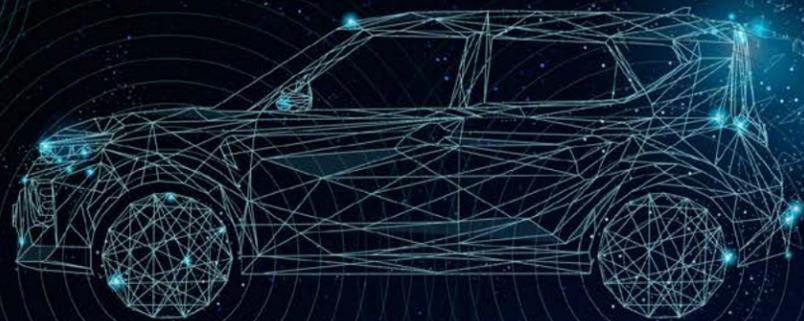


Kia Motors Sustainability Magazine 2019

# MOVE



# MOVE MORE



## COVER STORY

Future mobility is being taken to another level. It connects people to each other as well as people to spaces. In the past, the automobile industry's main goal was to ensure a safe and comfortable ride. In the future, it will become a more intimate and intuitive experience. Future automobiles will be able to read and analyze the driver's emotional state and sensitively interface with the simple move of one's fingertips, bringing about an emotive driving experience.

Making mobility more intimate and intuitive with Kia. Kia Motors' READ (Real-time Emotion Adaptive Driving) system interprets a driver's physical and emotional state and then fine-tunes in-vehicle conditions, all while following the driver's biosignals (facial expression, heartbeat, and more). The collected data is processed through AI analysis to personalize in-vehicle lighting, temperature, sound, and scent to create the optimal on-the-move conditions for everyone inside the vehicle.

Driving a Kia vehicle will surpass your imagination. Take the joy of driving to a new level with Kia Motors.

## Kia's V-Touch: Responding to your eyes and fingertips

V-Touch is the world's first virtual touch-type gesture control technology. Its three-dimensional camera can track the driver's sightline and fingertip positions to activate the correct vehicle feature of the driver's intention. The technology facilitates an in-vehicle interface experience that is as simple as a few clicks of your computer mouse.



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### Reader's guide

'MOVE' is the name of Kia Motors' annual sustainability report, and serves as a reference to the company's ongoing progress toward embracing change through continuous automobile innovation. Download the PDF version on the corporate website. The following icons in the PDF file will lead you to either the footnotes on the same pages or the web page link containing more details about the content.

COVER STORY

## FEATURES



### BROADER

#### TO GO BROADER IS TO BE SMARTER.

Advanced technologies are converging across sectors while also expanding the boundaries of the auto industry. The benefits of these changes know no boundaries. Kia Motors strives to ensure these innovations are boundless for all.

P.10



### HIGHER

#### TO GO HIGHER IS TO BE WORTHIER

Kia Motors generates higher customer value with optimal solutions to fast-changing technologies and customer needs.

P.18



### CLOSER

#### TO GO CLOSER IS TO KNOW BETTER.

Productivity is evolving into a new concept. In this era of new productivity, Kia Motors works closely with its stakeholders to achieve a seamless and organic organizational structure.

P.26



### DEEPER

#### TO GO DEEPER IS TO WALK TOGETHER.

In this era of cutting-edge technology, cracks in poverty, disparity, and inequality of opportunity and wealth are becoming severe, as are environmental issues, such as climate change. Kia Motors is playing a leading role in the global effort to bring about positive changes in the farthest corners of the world to realize sustainable development for all.

P.32

# Kia around the World

PROFILE  
MOVE MORE  
RESPONSIBILITY

**Annual sales volume**  
Wholesale figure

2,812,294 vehicles

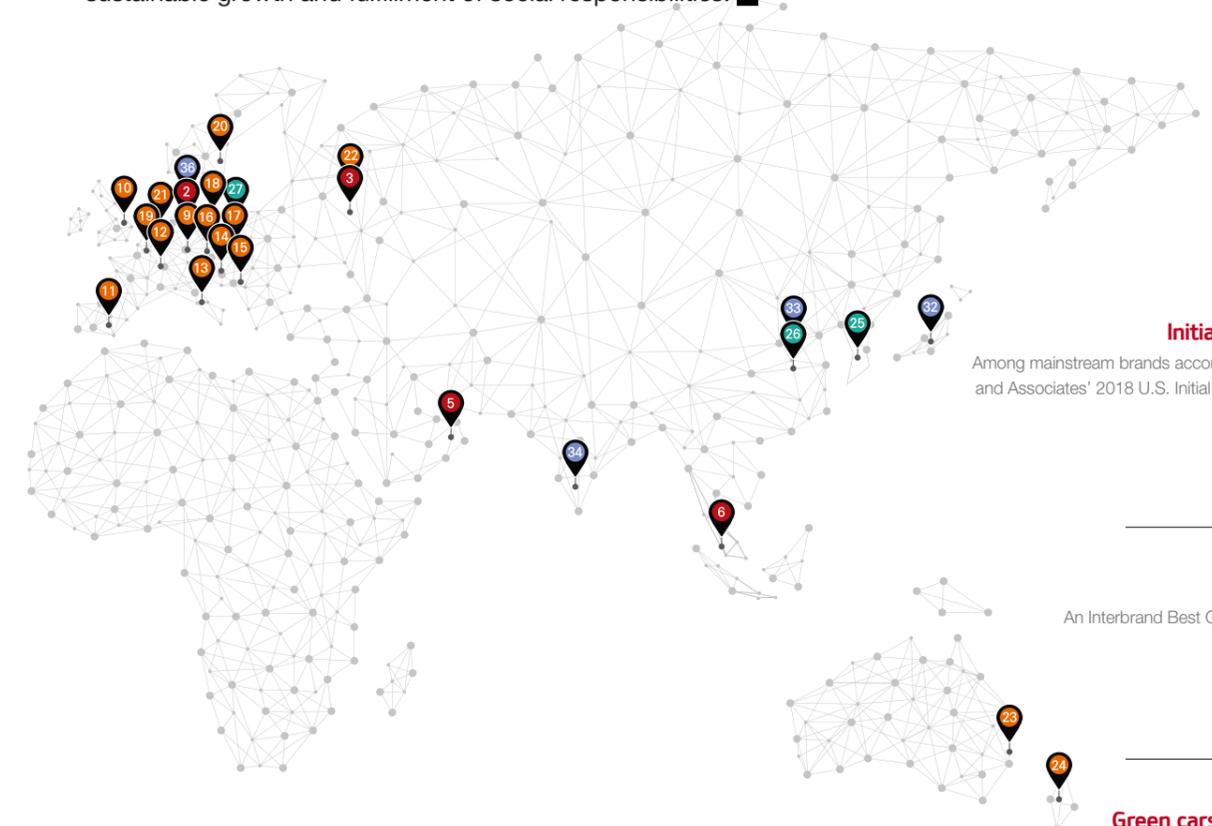
**No. of employees**  
Globally

52,578 persons

**Sales**  
Based on K-IFRS

54.2 trillion KRW

Kia Motors embraces changes in order to play a leading role in the innovations unfolding throughout the global auto industry. In step with the changing demand of the times, Kia strives to deliver a new mobility experience for customers. More than 50,000 dedicated employees are working hard to create higher value for customers at Kia's global network of production lines, research centers, as well as the company's sales and service network. As a leading global corporate citizen, Kia Motors is committed to bringing about sustainable development in society through its sustainable growth and fulfillment of social responsibilities. **M**



**Initial Quality Rank**  
Among mainstream brands according to J.D. Power and Associates' 2018 U.S. Initial Quality Study (IQS)

1<sup>st</sup>

**Brand ranking**  
An Interbrand Best Global Brands 2018

71<sup>st</sup>

**Green cars sales volume**  
Combined number of electric vehicles sold (HEV, PHEV, EV)

146,919 vehicles

## Business Domains

- Passenger Cars** Picanto (Morning), Ray, cee'd, Rio (Pride), K2 (Pegas), Cerato/Forte (K3), Cerato/Forte (K3) Koup, K4, Optima (K5), Cadenza (K7), Quoris/K900 (K9), Stinger
- RVs** Venga, Soul, Carens (Rondo), KX3, Stonic, Sportage, KX5, Sorento, KX7, Mohave, Grand Carnival/Sedona (Carnival)
- Hybrid Vehicles** Optima (K5) Hybrid, Cadenza (K7) Hybrid, Niro Hybrid
- Plug-in Hybrid Vehicles** Optima (K5) Plug-in Hybrid, Niro Plug-in Hybrid
- Electric Vehicles** Ray EV, Soul EV, Niro EV, KX3 EV
- Commercial Vehicles** K-Series Trucks (Bongo III), New Grandbird commercial bus
- CKD(Complete Knock Down)** Automobile components (including engines)

## Global Network

### Regional Headquarters

- North America (Irvine, USA) **1** | Europe (Frankfurt, Germany) **2**
- Russia (Moscow) **3** | Central & South America (Miami, USA) **4**
- Middle East & Africa (Dubai, U.A.E.) **5** | Asia-Pacific (Kuala Lumpur, Malaysia) **6**

### Sales & Service

- Korea** Sales: 22 regional headquarters, 338 regional sales offices, 383 dealerships, 10 shipping offices
- Service: 18 regional service centers, 248 comprehensive service providers, 565 partial service providers

- Overseas** Sales: 18 sales offices, 169 distributors, 4,667 dealers (sales & service providers)
- Sales Offices:** Kia Motors America **7** | Kia Canada Inc. **8** | Kia Motors Deutschland **9** | Kia Motors U.K. **10** | Kia Motors Iberia **11** | Kia Motors France **12** | Kia Motors Italy **13** | Kia Motors Austria **14** | Kia Motors Hungary **15** | Kia Motors Czech **16** | Kia Motors Slovakia **17** | Kia Motors Polska **18** | Kia Motors Belgium **19** | Kia Motors Sweden **20** | Kia Motors Netherlands **21** | Kia Motors Russia **22** | Kia Motors Australia **23** | Kia Motors New Zealand **24**

### Production

- Korea** Sohari plant (350,000 units), Hwaseong plant (600,000 units), Gwangju plant (620,000 units), OEM (250,000 units)
- Headquartered in Seoul (3 plants, 3 R&D centers, 18 regional service centers, 338 dealerships) **25**

### Overseas

- China plant (Yancheng, 890,000 units) **26** | Slovakia plant (Žilina, 330,000 units) **27** | USA (Georgia, 340,000 units) **28** | Mexico (Pesqueria, 400,000 units) **29**
- India (Andhra Pradesh, 300,000 units, by 2019-end)

### 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 & Design Centers
- Technology Research Centers** USA (Detroit, Chino, Irvine, California Proving Ground) **30** | Europe (Russelsheim, Nurburgring, Germany) **31** | Japan (Yokohama) **32** | China (Yantai) **33** | India (Hyderabad) **34**
- Design Centers** USA (Irvine) **35** | Europe (Frankfurt, Germany) **36**

As of December 31, 2018, The number of units in parentheses next to each plant represents annual production capacity.

Challenging for a Better World

# CEO Message



Respected shareholders, I'm glad to report on Kia Motors' sustainability activities and achievements through Volume 17 of *MOVE*.

**In 2018**, we witnessed global economic developments on the verge of crisis, dragged down by lower-than-expected growth rates, with national protectionism abounding worldwide. Even amid these adverse factors, Kia Motors sustained robust growth in sales revenue, sales volume, and operating profits compared to the previous year.

In addition, its brand value increased by four percent over the previous year to USD 6.9 billion, making it onto Interbrand's Best Global Brands 2018 list for a sixth straight year. Kia products also topped mainstream brands in the U.S. for a fourth year in a row according to J.D. Power's 2018 Initial Quality Study.

**In 2019**, the global economy is forecast to slow down to the point of recession, and the outlook for the auto industry is not looking very positive either. In order to surmount unfavorable markets, global carmakers are taking drastic measures, such as restructuring, business portfolio reshuffling, as well as mergers and acquisitions to reinforce their competitiveness.

As a result, Kia Motors is going back to basics with its focus on quality, safety, and the environment. The company will pursue profitable management while continuing investments in future technologies. In particular, the new plant in India will proceed on schedule as originally slated for the end of the year. At the same time, we will differentiate our products from other brands to take the lead in the paradigm change of future mobility.

### A Trustworthy Partner for Stakeholders

Kia Motors is committed to maximizing value for shareholders and customers. The most significant effort being made is to enhance the diversity, professionalism, and independence of its board of directors. In a bid to ensure closer communication with general shareholders, the company adopted a new system in which general shareholders appoint an outside director in charge of the protection of shareholder rights. Dedicated to closing the gap in social disparity, Kia Motors is promoting win-win partnerships with partner companies and creating quality jobs.

### A Differentiated Customer Value Creator

At the beginning of 2019, Kia Motors unveiled the world's first emotive driving model that employs real-time emotion adaptive driving technology to create the optimal in-vehicle conditions in response to a driver's emotional and physical states. Ultimately, this will bring about a human-oriented automotive driving era.

Moreover, new green car models will make it to market, further improving clean mobility for higher customer value. This year, the Soul Booster EV, the new K5 HEV, and the Cee'd PHEV—which is targeted at European customers—will add to Kia's green car lineup, which will grow to 18 models by 2025.

### A Responsible Global Corporate Citizen

Kia Motors remains an ardent advocate of the UN Global Compact's Ten Principles concerning human rights, labor, the environment, and anti-corruption. It is also proud to work for the UN's Sustainable Development Goals (SDGs) initiative.

At the same time, our signature social contribution projects, such as the Green Light Project and Green Trip, have continued to make life better for more people.

In preemptive response to the current paradigm change, Kia Motors is fulfilling its social responsibilities both on economic and social/environmental fronts.

We humbly ask for your continued support and encouragement in Kia's endeavors toward sustainable growth and a better world for all.

Thank you. **M**

March 2019

**Han-Woo Park**  
President & CEO  
Kia Motors

# STAKEHOLDERS' INTERVIEW

## What did you find different about Kia over the last year?

### A Future Mobility Designer



I've seen the challenges that the auto industry has faced for the past couple of years. That's why I give high marks to Kia's ongoing R&D investments in autonomous driving and automobile technologies, while also building more factories to create quality jobs. On top of sizeable growth, the company is making smart advancements, such as investing in enhancing its design, service, and brand recognition. I see these efforts as very positive. A case in point is the BEAT 360—a multipurpose brand experience center that embraces a café, garden, salon, and various other theme-based spaces. I think this is effectively delivering a clear message to the public about the company's brand image. In addition, I find it prudent that Kia is taking a long-sighted approach in its green car model lineup. This is a smart move because the company is targeting the European market, where green cars make up more than 50 percent of the market. I really want the company to achieve its sustainability management goals.

**Kim Jung-Nae**  
Managing Director, Korea CSR Assessment

### Customer Service Upgrades Every Year



One day, I had a question about my car and called the customer service center at Kia Motors. I was deeply impressed when an engineer visited me in person to instruct me on how to check my car and how to take the next appropriate steps. I still remember the convenience of the SMART Q service and the engineer's visit. When all I expected was just some advice over the phone, they exceeded my expectations and solved my troubles in a timely manner. Later, I learned that the service was called "Lady Care," a special service for female drivers who find it hard to take care of mechanical issues by themselves. I also recently saw a variety of models and services catering to the different needs of customers who are in different life stages and lifestyles, such as first-car users, females, and big families. I look forward to more progress in the service and product quality of Kia as Korea's leading carmaker.

