local Communities Environment KMAS About This Report Independent Assurance Statement GRI (G4) Index

GRI (G4) Index

● Fully reported ◐ Partially reported ○ Not reported ⛀ Not applicable

	Performance Indicator	Description	Status	Page
1. General Standard Disclosures				
Strategy and Analysis	G4-1	Statement from the most senior decision-maker	●	4–5
	G4-2	Provides a description of Key impacts, risks, and opportunities	●	10–19
Organizational Profile	G4-3	Report the name of the organization	●	2–3
	G4-4	The primary brands, products, and services	●	2–3, 40–41
	G4-5	The location of the organization's headquarters	●	3, Back cover
	G4-6	The number of countries where the organizaion operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	●	2–3
	G4-7	The nature of ownership and legal form	●	6–7
	G4-8	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	●	2–3
	G4-9	Scale of the organization	●	76, 77, 79
	G4-10	Total workforce	●	79
	G4-11	The percentage of total employees covered by collective bargaining agreements	●	60
	G4-12	The organization's supply chain	◐	50, 56, 82
	G4-13	Any significant changes during the reporting period regarding the organization's size, sutructure, ownerhsip, or its supply chain	●	2–3, 6–7
	G4-14	Whether and how the precautionary approach or principle is addressed by the organization	◐	22–23
	G4-15	List Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	75
	G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization	●	75
Identified Material Aspects and Boundaries	G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents	●	2–3, Refer to our business report
	G4-18	The porcess for defining the report content and the Aspect Boundaries	●	9
	G4-19	List all the material Aspects identified in the process for defining report content	●	9
	G4-20	For each material Aspect, report Aspect Boundary within the organization	●	9
	G4-21	For each material Aspect, report the Aspect Boundary outside the organization	●	9
	G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	●	95
	G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	●	95
Stakeholder Engagement	G4-24	List of stakeholder groups engaged by the organization	●	8
	G4-25	Basis for identification and selection of stakeholders with whom to engage	●	8
	G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	●	8
	G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	●	8–9
Report Profile	G4-28	Reporting period such as fiscal or calendar year) for information provided	●	95
	G4-29	Date of most recent previous report (if any)	●	95
	G4-30	Reporting cycle such as annual, biannial)	●	95
	G4-31	Provide the contact point for questions regarding the report or its contents	●	101, 102
	G4-32	Report the 'in accordance' option the organization has chosen	●	98–100
	G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report	●	96–97
Governance	G4-34	Report the governance structure of the organization, including committees of the highest governance body	●	6–7
	G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	●	6–7
	G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	●	6–7, 16–18
	G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics If consultation is delegated, describe to whom and any feedback processes to the highest governance body	●	6–7
	G4-38	Report the composition of the highest governance body and its committees	●	6–7
	G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	●	7
	G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	◐	6–7
	G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed	◐	6–7
	G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	◐	6–7
	G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	◐	6–7
	G4-44	Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics	◐	6–7
	G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	◐	6–7
	G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	●	6–7
	G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	●	6–7
	G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	◐	6–7
	G4-49	Report the process for communicating critical concerns to the highest governance body	◐	6–7
	G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	◐	6–7
	G4-51	Report the remuneration policies for the highest governance body and senior executives	●	6–7

GRI (G4) Index

● Fully reported ◐ Partially reported ○ Not reported ⛀ Not applicable

	Performance Indicator	Description	Status	Page
	G4-52	Report the process for determining remuneration Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management Report any other relationships which the remuneration consultants have with the organization	○	-
	G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	○	-
	G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	◐	Refer to our business report
	G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	◐	Refer to our business report
Ethics and Integrity	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	●	16–18
	G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	●	82–83
	G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	●	80, 82–83
2. Specific Standard Disclosures				
Economic				
Economic Performance	G4-EC1	Direct econmic value generated and distributed	●	20–23, 76–77
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●	46–57
	G4-EC3	Coverage of the organization's defined benefit plan obligations	●	Corporate pension plan in operation
	G4-EC4	Financial assistance received from government	○	-
Market Presence	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	●	80
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	●	60, 63
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported	●	68–73
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	●	27, 68–73
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	○	-
Environmental				
Materials	G4-EN1	Materials used by weight or volume	●	51–53, 84–90
	G4-EN2	Percentage of materials used that are recycled input materials	●	51–53, 84–85
Energy	G4-EN3	Energy consumption within the organization	●	52–54, 84–90
	G4-EN4	Energy consumption outside of the organization	●	84–90
	G4-EN5	Energy intensity	●	84–90
	G4-EN6	Reduction of energy consumption	●	49–57, 84–86
	G4-EN7	Reductions in energy requirements of products and services	●	26–41
Water	G4-EN8	Total water withdrawal by source	●	85
	G4-EN9	Water sources significantly affected by withdrawal of water	●	85
	G4-EN10	Percentage and total volume of water recycled and reused	●	No reuse/recycling of water resources
Boidiversity	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas	⛀	-
	G4-EN12	Description of significant impacts of activities, products, and services on Biodiversity	⛀	-
	G4-EN13	Habitats protected or restored	⛀	-
	G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas afected by operaions, by level of extinction risk	⛀	-
Emissions	G4-EN15	Direct greenhouse gas(GHG) emissions (scope 1)	●	85
	G4-EN16	Energy indirect greenhouse gas(GHG) emissions (scope 2)	●	85
	G4-EN17	Other indirect greenhouse gas(GHG) emissions (scope 3)	○	-
	G4-EN18	Greenhouse gas (GHG) emissions intensity	●	85–86, 90
	G4-EN19	Reduction of greenhouse gas(GHG) emissions	●	53–54, 85–86, 90
	G4-EN20	Emissions of ozone-depleting substances (ODS)	○	-
	G4-EN21	Nox, Sox, and other significant air emissions	●	52–53, 87
Effluents and Waste	G4-EN22	Total water discharge by quality and destination	●	53, 88
	G4-EN23	Total weight of waste by type and disposal method	●	51–53, 57, 85
	G4-EN24	Total number and volume of significant spills	●	52–53, 57, 87–88
	G4-EN25	Weight of trnsported, imported, exported, or treated waste deemed hazardous	⛀	-
	G4-EN26	Identity, size, proteted status, and biodiversity value of water bodies and realted habitats significantly affected by the organization's discharges of water and runoff	●	53, 88
Products and Services	G4-EN27	Extent of impact mitication of environmental impacts of products and services	●	26–45
	G4-EN28	Percentage of porducts sold and their packaging materials that are reclaimed by category	●	57
Compliance	G4-EN29	Monetary value of significatn fines and total number of non-monetary sanctions for non-compliance with environmental laws and regluations	○	-
Transport	G4-EN30	Significant environmental impacts of transporting products and other goods and materials ofr the organization's operations,, and transporting members of the workforce	◐	55, 86
Overall	G4-EN31	Total environmental protection expenditures and investments by type	●	89
Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that were screened using enviromental criteria	◐	67
	G4-EN33	significant actual and potential engative environmental impacts in the supply chain and actions taken	◐	67