**Kim Se-Young**  
Kia customer

### Transparent ESG Disclosure



The National Pension Fund adopted its Stewardship Code in 2018, encouraging socially responsible investments by the companies where it has invested. I appreciate that Kia Motors proactively responded to this policy and transparently discloses its activities and performance results when it comes to the environment, society, and corporate governance, while also actively communicating with its stakeholders. Of particular note was the company's Compliance Program that it adopted in 2002, as it has a significant influence on establishing fair trade within Korean society. The reality is that sound corporate governance earns a company trust from its stakeholders. Moving forward, I hope Kia Motors embraces a more balanced point of view in its internal control as it establishes a firm system for coordinating and collaborating with its stakeholders' opinions.

**Seon Jeonghyeon**  
Assistant Manager, National Pension Fund

### From Green Trip to the Transfer Guide Map for Mobility-Challenged People



Last year, Kia surprised me with a special pamphlet. The company created a guide map for transferring on the subway specifically for mobility-challenged people. Based on the volunteers' field research on people using wheelchairs, the company published a guide map showing all shortcuts for wheelchair lifts. I think this was a great step towards those in need. I'd also like to compliment the company's Green Trip program that has been running since 2012. It means a lot to the mobility-challenged to take a trip outside, and Kia is making it possible with the assistance of its special vehicles. I think this is a perfect example of extending the business acumen of the company as a carmaker. I hope Kia Motors continues to bring hope to everyone and promote a high quality of life for all through various social contribution programs.

**Kim Yong-Ku**  
Senior Researcher, Human Rights Forum of Persons with Disabilities in Korea

MAGAZINE:

# MOVE MORE

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TO GO

# BROADER

IS TO BE

# SMARTER



Telluride

Width: 2,033mm

Length: 5,010mm

Height: 1,800mm



## TO GO BROADER IS TO BE SMARTER

AUTONOMOUS DRIVING · CONNECTED CARS · ECO · ELECTRIC

Advanced technologies are converging across sectors, while also expanding the boundaries of the auto industry in an unprecedented way.

Kia's autonomous driving technology evolves with every change in the overall social infrastructure, such as next-generation traffic infrastructure, the speed of telecommunications networks, and security protection and relevant regulations. Kia Motors envisions limitless connectivity between people and their vehicles through human sense-based intuitive communications inside optimal human-oriented mobility spaces.

This connectivity will facilitate emotive driving in an innovative mobility space, making automobiles somewhere people can have unprecedented experiences. At the same time, we will remain vigilant to minimize any impact that our products might have on the environment.

**Kia Motors strives to realize the infinite value of future mobility. **



# AUTONOMOUS DRIVING

PROFILE

MOVE MORE

RESPONSIBILITY

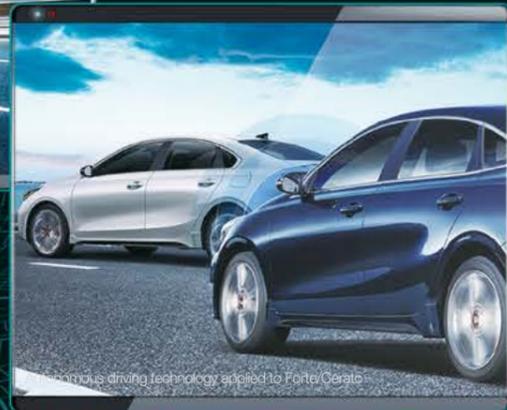
## FCA (Forward Collision-Avoidance Assist)

An active safety system that assists the driver to avoid collision by activating the brakes in the event of a potential risk of forward collision on the road



## LKA (Lane Keeping Assist)

An active safety system that alerts the driver when the vehicle strays from a lane and steers to keep the car in the lane



## BCW (Blind-Spot Collision Warning)

An active safety system that alerts the driver to the potential risk of blind-spot collisions on the road

### Expanded Options for Safety-related Autonomous Driving Features

Autonomous driving systems have become essential for automobile safety. The ultimate goal of Kia Motors' autonomous driving system is to interpret traffic conditions, assist the driver, and secure the ultimate safety of all occupants inside the vehicle and pedestrians on the road, as well as other motorists. Safety is not optional, which is why Kia Motors will be expanding the technology application to all classes of its models, right down to subcompact models. Today, Kia's Picanto optional features include an Emergency Stop Signal that is activated when the car detects an emergency stop or heavy braking situation, and a Forward Collision Warning system that alerts drivers to risks of a forward collision when they are distracted from the road or in the event of careless driving.

Additionally, various other autonomous driving features are filtering their way down from high-end models into more affordable ones, such as mid-sized vehicles. As the pictures above show, autonomous driving technologies such as FCA, LKA and BCW are now available as standard features in Kia's signature mid-sized model, the Forte/Cerato. Forward Collision-Avoidance Assist (FCA) avoids detected risks of forward collision on the road and activates the vehicle's brakes; Lane Keeping Assist (LKA) helps drivers stay in the same lane; and Blind-Spot Collision Warning (BCW) alerts the driver to the potential risks of blind-spot collisions on the road.

## BVM (Blind-Spot View Monitor)

A driving convenience assist system that displays the real-time view of either side of the vehicle's rear blind spots whenever a signal light is on



## NSCC (Navigation-based Smart Cruise Control)

Based on data from an embedded navigator, the vehicle takes control of the car speed and reduces the car's speed as it drives around a curve



## LFA (Lane Following Assist)

A driving convenience assist system that controls the steering system to keep the vehicle at the center of the lane

### The Progress of Autonomous Driving Technology

Kia's autonomous driving technology development is consistently progressing, and has now reached Level 3 according to the Society of Automotive Engineers International. In fact, Kia's technology has completed the conditional assistance level of autonomous driving, where a vehicle can drive by itself for a given distance. Kia's autonomous driving technology includes the Lane Following Assist (LFA), Blind-Spot Collision-Avoidance Assist (BCA), and Blind-Spot View Monitor (BVM), which displays either side of the car's rear blind spots on the cluster monitor panel when a signal light is on. In addition, the Navigation-based Smart Cruise Control (NSCC) system controls the car speed based on data from an embedded navigator and reduces the car's speed as it drives around a curve in the road. In the past, this feature was only applied to highway driving, but is now available for automobile-only roads as well.

Kia's flagship model, the Quoris/K900, offers unprecedented convenience and safety with its driving experience, which includes cutting-edge autonomous driving technologies.

Kia Motors will add self-valet parking technology to its entire lineup so that a car can drive its way into a vacant spot in a nearby parking lot after the driver gets out and makes this command by phone, or find the driver after performing the same command. The self-valet parking function is the top level of autonomous driving technology because it involves numerous high technologies, such as sensors of obstacles in the way of the vehicle and around it, averting accidents in emergencies, and networking with parking lot infrastructure and high-definition (HD) map systems.

When all the advanced technologies, such as personalized vehicle conditions control, IT-converged artificial intelligence assistant, and financial service features, converge with autonomous driving technologies starting in 2020, the next decade will witness an unprecedented and explosive technological advancement in the auto industry. **M**

# CONNECTED CARS

## From Mobility to Network Driving

Vehicle networks involve various communication protocols that include LIN (local interconnect network), CAN (controller area network), CAN-FD (CAN flexible data rate), and Ethernet, according to the required communication speed, cost, and specifications. Different protocols are applied depending on the requirements for a vehicle's collaboration controlling. Over the past three decades, all Kia Motors' products are based on CAN, the standard protocol for in-vehicle communication. At the same time, the company applies different communication speed according to different domains of powertrains, chassis, car bodies, and infotainment.

In this era of new mobility, automotive electronics have become more complicated as they process a higher volume of data traffic. Furthermore, new technologies are in high demand, such as big data, external infrastructure-linked services, and massive data process-based UX contents and new video technologies.

As such, Kia Motors has set up a task force team dedicated to developing such communication technologies as frameworks and other base technologies. In the future, the company will enhance R&D efforts in establishing ultra-high speed and ultra-low latency automobile network infrastructure.

In the meantime, Kia adheres to international standards associations such as the Avnu Alliance and OPEN Alliance, while also collaborating with global original equipment manufacturers (OEMs) to standardize Ethernet technology. Starting in 2019, Kia's mass production models will all employ Ethernet technology.

## Avoiding Invisible Dangers Safely

Connected car technology will further enhance the quality of the driving experience. Now, people can check their work schedules and car conditions, and carry out mobile shopping and movie-watching on the go. However, there is some concern over the possible vulnerability of connected cars to cyberattacks. That is why we simultaneously work hard on security issues, protecting our customers from potential risks while also doing R&D on smarter automobile software for higher customer convenience and safety.

In 2015, Kia Motors developed the automobile security technology necessary to safeguard in-vehicle communication networks from external networks, and only apply authorized software to the vehicle system. It also developed semiconductors for an automobile security system. In addition, the company runs a security task force to establish security technology and collaborate with external specialists in mock hacking test drills to verify its authenticity. At the same time, we strive to develop safe and secure automobile systems that can meet global security regulation requirements, such as the National Highway Traffic Safety Administration (NHTSA) and the United Nations Economic Commission for Europe (UNECE).

In the future mobility era, we will provide safe automobiles to our customers with a real-time responsive security system that can instantly respond in the event of interferences through an external communication system and possible hacker attacks.

## Connected to the World

In 2018, Kia Motors unveiled the new sport utility vehicle at China's 16th Guangzhou International Automobile Exhibition. A Chinese version of Kia's popular Sportage SUV model, the new Zhipao, features the company's new connectivity technology artificial intelligence robot function. Kia has been in strategic partnership with Chinese IT giant Baidu for the Internet of Vehicles and collaborating with them in response to connectivity trends. They are both now working on the details of extensive collaboration in four areas of connected car service and voice recognition service, artificial intelligence robot development, and Internet of things service.

The European markets will also be introduced to Kia's connected car service in 2019. Kia Motors entered a strategic partnership with Vodafone in November 2018. According to the agreement, Kia's 2019 new models will feature the company's connected car service, UVO, tapping into the IoT network of Vodafone. Kia's connected car services are making progress in global markets with cutting-edge technologies, such as parking and location services, Vehicle Stolen Alert, voice recognition, and vehicle location & status check. **M**



### Assistant Chat

An artificial intelligence-powered assistant service that can interpret the driver's voice order and provide required services and functions

### High-precision Traffic Information

An IP communication-based accurate forecast of estimated arrival time and real-time bypass guiding service

### In-car Electronic Payment Service

An electronic payment technology that allows drivers to pay through the car infotainment system without cash or credit cards

### IoT-based In-car Conditioning

A technology that facilitates the remote controlling of conditions inside a car parked at home or at the office through predesignated smart devices

# ECO-ELECTRIC

PROFILE  
MOVE MORE  
RESPONSIBILITY

Eco-friendly vehicles have become the choice of customers who care about air quality and quality of life. That is why Kia Motors is strengthening its eco-friendly vehicle lineup. Under the motto of providing clean mobility to customers, the company plans to have 18 eco/electric models in its lineup by 2025. Today, the Niro EV and Soul Booster EV represent Kia's eco-friendly models. Also in the pipeline are the new Optima HEV, and a PHEV model from cee'd (Kia's Europe-only model).

MOVE MORE

## HEV

Hybrid Electric Vehicles



Hybrid vehicles effectively integrate the advantages of an internal combustion engine and an electric motor, while also complementing the shortcomings of both. Its higher fuel efficiency compared to conventional cars comes from its battery-powered motor, which reuses the energy generated from braking to charge a motor battery that kicks in during low-speed driving. As a result, exhaust emissions are significantly reduced, making it a solution to meeting emission regulations that are becoming stricter every year.

Kia's HEV lineup began with larger vehicles like the Optima in 2011 and the Cadenza in 2013. In 2016, Kia Motors added the Niro to its HEV lineup. Designed exclusively for eco-friendly powertrains from the planning stage, the Niro HEV successfully converged the strengths of SUVs and hybrid models. Its fuel efficiency (19.5km/ℓ) and carbon emissions (79g/km) not only meet international requirements, but also prove the economy and eco-friendliness of a hybrid vehicle. In fact, the Niro HEV's battery does not compromise passenger or trunk space, as it is smartly placed under the rear seat, while its lifetime warranty has earned market credibility.

Kia's hybrid models have received a high degree of market recognition, and were named the top-selling hybrid vehicles in Korea in 2017. This hybrid brand also became the first Korean automobile brand to top the residual value list on Automotive Lease Guide's alternative fuel segment in 2018.



Kia Motors Sustainability Magazine 2019

E C O · E L E C T R I C



MOVE MORE

**26** g/km  
Niro PHEV's carbon emissions



## PHEV

Plug-in Hybrid Electric Vehicles



Plug-in hybrid electric vehicles (PHEV) overcome the drawbacks of both hybrid and electric vehicles, defying conventional ideas about their limited performance as the price for their eco-friendliness. They have now become a viable option when it comes to choosing an efficient and eco-friendly vehicle.

Introduced in 2017, the Niro PHEV was Kia's second PHEV model, following in the footsteps of the Optima. In 2018, the Niro PHEV sold 14,267 units internationally—quadrupling its sales volume from 2017's 3,120 units in Korea—as its target market expanded to North America and Europe. Furthermore, the 2019 Niro PHEV employs an ECO drive mode that can control the amount of regenerative braking, significantly enhancing its fuel efficiency.

Its high-efficient battery extended the single-charge full-range potential in its electric mode up to 40km, with its authorized fuel efficiency standing at 18.6km/ℓ in the engine mode and 5.1km/kWh in the EV mode. It can run short distances in the EV mode and shifts to hybrid mode for long-distance driving, which relieves some of the worries about the lack of established electric charging infrastructure in most countries. It can also lessen carbon emissions by up to 26g/km.

E

PROFILE

MOVE MORE

RESPONSIBILITY

E C O · E L E C T R I C

# EC

PROFILE

MOVE MORE

RESPONSIBILITY



MOVE MORE

## EV Electric Vehicles



Growing concerns over air pollution have fueled global demand for eco-friendly vehicles. As a result, EVs have evolved into a critical aspect of future mobility. They are classified as green cars because they are powered by a battery's electricity to move without an internal combustion engine, which is considered the main culprit of carbon emissions. Battery engines boast a higher energy efficiency that is double that of an internal combustion engine because it saves the electric energy from the reverse rotation of the motor during acceleration.

Kia Motors launched its first electric vehicle, the Ray EV, in 2011. It then added Soul EV in 2014 and has upgraded each model every year since then. In 2018, the new Niro EV model launched with significantly improved driving range performance.

Introduced in July 2018, the Niro EV featured a light-weight, high-density, high-voltage battery that had a higher cooling performance and a lower resistance motor. The new model regenerates electricity from exhaust heat and braking power by reading the surrounding conditions, such as uphill and forward vehicle driving status, thereby extending a 64kWh battery's full range up to 385km. For its driving range and spacious utility as "a sensibly priced electric car that can fit into most people's lives," the Niro EV was named Car of the Year at the 2019 What Car? Awards from the UK-based car-buying brand. Introduced in January 2019, the Soul Booster EV has enhanced the battery capacity by more than double from the Soul EV's 30kWh to 64kWh, enabling the most extended full range of 386km among all Kia EV models. At the moment, Kia is developing an in-house high-voltage system, while also participating in the global standardization move toward high-voltage fast chargers. Kia will continue to increase consumer options by categorizing driving ranges into short-range and long-range as it develops faster full-charge durations to its batteries so as to maximize the marketability of electric vehicles.

# E C O

# ELECTRIC



## FCEV

Fuel Cell Electric Vehicles



Fuel cell electric vehicles (FCEV) have become the new norm just like EVs. FCEVs are truly eco-friendly, as they are powered by the electricity generated from the chemistry between hydrogen and oxygen, thereby creating no other emissions than clean water. In spite of this advantage, they have long been considered not yet a viable option due to the lack of adequate charging infrastructure. Nonetheless, they have steadily grown in market share on the strengths of their fast-charging duration that can match that of gas fill-ups as well as a long driving range.

Kia Motors has been developing fuel cell technology since 1998. Following the development of the first-generation Mohave FCEV in 2003, the second-generation model has been in pilot operation since 2008. It can travel up to 690km on a single charge, with a maximum speed of 160km/h.

Its certified low-temperature start-up technology enables starting the motor in cold temperatures as low as -20 degrees Celsius, while its advanced collision safety design satisfies U.S. safety regulations on car collisions.

Today, Kia Motors is working to develop next-generation hydrogen fuel cell stacks featuring enhanced durability and efficiency, with the aim of commercialization by 2020. Next-generation FCEVs will reduce vehicle body weight by 15 percent compared to conventional vehicles, resulting in 10 percent higher performance and a maximum cruising range of up to 800km. **M**

TO GO

# HIGHER

IS TO BE WORTHIER

PROFILE  
MOVE MORE  
RESPONSIBILITY



## TO GO HIGHER IS TO BE WORTHIER

Fuel Efficiency • Quality • Service

**Kia Motors sustained its growth momentum for higher customer value in 2018.**

Kia Motors has enhanced its fuel economy and significantly improved its product quality, earning it praise from around the world. Under the long-term global service strategy of "Service Vision 2022," Kia strives to offer a surprising experience to customers every time they step into a Kia vehicle. To that effect, we are continually reviewing and improving our product quality, safety, and service in all aspects.

**Our best products come equipped with innovative technologies that deliver higher customer value. M**

Soul Booster EV

# 64kWh

Enhanced battery capacity by more than double that of the conventional Soul EV's 30kWh

Soul Booster

# 12.2km/ℓ

13 percent higher than the conventional Soul EV's 10.8km/ℓ fuel efficiency

# DEVELOPING TECHNOLOGIES

## Reinforced Powertrains

Kia's new Cerato/Forte sedan introduced a new engine, the Smartstream G1.6 gasoline engine, in 2018. The Smartstream G1.6 engine enhanced the combustion efficiency and fuel economy with a newly developed dual-port fuel injection (DPFI) system and high ignition energy system that maximizes exhaust gas recirculation (EGR). The Smartstream engine also features a newly developed stepless transmission-based Smartstream intelligent variable transmission (IVT), enhancing fuel economy by 4.2 percent with better performance in terms of dependability and NVH\* performance. In addition, the IVT's shift pattern is similar to that of an auto transmission or dual clutch transmission, improving driving pleasure from the transmission.

By the end of 2019, the Smartstream engine will become the first engine in the world to add continuously variable valve duration (CVVD) system, successfully enhancing performance and efficiency. The CVVD simultaneously improves engine performance and fuel economy by optimizing the timing of the intake valve open/close to the engine's operational condition. For instance, it applies long-valve duration for fuel economy and short-valve duration for acceleration, shifting between the driving performance and fuel economy in line with the conditions of the engine operations.

Sportage The Bold model's fuel economy stands at 16.3km/ℓ. The segment-best fuel economy comes from its new engine, a Smartstream D1.6 engine that applies a high-efficient combustion system and friction optimized management system (FOMS). The 2.0 diesel engine features a front-wheel drive eight-speed automatic transmission (8AT) that has traditionally been used for upper segments to date. The 8AT offers a high level of mechanical efficiency and smooth gearshifts. On top of that, it boasts greater fuel economy and improved NVH in higher gears as well as faster acceleration and climbing performance in low gears.

The Sportage facelift also introduced a diesel 2.0 48V mild hybrid system in 2018. The 48V mild hybrid functions as a bridge in transition from the traditional internal combustion engine to a full hybrid. A growing number of global automakers are adopting this for higher fuel economy and performance compared to conventional internal combustion engines without significant structural changes. Named Eco Dynamics+, Kia's 48V mild hybrid system features mild hybrid starters & generators (MHSG) that can provide electric power assistance to the powertrain and supply electricity to electric parts, thereby enhancing the fuel economy. Connected by a belt to the diesel engine's crankshaft, under acceleration the MHSG provides electric power assistance to the powertrain in "motor" mode. Under deceleration, the MHSG switches to "generator" mode, recuperating energy from the crankshaft. The generated electricity passes through the converters to be saved in the 48V and 12V batteries for later use in powering the vehicle's electric parts. As a result, it can maximize fuel economy with relatively low material expenses compared to other hybrid systems.

① NVH: Noise, Vibration, and Harshness

**16.3 km/ℓ**  
Fuel economy of Sportage The Bold's Smartstream D1.6



An aerodynamic design and technology that reduces air resistance by 7%

**7%**

**5%**

A 5% lightweight third-generation platform in new models

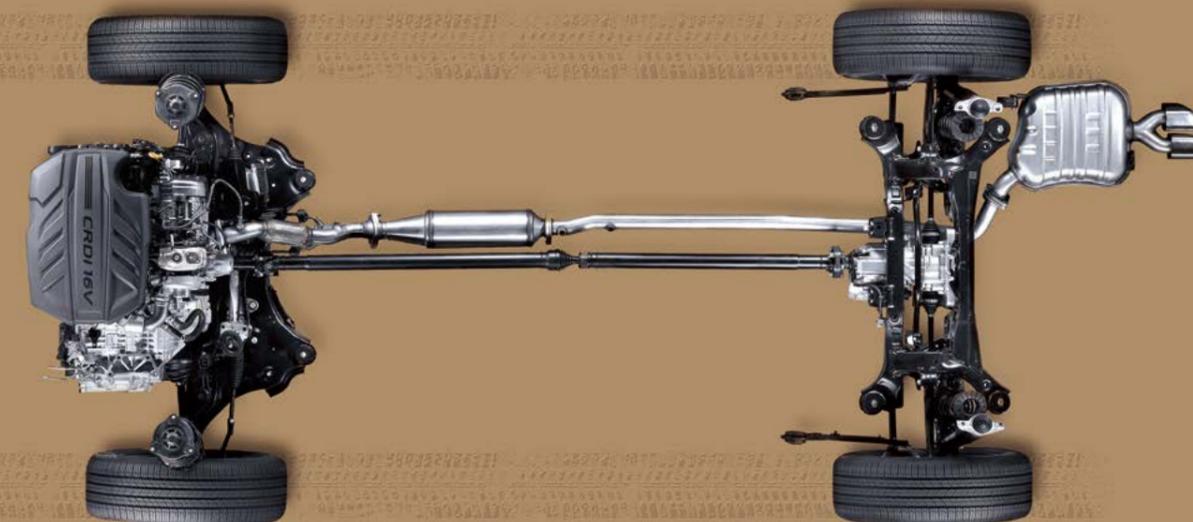
# FOR HIGHER EFFICIENCY

## Aerodynamic Designs

Air resistance has a significant impact on fuel economy and the movement of automobiles. As such, reduced air resistance can significantly enhance not only fuel economy of fossil-fueled vehicles, but also the single-charge traveling range of electric vehicles. The 2018 Niro EV has several new aerodynamic designs and technologies, such as an active air flap (AAF), air curtain, and aero wheels. As a result, the model has successfully reduced air resistance by seven percent, while increasing its single-charge range by 10km.

## Lightweight Technology

Starting in 2019, Kia's new models equipped with third-generation platforms will be up to five percent lighter in weight than earlier models. To that end, they will employ optimally designed compartments, simpler structures, and multi-functional compartments. At the same time, application of the advanced high-strength steel (AHSS) sheets will be expanded to rectify the strength of car bodies and advanced steel sheet technologies, such as hot stamping, while multi-thickness forming will simultaneously enhance the performance and lightweight capability of car bodies. Furthermore, more lightweight materials such as carbon fiber reinforced plastics (CFRP) and new materials converging more than two substances are also under development. **M**



# GUARANTEERING THE HIGHEST SAFETY QUALITY

PROFILE  
MOVE MORE  
RESPONSIBILITY



**HIGHEST SAFETY**  
Top-rated models in 2018 crash tests (Insurance Institute for Highway Safety)



Niro Hybrid



Forte/Cerato and Optima



Sorento

## World-renowned Product Quality

Kia Motors runs dependability tests on all its new models under as many extreme environments as possible around the world to identify the optimal noise, vibration, and harshness (NVH), and to ensure a smooth ride and nimble handling (R&H) performance.

The accumulated data is then collected at its Quality Control Library, which houses a knowledge database on quality-related technology, information and improvements tips. The database serves as the source for cultivating skilled, professional, and customer-/market-oriented quality control experts at the company's global quality training course (GQTC). This has resulted in Kia products topping mainstream brands in the U.S. for a fourth straight year according to J.D. Power's 2018 Initial Quality Study.

By vehicle class, the Sorento and the Rio were winners of their respective segments, midsize and small. At the same time, Kia vehicles earned the second highest score (122 points) from among 19 mainstream brands at the J.D. Power's 2018 Vehicle Dependability Study (VDS). It was the best VDS performance for Kia, which also ranked fifth among all 31 brands, including luxury brands, according to the same study.

Additionally, Kia ranked fifth among 29 contenders in the October 2018 Reliability Study by Consumer Reports—an expert, independent, nonprofit organization whose mission is to work for a fair, just, and safe marketplace for all consumers—maintaining the “More Reliable” grade for a second year in a row. In the minivan segment, Kia's Carnival scored 82 points, making it one of the 10 most reliable vehicles. Kia also ranked second among 54 mainstream brands according to J.D. Power's China IQS.

In June 2018, Kia's Optima, Sportage, and Sorento earned fair scores in the safety study by the American Automobile Association's Center for Driving Safety and Technology. The study looked at 40 different 2017/2018 vehicles from Toyota, Nissan, Ford, General Motors, and Volkswagen. Kia's audio information system won high praise in terms of the accuracy of its voice recognition and sensitivity of the touch screens with the Optima and Sportage, earning the “Moderate” grade, while the Sorento earned the “High” grade. These scores showed that Kia's information system retained a competitive level of moderate demand on drivers when on the road. Customer safety is the overarching value at Kia, and even more important than the convenience and cost of building our vehicles.

## Airbags for Multiple Collisions

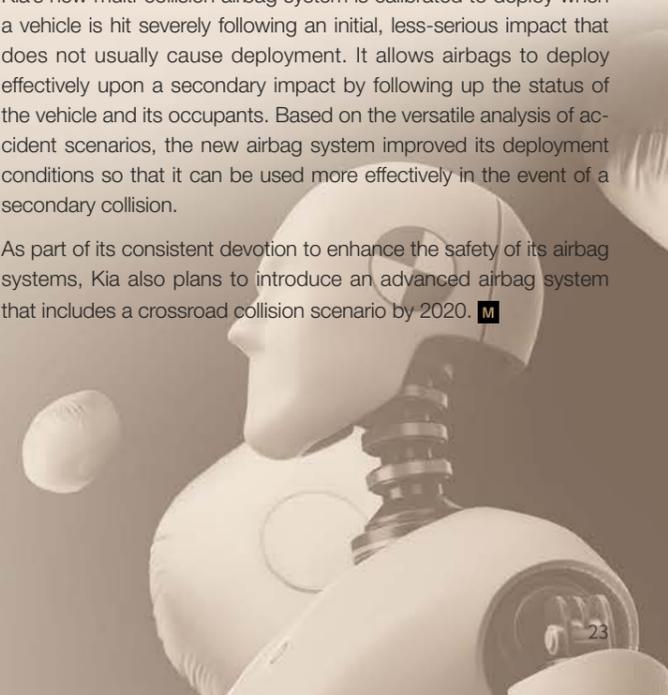
The importance of safety R&D in the automobile business can never be emphasized enough, and air bags represent the largest part of this because they are the direct device that can protect occupants.

Kia Motors set up a Customer Safety Policy Division in 2016 for more systematic operation of its customer safety-first policy. These efforts have proven effective in several collision test results at home and abroad. In 2018, the Quoris/K900, Stonic, and Forte/Cerato received the highest grade from the Korean New Car Assessment Program (KNAP). In particular, the Quoris/K900 was awarded the top prize in the accident prevention device category in addition to its top prize for the large-sized sedan segment. That same year, the Insurance Institute for Highway Safety (IIHS) named the Forte/Cerato, Optima, Niro HEV, Niro PHEV, and Sorento as Top Safety Picks Plus (TSP+). More recently, the company has invented the world's first airbag system that is designed to protect people from multiple collisions.

A multiple collision refers to a situation where the primary impact is followed by collisions with secondary objects, such as trees, electrical posts, or other vehicles. A recent study on 56,000 traffic accidents between 2000 and 2012 in North America showed that this type of collision accounted for about three in 10 accidents. According to recent statistics by the National Automotive Sampling System (NASS)/Crashworthiness Data System (CDS), collisions after crossing the central line of a highway accounted for 30.8 percent of all multiple collisions, followed by abrupt stops at highway tollgates (13.5%), crashes into median strips on highways (8.0%), and fallen roadside trees and electrical posts (4.0%).

Kia's new multi-collision airbag system is calibrated to deploy when a vehicle is hit severely following an initial, less-serious impact that does not usually cause deployment. It allows airbags to deploy effectively upon a secondary impact by following up the status of the vehicle and its occupants. Based on the versatile analysis of accident scenarios, the new airbag system improved its deployment conditions so that it can be used more effectively in the event of a secondary collision.

As part of its consistent devotion to enhance the safety of its airbag systems, Kia also plans to introduce an advanced airbag system that includes a crossroad collision scenario by 2020. **M**



# A SPECIALIZED APPROACH

## Working Toward the Highest Customer Satisfaction

Kia continues to diversify its contact points with customers in pursuit of more interactive communication with them on its positive brand value. Several customer channels are now in operation, and are supported by organic collaboration across the board, ranging from design centers, research institutes, plants, and the company's headquarters. Kia's global space identity policy facilitates consistency in delivering a message of brand value and customer experience in any given showroom around the world.

Kia's customer service has been widely lauded by several studies. In 2018, J.D. Power's Customer Service Index (CSI) study in major markets showed that Kia ranked first among 15 companies in Canada, fourth among 15 in Mexico, fifth among 53 companies in China, and seventh among 19 competitors in the U.S.

In 2018, Kia launched a new service identity called "Kia Promise to Care," and a global service strategy titled "Service Vision 2022," as a promise to offer the highest possible customer value in this rapidly changing market environment. To that effect, the company has developed key initiatives to become the world's top service brand, specifically in the five key areas of customer service, by 2022.