GRI (G4) Index

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	Performance Indicator	Description	Status	Page
Environmental Grievance Mechanisms	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievnce mechanisms	○	-
Labor Practices and Decent Work				
Employment	G4-LA1	Total number and rates of new empoyee hires and empoyee turnover by age group, gender, and region	●	79
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	●	80
	G4-LA3	Return to work and retention rates after parental leave, by gender	◐	80
Labor/Management Relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	◐	81
Occupational Health and Safety	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	●	81
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	●	81
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	●	81
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	●	81
Training and Education	G4-LA9	Average hours of training per year per employee, by gender, and by employee category	●	80
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	80
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	○	-
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	●	6–7, 60–61, 79
Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	●	60, 80
Supplier Assessment for Labor Practices	G4-LA14	Percentage of new suppliers that were screened using labor practice criteria	○	-
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	◐	67
Labor Pracitces Grievance Mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	◐	80
Human Rights				
Investment	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	○	-
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	◐	80–83
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	◐	80–81
Freedom of Association and Collective Bargaining	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	◐	60, 81
Child Labor	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	●	81
Forced of Compulsory Labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	●	81
Security Practices	G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	○	-
Indigenous Rights	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	⊖	-
Assessment	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	◐	82–83
Supplier Human Rights Assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	◐	67
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	○	-
Human Rights Grievance Mechanisms	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	◐	80
Society				
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	◐	68–73
	G4-SO2	Operations with significant actual and potential negative impacts on local communities	◐	68–73
Anti-corruption	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	●	82–83
	G4-SO4	Communication and training on anti-corruption policies and procedures	●	82–83
	G4-SO5	Confirmed incidents of corruption and actions taken	◐	83
Public Policy	G4-SO6	Total value of political contributions by country and recipient/beneficiary	●	No political donations made
Anti-competitive Behavior	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	●	No violations of the fair transactions act
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	No servere legal violations except for penalties
Supplier Assessment for Impacts on Society	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	◐	67
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	◐	67
Grievance Mechanisms for Impacts on Society	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	○	-
Product Responsibility				
Customer Health and Safety	G4-PR1	Percentage of significant products and services categories for which health and safety impacts are assessed for improvement	●	26–45
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	○	-
Product and Service Labeling	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and services subject to such information requirements	●	78
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	●	No case of violations
	G4-PR5	Results of surveys measuring customer satisfaction	●	42–45, 78
Marketing Communications	G4-PR6	Sale of banned or disputes products	○	-
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	●	78
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	78
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	○	-

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APPENDICES

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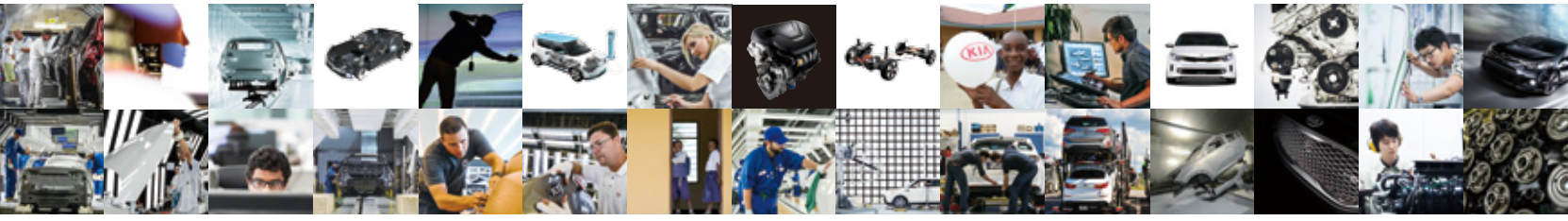

Kia Motors Sustainability Magazine 2016

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