## CS Training Programs

Kia's customer service begins with the sale of its cars. The moment customers choose Kia, we strive for the utmost customer satisfaction throughout their ownership, from the start to the very end.

As a result of our strenuous efforts to heighten customer satisfaction, Kia topped all Korean businesses for a sixth consecutive year in 2018, scoring 99 points in the Korean Service Quality Index (KSQI), which rates the customer satisfaction performance of Korean businesses.

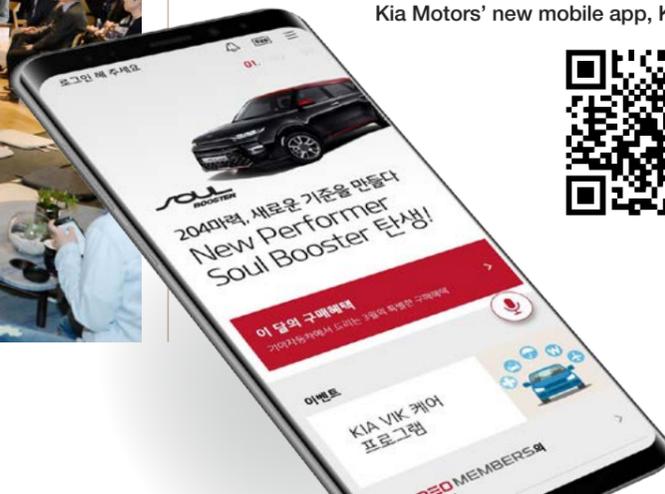
Kia Motors Customer Center has completed a fast-track cooperation system called "3-Step Follow-up," while also providing customer satisfaction training to 29,708 trainees in a total of 2,232 sessions.

Its CS training goes beyond borders, as its dealership service staff such as mechanics, CS staff, and managers receive special technical training on frequent quality issues and claim parts of their local markets. Since 2002, the company has been running an annual global competition for excellent service staff on its worldwide business premises, and the 2018 competition had 105 mechanics participating from 46 countries.

In 2019, employee engagement programs and other VOC-based differentiated customer services are planned to maximize CS training effects.

Additionally, the company aims to use video content for its value education dealing with internal/external customers. We will continually assess and improve shortcomings in sales and service areas from the perspective of customers to deal with customer complaints early on and to prevent any recurrences.

Kia Motors' new mobile app, KIA VIK



## Customer Communication Service

The advent of technological convergence with automobiles has brought about significant development in customer service. In this digital trend era, Kia Motors is staying focused on customers.

Kia Motors' new mobile app, KIA VIK, has integrated all the company's customer service apps, such as Red Members and Q Friends, sophisticatedly organizing its customer service information in a single app. This has also brought the entire process of automobile management, from purchase and maintenance to disposal, in the palm of a customer's hand with a smartphone. At the same time, it provides useful information, such as a customer's membership services and mileage points, new model launch news, and an online budgeting service, as well as an application for test rides and new purchase offers. Available in 28 countries, the global pre-delivery inspection management system (GPMS) is a mobile service to deliver customers flawless

new vehicles with thorough inspections on the entire procedure of delivering automobiles from Kia's plants abroad. In addition, the AR Owner's Manual and digital Kia Customer Visual Guide are either under development or on the market to assist customers in their comprehension of their vehicle's complicated usage.

Kia's My Sales solution is available at dealerships in 24 countries throughout North America and Europe to maximize customer satisfaction with their new car purchase. The tablet-based My Sales service provides customers with purchase tips, and assists them in following the complicated purchase procedures simply and quickly. On top of that, Kia's Mexico network has launched Kia Link, a connectivity system for local markets, as a stable platform for communication with customers. The system will be expanded to other major markets, including India, in the near future. Kia Motors will continue working to enhance the convenience and utility of its diverse customer services while making life better for its customers. **M**



TO GO

# CLOSER

IS TO KNOW BETTER

## TO GO CLOSER IS TO KNOW BETTER

### Employees • Partner Companies

#### Productivity is now evolving into a new concept.

Kia Motors strenuously works to achieve higher customer value along with its employees and partner companies. From product R&D and manufacturing to sales and service, the entire supply chain will be armed with an entrepreneurial spirit and creative ideas to take the lead in the industry's innovation drive. Kia Motors is a global company that promotes diversity, regardless of culture, age, or gender.

**Kia encourages open communication in favor of innovative ideas and bold moves as part of its corporate culture.**

## PROMOTING DIVERSITY IN THE WORKFORCE

### Fair Opportunities and Diversity

Kia Motors upholds the individuality of its employees from different cultures, ages, and genders within its global operations. The company promotes active communication across the board, encouraging employees to speak for themselves and lead changes.

Collegueship based on mutual respect and understanding is the driving force that propels Kia Motors toward future growth.

In a bid to ensure all its employees around the world are well versed in the company's core values, Kia runs a global-level organization as well as human resource development programs at the regional market level and international level.

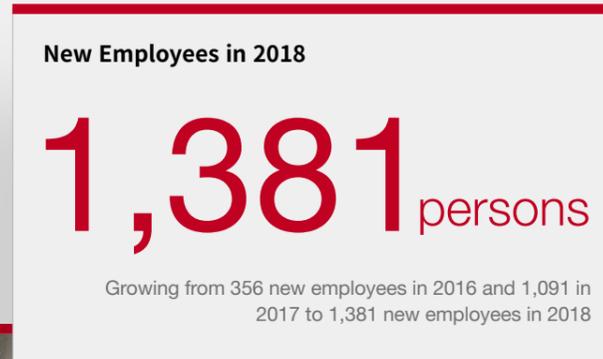
In addition, Kia helps employees to understand each other better through two programs. The Work Exchange Program offers non-Korean employees with opportunities to work with Korean colleagues, while the Regional Specialist Program is for Korean employees

to broaden their perspectives by working overseas or through market research in regions where the company is set to move in.

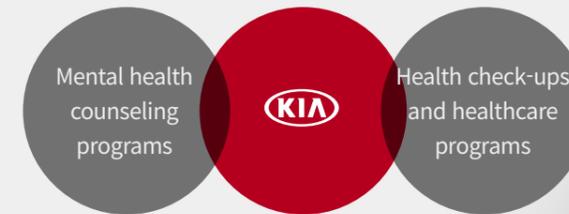
Kia cares about social values, and this includes supporting female workers. In support of female employees to realize their full potential at work, the company offers not only parental leave but also a flexible work-hour program for employees who have preschoolers. In fact, the company encourages male employees to take parental leave without worry of any disadvantages to their future career in the promotion of gender equality at work.

Today, Kia is growing younger through its more flexible systems. This includes promoting casual outfits in the workplace, a smart work system, and flexible work-hour programs.





### Healthcare Programs



### High Work Efficiency with Smart Work

Swift adoption of changes and leading innovation are integral to surviving as a global company. The Kia Motors Smart Work Campaign is a company-wide initiative for motivating creative and efficient employee engagement. The activities are in promotion of three aspects—People, Work and Infrastructure—to bring about positive changes in diverse areas. The People aspect concerns cultivating a smart work mindset in our workforce so that everyone at Kia can proactively embrace changes based on interactive communication and trust in fulfilling their jobs. The Work aspect entails eliminating losses and efficiencies in the work process. Our focus is on the five critical procedures of the work process, including meetings, documentation, reporting/approvals, direction, and collaboration.

The Infrastructure aspect is about working conditions in general, including ofices and information & communication technology (ICT). Subtle changes in the working environment can lead to great changes in behavior. In particular, the Document Assetization System saves all digital documents on a server, not on personal computers, encouraging the sharing of knowledge and collaboration, while the Smart Report System promotes paperless reporting/approval practices within the organization. Furthermore, workspaces are not divided by team, and employees can choose their desks according to their work requirements, schedules, and situation. The system can satisfy the different needs of employees while maximizing work efficiency by sharing various space organization. It will also enhance self-decision competence and the responsibility of employees.

In a Smart Work era, offices can motivate people with creative ideas and facilitate their collaboration with each other. Smart Offices are developing into spaces where you can realize your very best. That is why Kia Motors strives to enhance work productivity through comprehensive work improvement campaigns.

### Kia Spirit: Be Young at Heart

Kia Motors pursues a young and lively corporate culture, one in which its employees lead an adventurous and innovative life. It has been striving to build a healthy and flexible corporate culture for many years, culminating in the Kia Spirit being announced in 2016. The Kia Spirit—Be Young at Heart—sets the thinking and behavioral guidelines for all Kia employees who create the

company's differentiated value: A Different Beat. The Kia Spirit encourages employees to lead a confident, adventurous, and socially connected life, while working hard and enjoying life at the same time. To that effect, a company-wide campaign kicked off in 2017 to instill the Kia Spirit in all its employees so that it can lead to positive, practical changes in the lives of individuals and for the organization at large. In 2018, the team-based initiative called Design Our Team+ campaign was launched to enhance flexibility, self-decision, and creativity within the company. Furthermore, under the catchphrase Young Heart KIA, the Young Heart Style campaign promotes a casual dress code at work, and the Young Heart Time campaign adopted a flexible lunch hour, allowing employees to avoid a bustling lunchtime.

### Training and Stability

Kia Motors supports the competency-building of its employees with diverse training programs. While job training programs foster job experts, newly promoted managers receive differentiated training to cultivate their leadership according to their rank and function. In 2018, the focus was on developing and announcing a new HRD philosophy and systems. The entire education system is improving to support all Kia employees who want to build their job competencies and to pursue their careers anytime and anywhere.

Kia's mental health counseling program Maeum Sanchaek ("Heartfelt Stroll") has been in place to support employee mental health since 2012. Located at Kia plants, the center offers counseling services and training programs, allowing for easy

access to anyone who needs help. The center served 4,364 employees for 32,967 hours from August 2012 to December 2018. Additionally, the company has built a network with external counseling centers for easier access to all its employees' family members and those of its partner companies, as well as employees of sales and service centers. To date, 84 percent of applicants have benefited from the program. In 2018, Kia added a mental health program for employees who are coming back to work after rehabilitation from occupational accident injuries at its plants in Sohari, Hwaseong, and Gwangju. Committed to helping employees lessen work stress and lead happy lives with their families, Kia is actively promoting the program with leaflets and other PR media.



# THE HIGHEST LEVEL OF TRUST AND COOPERATION

## Three Mutual Growth Strategies & Systems

Kia's three mutual growth strategies include reinforcing partner companies' global competitiveness, laying the foundation for sustainable growth, and setting up a framework for mutual growth. A variety of programs support Kia's partner companies based on these three strategies, and the scope of beneficiaries is expanding to secondary and tertiary partners of Kia.

The three strategies are implemented by the Supplier Cooperation Team and Supplier R&D Technical Support Group within the company as well as the Foundation of Korea Automotive Parts Industry Promotion (KAP). Overseeing the mutual growth strategies, the Supplier Cooperation Team plans and runs related programs. The Supplier R&D Technical Support Group supports partner companies with their technology R&D activities. Co-founded in 2002, the KAP promotes the advancement of the automotive parts industry with Hyundai Motor Group affiliates and 165 partner companies based on the fund established by the Hyundai Motor Group. In 2018, the Hyundai Motor Group donated KRW 6 billion.

### Strategy 1. Reinforcing Partners' Global Competitiveness

In line with this strategy, Kia Motors provides practical support to its partner firms in reinforcing their product quality, technology and productivity. For instance, our experts are dispatched from three months to one year for on-site instructions in addition to separate training and information/technology exchange opportunities. Kia also collaborates with partners in technology R&D and files for patents and protection on developed technologies. These efforts mainly target secondary and tertiary partners who are smaller and lack R&D resources. At the same time, we are increasing more partnership programs with related external organizations and our primary partners.

### Strategy 2. Laying the Foundation for Sustainable Growth

Businesses sustain growth through investments in their future. The essential part to stable business activities is firmly based on steady cash flow. Well aware of that, Kia has in place several financial aid programs for its SME partners, supporting their entry into overseas markets where Kia has plants. From constructing local plants to shared export logistics and systematic support of country of origin certification, we systematically back the entire global expansion of our partners. As a result, the number of our partners that are active overseas is growing every year. As of 2018, this amounted to over 700 companies, including secondary partners (combined number of partners to both Kia and Hyundai Motors).

Additionally, Kia Motors supports its domestic and overseas partners in participating in Korean and international automotive parts fairs and matches them with international buyers in support of its SME partners in reinforcing competencies. With plans to name 80 beneficiaries each year until 2021, a total of 240 partners are to benefit from the program for the next three years.

More specifically, we have financed the costs for booth rentals at the KOAA SHOW in Korea, as well as one-on-one matching with international buyers and consulting booths. When our partner firms are taking part in international fairs, we pay all the costs, including attendance fees, airfare, and accommodation.

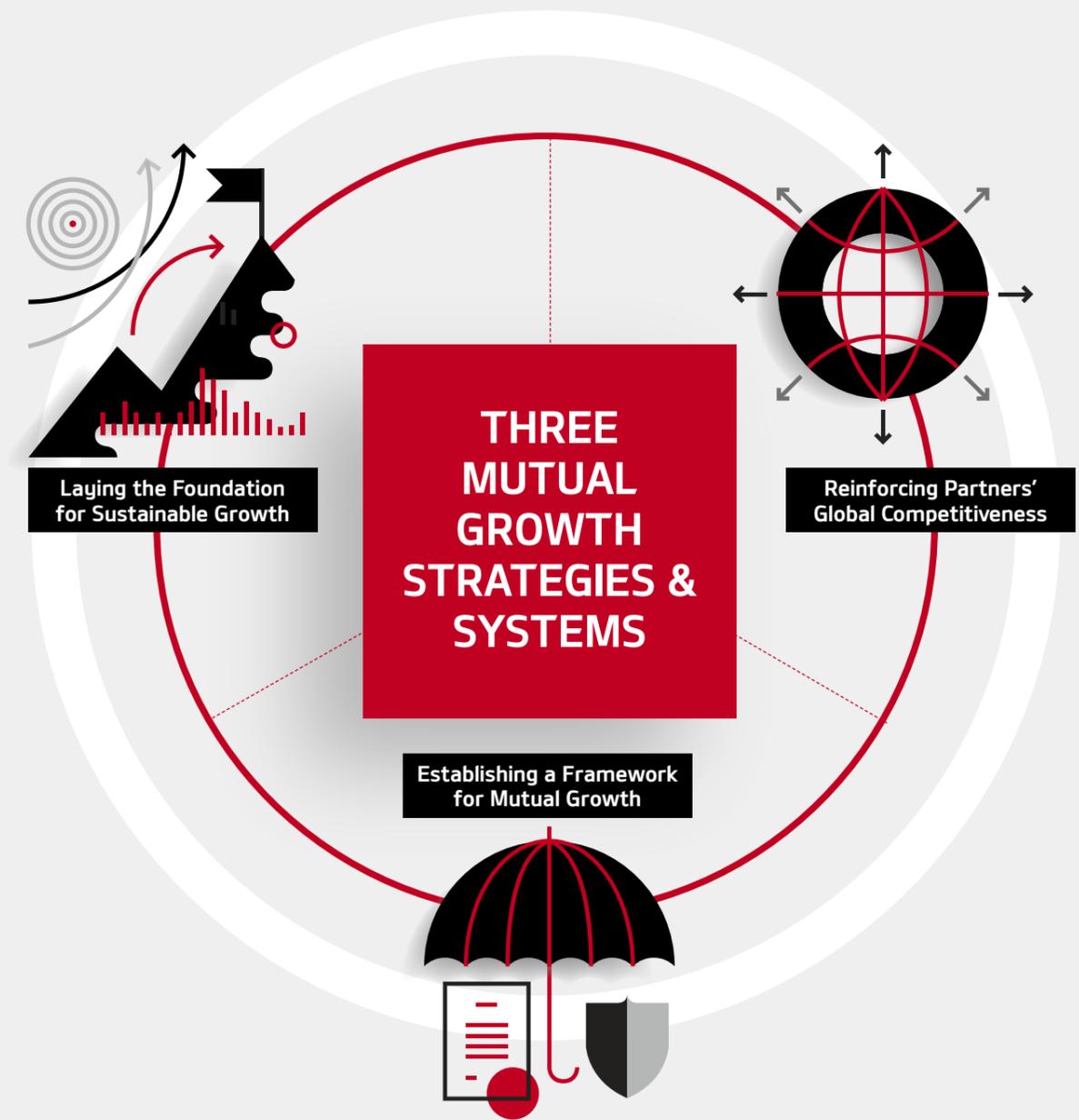
The annual Partner Job Fair, which was established in 2012, had 281 companies involved in 2018, including secondary and tertiary partners. On top of that, Kia's primary partner companies hired about 11,500 new employees throughout the year. As that figure shows, the fair contributes to dealing with the disparity in the supplier job market between job seekers and job openings.

### Strategy 3. Establishing a Framework for Mutual Growth

The ultimate goal of a mutual growth framework lies in establishing fair and transparent transactions and mutually beneficial growth practices. All of Kia's procurements are free to see online through the VAATZ system, which is the standard procurement system for Kia's entire value chain at home and abroad. VAATZ evaluates auto part suppliers' bids and scores them on a five-star scale before publicizing the results. We also have in place systems and programs to instill and assist employees' job ethics and legal compliance at work.

Starting in 2009, Kia Motors entered into an annual Agreement on Mutual Growth with all primary and secondary suppliers, offering them support for ethical management and corporate social responsibility management. As of 2018, almost all of Kia Motors' partners at home and overseas have obtained OHSAS 18001 certification, which provides assistance about safety at worksites. We also introduced a safety management category to the certificate in 2017 in a bid to motivate our partners to further improve working conditions.

In addition, we encourage fair and faithful transactions between primary and secondary partners, while expanding the application of the Four Subcontracting Guidelines to secondary and tertiary partners. At annual meetings of the Partner Companies Council, Kia Motors reviews and awards primary partners for their payment practices with secondary and tertiary partners, and financial and human resources support performance. In 2018, Kia Motors earned an "Excellent" grade on the Mutual Growth Index for the fifth straight year. The index is calculated by the Korea Commission for Corporate Partnership based on an assessment of fair transactions/mutual growth agreement performance results and SME satisfaction survey results.



#### Company Size

**+37%p**

The percentage of suppliers with sales of KRW 100 billion and above rose from 21 percent in 2001 to 58 percent in 2018

#### Average Sales

**3.8 times**

Average supply chain sales surged 3.8 times from KRW 70 billion and above in 2001 to KRW 270 billion and above in 2018.

#### Debt Ratio

**-51%p**

The supply chain debt ratio declined 51 percentage points, from 152% in 2001 to 101% in 2018.

#### Average Partnership Duration

**32 yrs**

Hyundai and Kia have maintained an average partnership duration with its suppliers of 32 years, three times the manufacturing industry average.

#### Assets

**4.7 times**

The average asset size of Kia suppliers soared 4.7 times, from KRW 50 billion and above in 2001 to KRW 230 billion and above in 2018.

#### Joint Advancement into Overseas Markets

**19 times**

The number of partner companies jointly advancing into overseas markets grew by 19 times, from 40 in 2000 to 700 in 2018.

TO GO

# DEEPER

IS TO WALK TOGETHER

## TO GO DEEPER IS TO WALK TOGETHER

### Social Contribution

**In this era of cutting-edge technology, cracks in poverty, disparity, and inequality of opportunity and wealth are becoming more severe, as are environmental issues, such as climate change.**

This issue will eventually compromise national income, as well as the growth engines of businesses, and more broadly, countries.

Keenly aware of this, Kia Motors conducts several company-wide and plant-level social contribution projects and local community engagement programs with the aim of universal rights to mobility and fair opportunity. Starting in 2016, we are aligning CSR programs with the UN's 17 Sustainable Development Goals (SDGs) to ensure their practicality and inclusiveness. Local communities are integral to business activities because they provide not only the premises but also the customers and consumption that drive business growth. As a trusted corporate citizen, Kia Motors will remain vigilant to social calls for its fulfillment of responsibilities in various areas.

**Kia Motors is playing a leading role in the global effort to bring about positive changes in the farthest corners of the world to realize sustainable development for everyone.**

# WORKING TOWARDS A BETTER TOMORROW FOR EVERYONE

PROFILE

MOVE MORE

RESPONSIBILITY



## Green Light Project



The Green Light Project (GLP)—the signature global CSR program at Kia Motors—dates back to 2012, when the company started to promote universal rights supporting fair opportunities of self-development and the self-reliance of local communities. Today, GLP Job Training Centers, schools and public health centers are in operation in 11 communities in eight African countries. The company also lends its business acumen as an automaker to provide vehicle support through various mobility programs.

The GLP aims at establishing a sustainable business model over a five-year sponsorship period before transferring it to local communities for autonomous management. Following the transfer, Kia Motors will continue with its monitoring and management support in collaboration with NGOs to help the successful transfer of the projects and the development of local communities.

The first successful project case concluded in 2017, when we turned over a GLP school in Tanzania and a public health center in Malawi that were both established in 2012. In July 2018, two more GLP schools went back to the hands of local citizens: one in Zavala, Mozambique and the other in Lilongwe, Malawi. At the moment, the Malawi GLP School has become a private school under the supervision of a local NGO, the Hope for People Empowerment Ministry. On the strength of affordable tuition and quality education service, the school has grown from 160 students at the beginning to 1,000 students in 2018. As a result, tuition income accounted for 90 percent of the school funds, achieving financial independence.

The GLP went global starting in 2017 when it broadened its horizons beyond the African continent into Mexico, where it has a plant, and India, where it has plans on opening one in 2019. The GLP carries on every year because new projects begin in different communities as soon as current projects wrap up and transfer to local communities. Kia Motors will continue working on these projects to help self-support programs for the sustainable development of underdeveloped countries to achieve a happier life for all.



Assisting the self-support of local communities through education and mobility services, while transferring business models to local communities for autonomous management after five-year aid programs of establishing an adequate working capital flow from profitable businesses.





### Green Trip



Green Trip is a Kia Motors signature social outreach program in Korea in which the company takes mobility-challenged people—those who are most in need of convenient access to mobility but often deprived of it—on various types of trips. As of December 2018, the program has provided travel opportunities to 44,073 beneficiaries from June 2012, travelling a total distance of 2.7 million km, equivalent to 67.5 round-the-world trips. In 2018 alone, 9,320 people, or approximately 21 percent of cumulative beneficiaries, were invited on these trips.

Kia sponsors mobility-challenged families' trips with its 13 Easy Move Carnival, a special vehicle featuring unique driver seats for disabled drivers and wheelchair loading. In 2018, the company signed an agreement with the Korea Forest Service to promote barrier-free trips, adding accommodations and activity fees to the sponsorship offerings.

We are planning sponsored trips for 10,000 people annually while adding 1,000 helpful tourist trips for the disabled to achieve a total number of 60,000 beneficiaries and 10,000 trips by 2020. To further this program, we are expanding the service areas and mounting significant publicity campaigns on social media to enhance public recognition of the program.



# 44,073 beneficiaries

A CSR project through partnerships with local authorities supporting universal mobility trips for the disabled and useful tips for accessibility of major tourist attractions that benefitted more than 40,000 people by 2018.

### Traffic Safety for the Next Generation



People are at the center of a sustainable future, which is why Kia Motors cares about the hopes, dreams, and safety of our future generations. Statistics have shown that the major causes of traffic accidents involving children have been driver negligence of children on the road. As a result, Kia launched its Green Light Card campaign, which enhances visibility of children on streets. Pinned onto children's school bags, the Green Light Cards function as high-visibility safety signs, reflecting the light from car headlights to make students more visible to drivers when crossing the road. Kia Motors plans on handing out a total of 600,000 Green Light Cards to 200,000 first graders nationwide for three years, from 2018 to 2020. The campaign does not just stop at distributing the cards. In collaboration with the Korea Road Traffic Authority, the company is giving road safety education to these children at schools. At the same time, Kia employees are volunteering to safeguard kids on their way to and from schools.

Red Clover is a CSR program for university students to plan and perform social outreach programs under the company's CSR value of mobility. In 2018, the activities expanded from just helping mobility disadvantaged people to putting into action students' CSR ideas concerning mobility. In groups under the themes of adults with infants, pregnant women, foreigners, elevators, and mobility devices, the volunteers went out to see what the reality was for these vulnerable groups. Afterwards, they participated in campaigns to raise public awareness of mobility disadvantaged people.



### Youth: Challenging Dreams



Youth: Challenging Dreams is a CSR project that addresses youth job creation issues in consideration of Kia's social contribution values, which include mobility and overcoming challenges in connection with car sharing platforms. Whenever a customer uses a Kia vehicle as part of their car sharing platform, a certain amount of contribution in proportion to the driving distance is donated by Kia Motors to fund supporting young entrepreneurs of start-ups in social and economic areas. The project consists of basic education to start-ups and business modelling exercises. Excellent performers are provided with start-up funds and privileged entry to governmental social entrepreneur fostering projects.

Since 2017, the project has raised KRW 510 million in three sessions, sponsoring 32 teams consisting of 90 young entrepreneurs. In 2019, the project will add a "comeback" support program for those who failed in their first start-ups, developing into a comprehensive start-up support program before and after initial attempts to launch a business. **M**



### SDGs

- 1 End poverty in all its forms everywhere
- 2 End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
- 3 Ensure healthy lives and promote well-being for everyone at all ages
- 4 Ensure inclusive and equitable quality education, and promote lifelong learning opportunities for all
- 5 Achieve gender equality and empower all women and girls
- 6 Ensure availability and sustainable management of water and sanitation for all
- 7 Ensure access to affordable, reliable, sustainable, and modern energy for all
- 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all
- 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- 10 Reduce inequality within and among countries
- 11 Make cities and human settlements inclusive, safe, resilient and sustainable
- 12 Ensure sustainable consumption and production patterns
- 13 Take urgent action to combat climate change and its impact
- 14 Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- 15 Protect, restore and promote the sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels
- 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development



FACT BOOK:

# RESPONSIBILITY



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## Sustainable Management Performance Results

	2016	2017	2018	Change(%)
<b>Sales Performance Results</b>				
Sales volume (10,000 vehicles)	298	275	281	+2.4
Sales (KRW trillion)	52.7	53.5	54.2	+1.2
Operating profit (KRW trillion)	2.5	0.7	1.2	+74.8
<b>Product Liability</b>				
Average CO <sub>2</sub> emissions (EU)(g/km)	123	120	121	+0.8
R&D and facility investments (KRW trillion)	3.4	3.2	4.0	+26.2
<b>Environmental Management (per-unit input/output)</b>				
Raw materials (kg/vehicle)	197.9	196.6	194.5	-1.1
Water resources consumption (m <sup>3</sup> /vehicle)	4.6	5.4	5.9	+9.3
Waste amount (kg/vehicle)	161.9	164.9	160.1	-2.9
Greenhouse gas emissions (kgCO <sub>2</sub> -eq/vehicle)	564	573	585	+2.1
Air pollutants (g/vehicle)	539.9	507.3	413.7	-18.5
VOC emissions (kg/vehicle)	5.4	5.7	5.9	+3.5
Water pollutants (g/vehicle)	85.1	97.1	102.2	+5.3
<b>Employees</b>				
Total workforce (persons)	51,357	51,789	52,578	+1.5
New employment (persons)	356	1,091	1,381	+26.6
Female employees (persons)	994	1,014	1,264	+24.7
Female managers (persons)	54	69	91	+31.9
Male employees on parental leave (persons)	18	18	43	+138.9
Occupational accidents (cases)	255	203	285	+40.4
<b>Social Contribution</b>				
Donations in Korea (KRW billion)	26.3	22.7	31.4	+38.5

- Sales Performance Results
  - Number of vehicles sold through the local wholesale network (2016/2017 data was recalculated due to a change in the standards)
- Environmental Management
  - Scope: three domestic plants (Sohari, Hwaseong, and Gwangju)
  - Per-unit input/output: the amount used/emitted from producing one vehicle
- Employees
  - As of December 31, 2018
  - Scope: domestic worksites (total workforce represents employees in Korea and overseas)
  - Recipients: full-time employees (not including outsourced employees and interns)
  - Occupational accidents apply the increased scope that includes ordinary commutes as of January 1, 2018.
- Social Contribution
  - Donation figures were recalculated for 2016 and 2017 due to a change in the standards.

## Thinking of Tomorrow for the World

In 2016, the general meetings of the United Nations adopted Sustainable Development Goals that presented the goals to be attained worldwide by 2030. The SDGs sets forth 17 key goals and 169 action plans to achieve sustainable development, calling for all the governments, companies, and civil societies to participate. As a responsible subscriber to this initiative, Kia Motors aligns all its sustainability management activities to the UN's SDGs. The company is also a faithful member of associations working for the development of the auto industry and promotion of fair transactions and ethical management practices.

### Signature CSR Projects

Green Light Project

A global project that aids the self-support of underprivileged communities with education and healthcare services

Green Trip

A domestic CSR project that offers free trips to mobility-challenged people

Sponsoring the Next Generation

A CSR program for the next generations, involving children's safety on roads and a CSR idea competition for university students

Youth: Challenging Dreams

A socially responsible business project in which Kia makes donations in proportion to the traveling distance of Kia vehicles on a car sharing platform to fund young entrepreneurs' social projects

### Social Contribution to Local Communities

**Kia Challenge Academy (Sohari Plant)**

Moral education and career coaching for local teenagers from low-income families

**Kia Challenge Eco Project (Hwaseong Plant)**

Environmental science programs for teenagers

**Kia Challenge Concert (Gwangju Plant)**

Artistic and cultural activities for culturally-deprived local children

**Kia Challenge Teenager Mentoring (Headquarters in Seoul)**

Mentoring local underprivileged children/teenagers

**A.W.I.M. (Georgia Plant, USA)**

Teenager education program

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**Bike KIA (Slovakia Plant)**

Constructing a bike path around cultural heritage sites

**Happy Mobility Campaign (Domestic Sales Offices)**

Social contribution plan in proportion with car sales

**Mobility Library (Mexico Plant)**

Renovating and repairing local libraries and operating mobile libraries

**K-Mobility Care (Domestic Service Shops)**

Repairing aged vehicles for residents

**Kia Home for Hope (China Plant)**

Repairing/Rebuilding houses for disaster victims and underprivileged residents

### Association and Organizational Membership

Association/Organization	Purpose of Membership
Korea Automobile Manufacturers Association (KAMA)	To promote the auto industry; pursue inter-sectoral 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)	To cooperate with relevant businesses in advancing the auto industry
Korea Standards Association	To promote industrial standardization and quality management
Korea Fair Competition Federation (KFCF)	To share information and opinions with government and businesses in observing fair trade regulations
Korea AEO Association	To promote safety management practices at Authorized Economic Operators (AEOs)
BEST Forum: Business Ethics and Sustainability Management for Top Performance	To engage in ethical management and CSR work exchanges
Korea Association for Industrial Technology Security (KAITS)	To conduct comprehensive research on long- and short-term development issues about Korean businesses and the nation's economy

# Corporate Governance

Kia Motors has an established framework for fine-tuning the interests of internal and external shareholders to ensure fairness in management decision-making and fulfillment at the working level. The board of directors is independent of management and supported by its subcommittees. The BOD is also supported to make informed decisions with separate briefings on agenda items whenever needed. Benchmarking international best practices, Kia Motors will continue improving its shortcomings to enhance corporate governance transparency.

## Board of Directors

Kia Motors' top decision-making body is the board of directors, which serves to coordinate the interests of different stakeholders while striving to enhance its expertise. To ensure the independence of the BOD, non-standing directors account for the majority of the board in promotion of long-term sustainable growth of the organization. As of the end of 2018, the BOD consisted of two standing directors, one non-executive director, and five non-standing directors. The BOD holds regular meetings to vote on key issues after considering the feedback collected from the general shareholders' meeting (GSM), investor relations activities, and employees. The feedback is then passed on to management for reflection in business planning. Another effective channel for stakeholders to make their voice heard is the Q&A page on the corporate IR website. Ad hoc meetings are also convened whenever issues for deliberation arise. Under the BOD are three subcommittees: the Audit Committee, Board Nominations Committee, and Transparent Management Committee, all of which lend their expertise and efficiency to the operation of the BOD.

### An Independent, Specialized and Diverse Management Board

At the top of the decision-making hierarchy within the Kia Motors organization, the BOD fits the specific requirements of the auto business. The automobile manufacturing business characteristically entails large-scale investments in order to keep up with volatile market demand. Consequently, swift decision-making is critical. To ensure timely and quick decision-making, the CEO chairs the BOD at Kia Motors. In addressing concerns over potential interference in the independence of the BOD, a protocol measure is in place that provides agenda items and other related information to all BOD members before BOD meetings. The protocol allows BOD members to make informed decisions after extensive debates based on a full understanding of the issues at hand. Any director with a conflict of interest does not have voting rights for the particular agenda issue. Non-standing directors are elected from those who can contribute their profound expertise and experience in management, economics, accounting and legal affairs to the BOD's operation. Kia Motors promotes diversity on its board and does not discriminate against non-standing director candidates based on religion, race, gender or nationality. However, directors cannot serve any company in the same industry without

prior consent from the BOD. Furthermore, anyone with routine duty at Kia Motors, including majority shareholders or any person with a vested interest in the company, or anyone who has served Kia as an executive within the last two years, is disqualified from being a non-standing director candidate. The company invites non-standing directors to its offices in Korea and overseas for briefings regularly.

### 2018 Review

In 2018, the BOD convened seven meetings to receive reporting on the internal accounting control system (IACS) and updates on Kia's autonomous compliance practices with fair trading regulations. The meetings also approved 2018 business and investment plans. In addition, members deliberated and voted on various agenda items, including the convocation of the 74th GSM (for 2017) and other agenda items submitted. A total of 32 agenda items were presented to the BOD in 2017, with the non-standing directors' attendance rate standing at 94.3 percent. Remunerations to standing and non-standing directors are made mainly in the form of annual base salaries within a wage ceiling capped according to their positions by the GSM. Out of the KRW 10 billion remuneration limit set for 2018, only KRW 2.8 billion was paid out.

### BOD & Subcommittees



## Committees

### Audit Committee

All three Audit Committee members are non-standing directors at Kia Motors. The committee assists the management board's rational management decision-making and audits their compliance and appropriateness. Of the three members who are designated by the GSM from candidates without interests in the company, there needs to be at least one accounting/financial expert. A non-standing director should assume the chair to monitor the fair and legally compliant practices of the company's accounting and business activities. To that effect, the committee is entitled to demand business reports from the BOD and to examine the company's overall financial standing. Kia Motors runs an internal framework for Audit Committee members' easy access to pertinent information on the company's business operations. In 2018, the committee held five meetings to deliberate and vote on the dismissal and appointment of external auditors, and to receive reports on the 2017 settlement of accounts and the status of the IACS. A total of nine agenda items were presented to the committee, and the attendance rate of the members stood at 95.2 percent.

### Board Nomination Committee

Kia Motors Articles of Incorporation stipulates that the majority of Board Nomination Committee members should be non-standing directors. Accordingly, the committee members consist of five people, including one standing, one non-executive, and three non-standing directors. When a new non-standing director is designated, the company submits the qualification guarantee letter about the independence and legal qualification of the candidate to the Korea Exchange. In 2018, the committee recommended a candidate to the 74th (2017) GSM through a fair and thorough examination of candidates based on their competencies and expertise.

### Transparent Management Committee

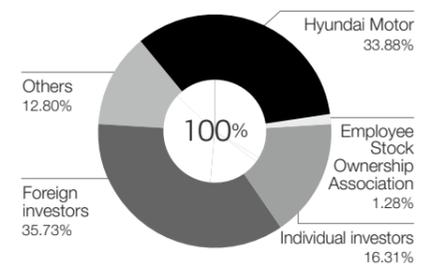
The Transparent Management Committee, which was renamed in March 2016 from its former title of Ethics Committee, has strived to enhance corporate governance and protect investor interests. Consisting of all non-standing directors, the committee deliberates and votes on the protection of shareholder value as well as the promotion of transparent internal transactions and ethical management. Of the five members, one director is elected by the members as a special member in charge of shareholder value protection. Upon election, the member in charge of shareholder value protection participates in Kia's non-deal roadshows

for international investors as a channel for communication between the board and shareholders. The main functions of the committee include voting on matters relating to transactions between people with a special relationship to the company and the protection of shareholders' rights and interests, as prescribed in the Commercial Act, the Monopoly Regulation and Fair Trade Act, and the Financial Investment Services and Capital Markets Act. At the same time, it deliberates on the implementation of the compliance program, the operation of key policies relating to ethical management and social outreach programs, and the establishment and revision of the company's code of ethics. Kia Motors' management actively reflects its non-standing directors' opinions on social outreach and ethical management improvements in its future plans. In 2018, the committee convened eight meetings to vote on and resolve 28 agenda items, such as the approval of internal trading, and received reports on the details of social outreach activities and donations. The committee members' attendance rate stood at 95 percent in 2018. In August 2018, the member in charge of shareholder value protection attended the NDR for international investors in Boston and New York to explain the company's governance policy and listen to their opinions. Going forward, the committee will continue playing a key role in communication with shareholders and investors to enhance corporate governance to the highest global standards.

### BOD Composition (as of December 31, 2018)

	Name	Position	Background
Standing directors	Han-Woo Park	CEO, Chairman of the Board of Directors, Chairman of the Board Nomination Committee	(Currently) CEO, Kia Motors
	Joon-Young Choi	CEO	(Currently) Head of Management Support Division
Non-executive director	Eui-Sun Chung	Member of the Board Nomination Committee	(Currently) Executive Vice Chairman, Hyundai Motor Group (Formerly) Vice Chairman, Hyundai Motor
Non-standing directors	Sang-Gu Nam	Chairman of the Audit Committee, Member of the Board Nomination Committee and Transparent Management Committee (Member in charge of shareholder value protection)	(Currently) Professor Emeritus of Business, Gachon University, (Formerly) Private Sector Chairman of the Public Fund Oversight Committee
	Kwi-Nam Lee	Member of the Audit Committee and Transparent Management Committee	(Currently) Counsel, LKN Legal Research Institute, (Formerly) 61st Minister of Justice of the Republic of Korea
	Cheol-Soo Han	Member of the Board Nomination Committee and Transparent Management Committee	(Currently) Counsel, Yoon & Yang (Formerly) Secretary-General of Fair Trade Commission
	Deok-Joong Kim	Member of the Audit Committee and Transparent Management Committee	(Currently) Counsel, Yoon & Yang, (Formerly) 20th Commissioner of the National Tax Service
	Dong-Won Kim	Member of the Board Nomination Committee and Transparent Management Committee	(Currently) Professor, Business Administration, Korea University (Formerly) President, Korea Labor and Employment Relations Association

### Shareholder Composition (as of December 31, 2018)



Shareholders	No. of Shares	Ownership (%)
① Hyundai Motor	137,318,251	33.88
② Stock Ownership Association (ESOA)	5,189,531	1.28
③ Individual investors (excluding ESOA)	66,127,869	16.31
④ Foreign investors	144,845,760	35.73
⑤ Others (financial institutions, etc.)	51,881,936	12.80
<b>Total</b>	<b>405,363,347</b>	<b>100.00</b>

IR inquiries can be directed to the IR Q&A page at <https://pr.kia.com/en/company/ir/ir-library/question-and-answer.do>. Visit the company information page under the Company section on Kia Motors' PR website for more details on the board of directors and investor relations. <http://pr.kia.com/en/company/ir/general-information/company-information.do>

# Materiality Test

A crucial part of sustainability management practices at Kia Motors is listening to and reflecting stakeholder opinions through diverse communication channels. Key issues identified from extensive interactions with stakeholder groups—customers, shareholders and investors, employees, partner companies and local communities—provide the guidelines in our development of sustainability management strategies.

## Kia Motors' Sustainability Report 2019

Kia Motors maintains close communication ties with stakeholders through diverse channels and uses methodologies as recommended by the GRI guidelines to identify its sustainability issues. The GSMA results play a pivotal part in this process. The issues identified from the procedures were reflected and finalized based on our benchmark results of sustainability reports published by Fortune-listed global automakers, sustainability management trends and media analysis, initiatives and interviews with experts, as well as employee opinions. Kia Motors will continue enhancing communication with stakeholders and materiality test procedures as we continue to listen to stakeholders.

### Stakeholder Communication Channels

Stakeholders	Communication Channels
Customers	Motor shows and new model launch events, test drives, sports sponsorships, customer service, customer satisfaction surveys, clubs, corporate websites, blogs (Kia BUZZ, PLAY KIA), social media (Facebook, Instagram, YouTube), viral videos, K-Lounge, K-PLAZA reports (annual reports, sustainability reports, community relations white papers)
Shareholders & Investors	General shareholders' meetings (GSM), investment road shows, corporate websites, social media, reports
Employees	Labor-Management Council, Employment Stability Committee, Next-Generation Committee, company magazine, CSR newsletter, online channels (intranet-knowledge community-Kia-In, Tong), Employee Counseling Center, reports
Partner Companies	Dealer programs (seminars-dealer contests-dealer invitational events), dealer shop contests, seminars-training programs, shared growth partnership web portal, Value Advanced Automotive Trade Zone (VAATZ), procurement division's suggestion box, reports
Local Communities	Social contribution activities and campaigns, corporate websites, exchanges with local communities (regular meetings, invitation to Kia plants), corporate information channels (website, social media, reports)

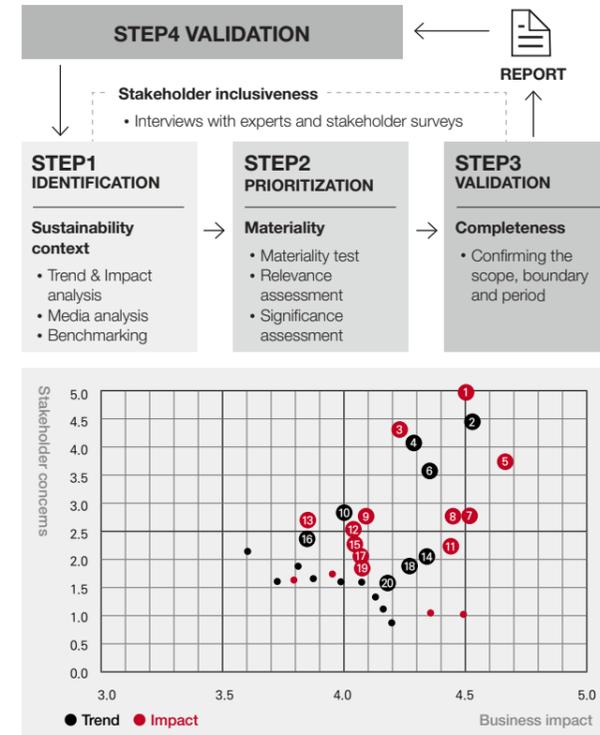
### On • Offline Channels

	Channel	Topic	Description
Online	Corporate websites	Sales information websites	Information on car models, promotions and sales/service centers
	CSR websites	Interactive communication	Information on the company's CSR activities and collect feedback from stakeholders (Opened in 2013)
	Corporate culture PR website	Active information sharing	Information on the company's CSR activities (Opened in 2014)
	Blogs	Kia BUZZ, PLAY KIA	Storytelling of key company information
	Social media	Interactive communication	Encouraging customers and the public to make their voices heard
	K-Nanum Together	Employee participation	Promote a donation culture companywide (Opened in 2015)
Offline	Kia-net	Networking with local communities	Began in full scale in 2016 to network with local stakeholders and solve community issues

• Corporate website: <https://www.kia.com/worldwide/main.do>  
 • Social contribution website: <http://pr.kia.com/en/company/sustainability/social-responsibility/social-responsibility.do>  
 • Kia BUZZ: <https://www.kia.com/worldwide/KiaBuzz/Main.do>  
 • PLAY KIA: <https://play.kia.com>

## Materiality Test Procedures

This report was compiled against GRI Standards reporting guidelines. An extensive environmental analysis within and outside the company was conducted based on the four principles for defining report content as recommended by the GRI: sustainability context, materiality, completeness and stakeholder inclusiveness. This year, our focus was on stakeholder communication with more extensive quantitative surveys and follow-ups on interviewees. Furthermore, we benchmarked the sustainability reports published by Fortune 500 automakers and analyzed media coverage to understand the latest trends in sustainability reporting. Among the 20 issues identified from the procedures, we selected 10 key issues for this report.



### Media Analysis

We analyzed 41,581 media coverage items from January to December 2018 to identify the public recognition of the company and key sustainability issues concerning the company.

### Stakeholder Inclusiveness

**External stakeholder engagement:** We interviewed stakeholder experts based on the Korea Management Registrar's Global Standard Management Awards (GSMA) in 2018 to understand external stakeholders' concerns and key issues.

**Internal stakeholder engagement:** We surveyed employee opinions on the issues identified from our media analysis and GSMA study during workshops, and reflected the results in our report compilation.

### Materiality Test

After testing the relevance and materiality of sustainability issues, we have finalized the 20 trend and impact issues that scored more than 2.94 points on a scale of five points for reporting content. Compared to the previous report, talent retention and BRICs market issues scored high points, which was reflected in the report.

### Materiality Test Results

Rank	Key Issues	Materiality	Change to Rank	Reported pages	Rank	Key Issues	Materiality	Change to Rank	Reported pages
1	Diversifying customer needs	4.72	-	24-25	11	Consumer health and safety	3.36	▽	12-15, 22-23
2	Intensifying competition	4.55	▲	49-53	12	Climate change (global warming)	3.31	-	60-61
3	Transparent business management	4.38	▽	42-43, 73	13	Growing economic interdependence worldwide	3.29	▲	50-52
4	Growing concerns over talent retention	4.35	▲	67-71, 77	14	Environmental pollution prevention	3.22	▲	54-65, 75-76
5	Rising demand for safe products/service	4.32	-	12-15, 22-23	15	Fair employment and job security	3.17	▽	26-29, 66-69
6	Customer service & support and addressing consumer complaints	3.88	-	72, 76	16	Alleviating climate change	3.14	-	16-21
7	Emerging markets (BRICs)	3.70	New	48-52	17	High demand for win-win partnerships	3.11	▽	30-31, 73
8	Accelerating technological advancement	3.68	▲	10-23	18	Protecting consumer privacy and information	3.05	-	72-73
9	Increased demand for customer information security	3.52	▽	72-73	19	Job creation	2.98	▲	26-29, 66-68
10	Promoting social responsibility within business premises	3.44	▲	32-41, 76-77	20	Contribution to community development	2.94	▲	32-41, 73, 76-77

# Corporate Social Responsibility Management

Kia Motors is fully aware of its responsibility to society and the concerns and interests of its stakeholders. Corporate social responsibility management (CSR management) encompasses all of our efforts to put into action this awareness. In the three arenas of social outreach, environmental management and trust-based management, we keep our focus on what we can do for society while putting into practice solutions to protect the environment. In all these efforts, we ensure that the entire workforce is on the same page in practicing business ethics. This allows for greater achievements in our CSR practices.

## CSR Management Framework

Kia Motors has a dedicated CSR Committee and CSR Management Team for the systematic fulfillment of its CSR practices. The CSR Committee was created in 2008. Chaired by the CEO,

the committee consists of executives in charge of trust-based management, environmental management, and social outreach. The CSR Management Team functions as the facilitator of the committee. Leading the company's CSR efforts, Kia Motors' CSR Committee has developed a global CSR value scheme and reviews the performance results each year. From 2008 to 2012, the company

laid the foundation for CSR to ensure that all its worksites worldwide share the same CSR values. In 2016, the CSR Committee approved the establishment of a CSR framework for overseas subsidiaries and the launch of the Global CSR Working Council. Starting in 2017, Kia Motors is advancing the global CSR system in line with its Strategy 2020.

## CSR Progress & Plans by Domain

### Social Outreach

Kia Motors developed its global CSR value scheme in 2011, setting out the company's shared CSR values as promoting universal mobility and taking up the challenge for a better quality of life. Initiated the following year, the Green Trip and Green Light Project are at the forefront of the company's CSR endeavors at home and abroad, respectively. The GLP offers underprivileged communities around the world with new opportunities of self-development for individuals and of self-reliance for communities. After a five-year period of patronships, the projects are transferred to local residents for autonomous management. Green Trip is a domestic CSR program that sends mobility-challenged people on trips. Having started as a vehicle service, the program is growing each year with its accumulated trip database to become a barrier-free trip platform. All of Kia's worksites at home and overseas developed CSR programs and signature CSR projects in 2016. They completed a CSR management system for global CSR operations in the following year. In 2018, a company-wide analysis was conducted

on CSR frameworks and signature CSR projects at Kia premises worldwide. Going forward, the company plans to develop an even stronger strategic framework encompassing the value scheme, project system, and management system, as well as a regional headquarters for CSR to promote the integration of global CSR systems and upgrade all CSR projects.

### Environmental Management

Following its 2003 declaration of environmental management, Kia Motors has made consistent efforts to become a global leader in eco-friendly business practices. Our goal is to cut down on per-unit GHG emissions by 30 percent of 2008 performance by 2020.

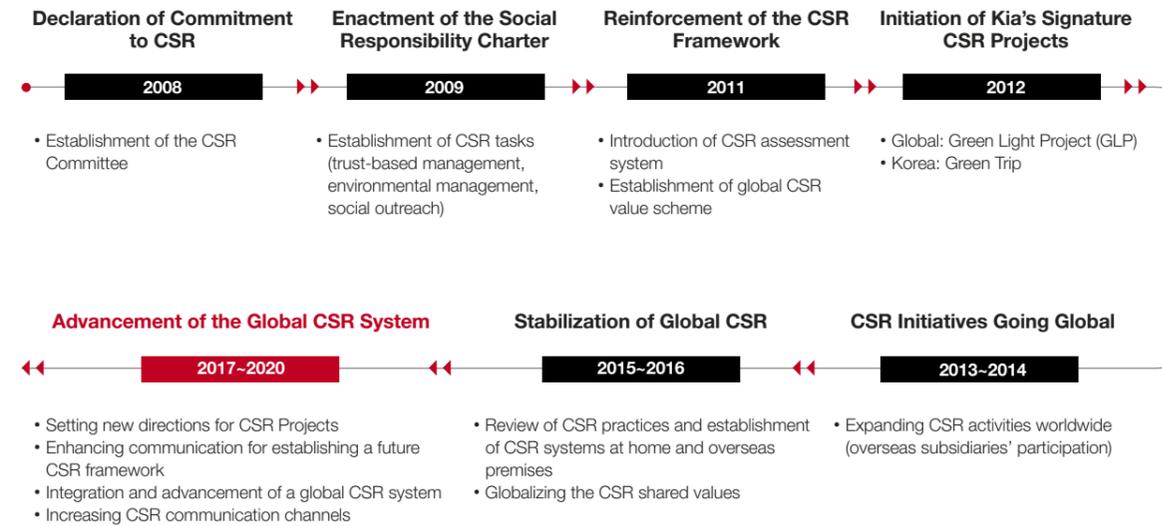
#### Environmental Management Milestones

- 2003 • Declaration of commitment to Environmental Management
- 2006 • First Korean company to receive an independent auditor's inspection on GHG emissions from plants and service offices to develop a GHG inventory
- 2007 • Inspection expanded to overseas premises
- 2016 • GHG inventory completed at the Mexico plant

### Trust-based Management

Kia Motors is committed to building a trust-based relationship with its stakeholders while also complying with its internal business ethics standards. The Transparent Management Committee under the BOD supervises the company's transparent and ethical management practices. The Ethics Charter and related regulations for compliance are also in place for employees to abide by in their day-to-day business activities. In addition, we appoint one non-standing director who is appointed on the recommendation of shareholders to take charge of shareholder protection. Ten years after the introduction of the Compliance Program (CP) in 2002 as behavioral guidelines for its employees' legal compliance, the company adopted a compliance management system as a higher-level organization of the CP in 2012 for company-wide compliance activities. The CP organization was further expanded in 2017, as each department's team managers are designated as Compliance Officers for self-audits of legal compliance practices. In 2018, we ran a company-wide audit on all sales offices. These efforts will help steer Kia Motors clear of legal risks in advance. Furthermore, the advanced legitimacy of its internal decision-making and management activities will establish Kia Motors as a respected global corporate citizen.

## CSR Road Map



## CSR Tasks

"Becoming a global leader in CSR management practices"



**Social Outreach**  
Contributing to social development as a responsible corporate citizen

Step-by-step CSR strategies based on shared CSR values

- Upgrading the domestic CSR framework
- Expanding global CSR practices
- Incorporating CSR practices into corporate culture



**Environmental Management**  
Taking the lead in global initiatives to tackle environmental issues

Reinforcing environmental management competencies and mitigating climate change

- Establishing and managing eco-friendly production systems
- Reducing energy use and greenhouse gas emissions
- Developing eco-friendly technologies
- Establishing a resource circulation system



**Trust-based Management**  
Transparent and ethical business management practices

CSR practices that meet global standards

- Developing/Promoting a trust-based management system
- Establishing a stakeholder cooperation system within all premises
- Increasing stakeholder communication

ECONOMY  
ENVIRONMENT  
SOCIETY

Coupled with a slowing global economic growth rate, intensifying competition dampened the global automobile market in 2018. Still, Kia Motors sustained meaningful growth through continued quality enhancement and strong brand value.

## Economic Value Creation & Distribution

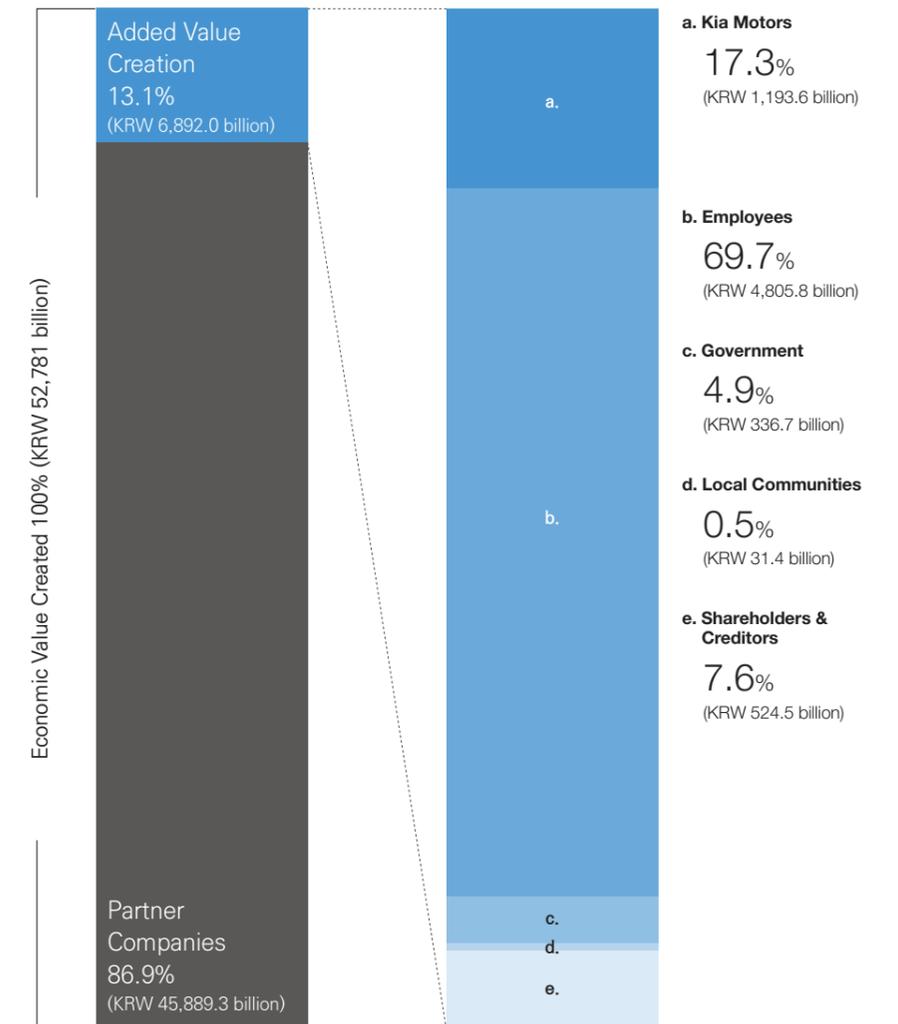
In 2018, Kia Motors sold 2.81 million vehicles, up 2.4 percent from the previous year. Its domestic sales volume also exceeded 500,000 units for the fourth consecutive year. The robust sales performance of RVs drove the sales growth over the past year. Its quality performance also remained strong as its vehicles ranked first in the U.S. IQS for a fourth year in a row. Nevertheless, 2019 is forecast to see continued challenges in the automobile industry. Intensifying competition among carmakers even gave rise to a forecast of reverse growth. In meeting these challenges, Kia Motors will continue enhancing its quality control and reinforcing internal competencies while preparing for a harsh market environment with profit-oriented management. At the same time, the company will continue developing popular global models through a dependable product differentiation policy to sustain growth in the future.

### Economic Value Generated and Distributed in 2018

- ①
- Sales, operating profit, and net income are based on the K-IFRS.
  - Sales volume data is based on local wholesale data according to changes in the corporate policy.
  - Economic value generated: sales + other income – (other costs + depreciation)
  - Local communities: donation expenses

#### Economic Value Generated & Distributed

Partner Companies 86.9%	Employees 9.1%	Shareholders & Investors 1.0%
Government 0.6%	Local Communities 0.1%	Kia Motors 2.3%



## 2018 Market Analysis

In 2018, Kia Motors' global market sales edged up by 2.4 percent from the previous year, selling a total of 2.81 million vehicles. Sales in Korea improved 1.9 percent over the previous year. Its sales volume hovered over 500,000 vehicles for the fourth consecutive year as market demand temporarily rose to benefit from the special consumption tax exemption before it expires. In European markets, Kia's sales volume grew by three percent from the previous year, led by the robust sale of RVs, while the overall industry's demand declined by 0.04 percent amid sagging consumer sentiment and plunging automobile sales in the aftermath of stricter environmental regulations, as well as external uncertainties from trade conflicts with the U.S. On top of the steady growth in emerging markets, sales volume also increased by 2.1 percent year on year in China, where industry demand declined by 5.9 percent due to the termination of the car purchase tax cut and lower consumer sentiment amid a slower growth rate trend. Without the base effect of 2017, the sales growth stood at 56.7 percent compared to 2016. In the U.S., where we suffered a slight 1.7 percent decrease in sales, we achieved the ideal inventory level.

The growing sales volume recorded a 1.2 percent rise in year-on-year sales to KRW 54.2 trillion in 2018. Operating profit rose by 74.8 percent from 2017 to reach KRW 1.16 billion due to the base effect of provisioning for the court ruling on ordinary wages.

Kia Motors' brand value was up four percent from the previous year to USD 6.9 billion, remaining on Interbrand's list of "100 Best Global Brands"—ranking 71st—for seven years in a row. In terms of product quality, the company topped mainstream brands for a fourth straight year according to J.D. Power's U.S. Initial Quality Study (IQS) and second in the China IQS.

## 2019 Plans & Goals

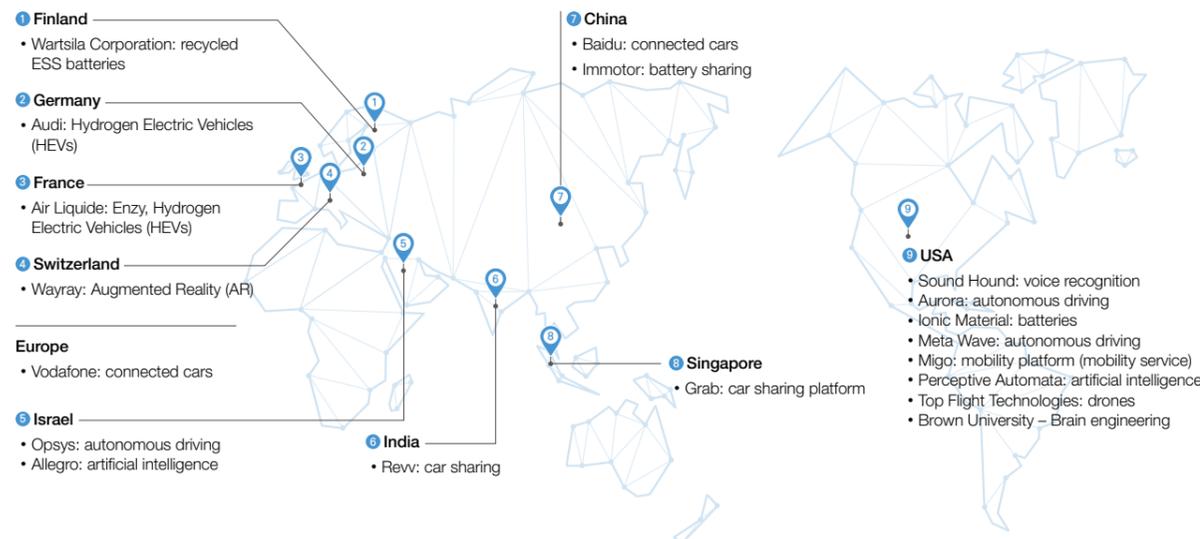
Slowing global market growth rates and increasing external risks will continue to present an unfavorable business environment in 2019. At the same time, the auto industry is expected to go through fiercer competition than ever before as several companies are commercializing electric vehicles and future technologies. Against this backdrop, Kia Motors will focus on its substantiality in business operations while reshuffling its business fundamentals through innovations in

business functions, organization, and culture to ensure a better future.

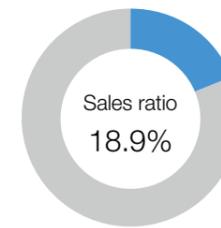
To that end, we will stabilize the newly adopted regional headquarters organization with a responsible management system and bolster product planning/operation competencies in respective markets to restore sales records in the U.S. and China. Slated for completion by the end of 2019, the new India plant will focus on stabilizing initial quality control so as to successfully establish itself in the Indian market and lay the foundation for entry into ASEAN markets. Differentiating our product lineup, we will continue developing and fostering popular global models and introducing new concepts for future CUV models. At the same time, our work process and corporate culture will go through radical changes to facilitate creative and faster work processes under the new work system.

Based on this, we have set the sales goal for 2019 at 2.92 million vehicles, up 3.8 percent from 2018, to achieve a stable revenue stream. Furthermore, we will continue R&D investments and open innovation in future technologies.

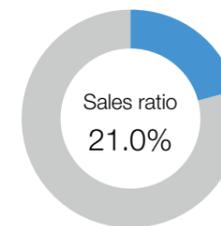
## Kia Motors' Global Partnerships



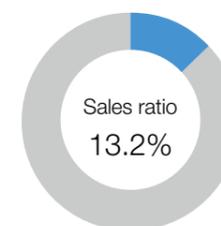
Sales volume of **531,700** vehicles



Sales volume of **590,583** vehicles

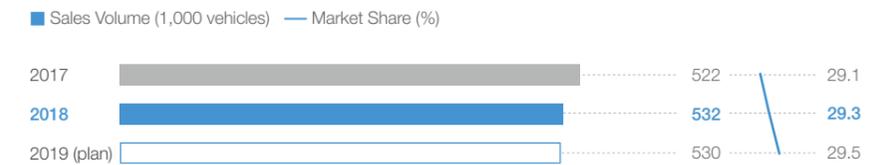


Sales volume of **370,575** vehicles



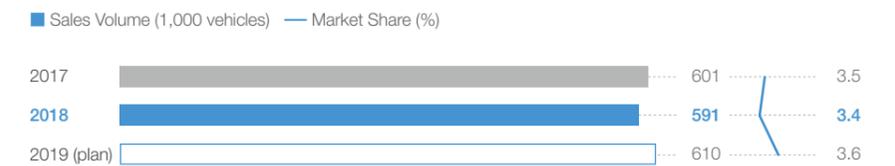
## Korea

There is a mixed market forecast in Korea for 2019. Along with the upbeat expectations of strong sales on the strength of new SUV models being launched and enhanced marketing campaigns, there are still concerns over contracting consumer sentiment mainly due to market interest rate hikes. Kia Motors plans on introducing new models of its Soul, Optima, and small SUVs in 2019 in order to continue with its sales momentum to increase its sales volume and market share.



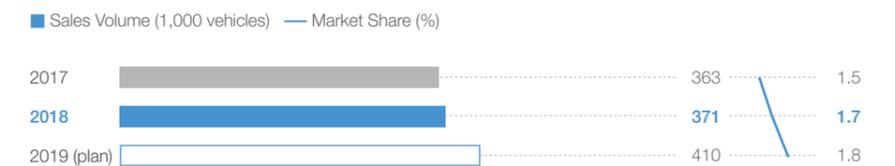
## USA

In the U.S. market, where we saw rising demand in 2018, demand is predicted to shrink in 2019, mainly due to shrinking consumption in the aftermath of the Federal Reserve's rate hikes and diminishing incentive payments. After achieving the ideal inventory level in 2018, Kia Motors will concentrate its sales and marketing resources into strategic models in 2019. While boosting the SUV lineup with the Telluride, New Soul, and small SUVs, the company plans to bolster its green car market share and respond to fuel economy regulations by reinforcing its eco-friendly vehicle lineup, including the Soul EV and Niro EV.

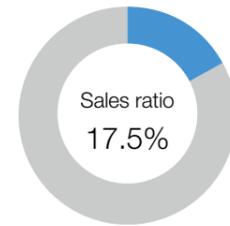


## China

Ongoing protectionism is eroding China's exports, which has led to slower economic growth. As there are now talks of economic prop-up measures with automobiles, the overall industry demand is forecast to remain similar to that of 2018. Kia Motors is launching its new strategic model, the Forte/Cerato, to enhance its product competitiveness while increasing its sales with the China-exclusive SUV model lineup. The company also plans to sell eco-friendly vehicles in the Chinese market.

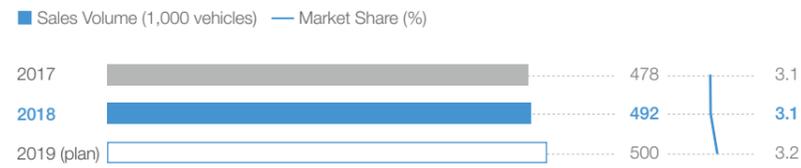


Sales volume of  
491,797 vehicles

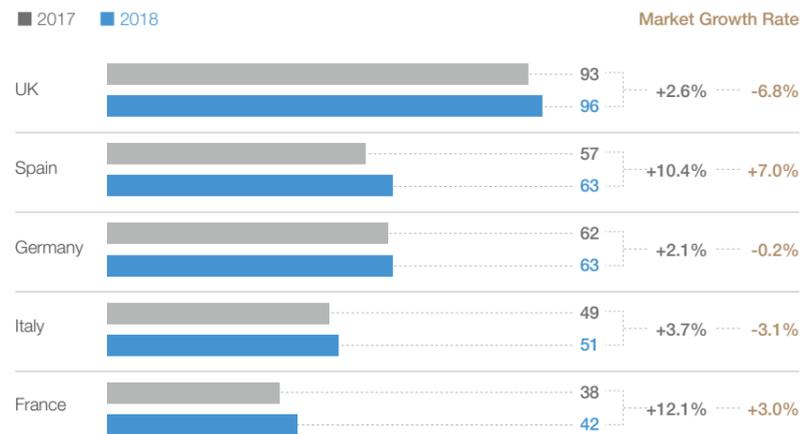


## Europe

We expect sustained growth in the market that will be led by SUV models, even amid ongoing uncertainties in the political and diplomatic landscape, as well as growing pressure of increasing prices due to stricter environmental regulations. With the adoption of the regional headquarters system, the company will seek qualitative growth as it caters to the individual needs and market conditions of each country. The new model effect will be maximized through the completion of a full lineup, including the cee'd CUV, while the successful launch of Soul EVs and Niro EVs will contribute to Kia's eco-friendly brand image and solidify the eco-friendly vehicle sales base.

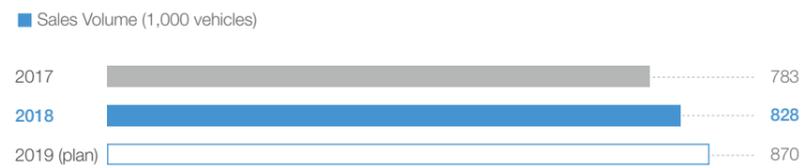


Kia Vehicle Sales Volume and Growth Rate by Country (retail) (1,000 vehicles, %)



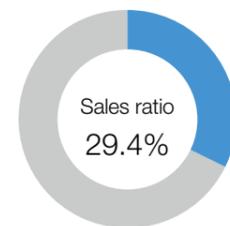
## Emerging Markets

At Kia Motors, sales performance results are combined for the markets of Russia, Turkey, and countries in Asia and Pacific regions (not including China and Korea), the Middle East, Africa, South & Central America, and Eastern Europe. In 2018, sales grew by 1.5 percent in South & Central America and 22.3 percent in Russia. When the new plant in India that is currently under construction begins operations by the end of 2019, Kia Motors is expanding its market into ASEAN countries, led by India.



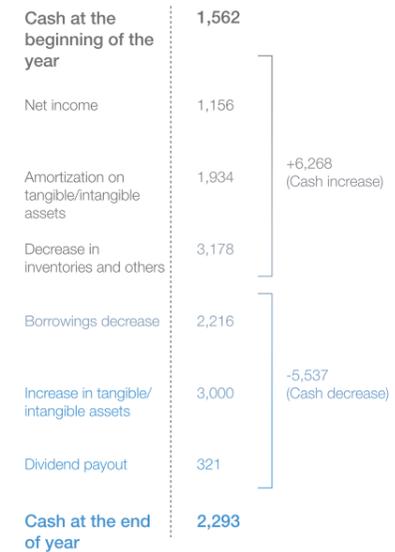
• Emerging markets include the markets of Russia, Turkey, and countries in Asia and Pacific regions (not including China and Korea), the Middle East, Africa, South & Central America, and Eastern Europe.

Sales volume of  
827,639 vehicles



## Consolidated Cash Flow Chart

(KRW billion)



• Not including short-term financial products and short-term available-for-sale financial assets

## Summary of Consolidated Statement of Financial Position

(KRW million)

Accounts	2016	2017	2018
<b>Assets</b>			
I . Current assets	20,912,221	21,642,079	19,711,791
II . Non-current assets	29,977,039	30,652,359	32,074,814
Total assets	50,889,260	52,294,438	51,786,605
<b>Liabilities</b>			
I . Current liabilities	16,246,900	15,323,019	14,834,739
II . Non-current liabilities	8,062,936	10,110,242	9,708,402
Total liabilities	24,309,836	25,433,261	24,543,141
<b>Capital</b>			
I . Common stock	2,139,317	2,139,317	2,139,317
II . Additional paid-in capital	1,560,650	1,560,650	1,560,650
III . Retained earnings	23,465,759	24,074,322	24,711,681
IV . Accumulated other comprehensive income	-525,228	-852,038	-1,107,110
V . Other capital items	-61,074	-61,074	-61,074
Total capital	26,579,424	26,861,177	27,243,464
Total liabilities and equity	50,889,260	52,294,438	51,786,605
• The summary of consolidated income statement was based on the K-IFRS.			
Shareholders' equity ratio (equity/asset)	52.23%	51.37%	52.61%
Debt to equity ratio	91.46%	94.68%	90.09%

## Summary of Consolidated Income Statement

(KRW million)

Accounts	2016	2017	2018
Sales	52,712,906	53,535,680	54,169,813
Cost of sales	42,281,590	44,618,696	46,177,283
Gross profit	10,431,316	8,916,984	7,992,530
Operating profit	2,461,480	662,226	1,157,475
Earnings before income taxes	3,442,034	1,140,053	1,468,644
Income tax expenses	687,394	172,035	312,701
Net income	2,754,640	968,018	1,155,943
• The summary of consolidated income statement was based on the K-IFRS.			

## Kia Motors Credit Ratings

Overseas	S&P	Moody's
Rating	BBB+	Baa1
Outlook	Stable	Negative
<b>Domestic</b>		
Korean Credit Rating Agencies Korea Ratings, Korea Investors Service, NICE Investors Service		
Rating	AA+	
Outlook	Negative	

• You can see further detailed financial statements on Kia's website

## Sales Volume

(Local wholesales record, 1,000 vehicles)



## R&D and Facility Investments

(KRW 100 million)

Accounts	2016	2017	2018
Facility investments	17,652	15,258	23,314
R&D expenses	16,464	16,419	16,649
Total	34,116	31,677	39,963

ECONOMY

ENVIRONMENT

SOCIETY

Continuous environmental catastrophes every year are strengthening market demand for eco-friendly vehicles. Amid this rising demand, Kia Motors is expanding its market share each year by introducing advanced eco-friendly vehicles.

## Eco-friendly Production System

Climate change and global warming concurrently lead to thawing icebergs in the North Pole, while melting icebergs around Greenland and the South Pole are raising the sea level each year, leading to extreme weather patterns and resultant natural disasters. Keenly aware of climate change issues, Kia Motors is taking action to alleviate this. Since its declaration of global environmental management in 2000, the company has completed an eco-friendly manufacturing line along with its partner companies and suppliers, taking advantage of the IoT in its eco-friendly management activities.



Visit the corporate PR website for details of Kia's Environmental Management philosophy and systems.

### Design



### Green Design Procedures

At Kia Motors, environmental consciousness is an important starting point of its automobile designing stage. Its digitalized eco-friendly system facilitates eco-friendly designing application on the site, allowing for eco-friendly adoption of raw materials. A designer can check the environmental impact of materials before choosing one from an in-house database. A more simplified compartment structure and improved materials have streamlined the entire manufacturing process, making it easy to dismantle automotive parts. A virtual 3D model simulates to test recyclability and dismantlability of automotive parts. Based on the results, drawings of designs can be modified, or parts with low recyclability can be replaced. When the design is finalized, a test vehicle is manufactured and dismantled to test the time required for dismantling and the number of connected parts against the existing vehicle's data.

### Chemical Management System

Regulations on hazardous substances are becoming stricter across the world to curb the harsh side effects of using such substances. Today, it is universally restricted to use the four heavy metals—lead, mercury, cadmium, and hexavalent chrome—ozone-depleting substances and hazardous chemicals.

Kia Motors collects the parts and material weight data through its International Material Data System (IMDS), and saves the data in its in-house e-Chemical Management

System (e-CMS). The e-CMS sifts out substances restricted by domestic and overseas laws, and develops and applies alternative materials. The e-CMS plays a pivotal role in tracking chemical substance information of all components and parts used in every Kia vehicle produced since 2005. It also serves as the benchmark for identifying chemicals subject to future regulations and for finding substitutes beforehand.

In addition to a task force organization for company-wide management of hazardous substances, the company has in operation an in-house hazardous chemical management system (HCMS) for real-time monitoring of the entire procedure, from collecting regulation information to legal responses.

Kia Motors effectively responds to all laws and regulations by utilizing ProdTect, an independently developed system to calculate recyclability that also provides the basic data for environmental assessment. Today, all Kia vehicles meet the requirements of recyclability certification and related regulations in Korea, Europe, the U.S., and China.



• IMDS (International Material Data System): This parts and materials management system is 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 position of automotive parts.

## Procurement



Hyundai & Kia Motors' environmental management guidelines on global environmental regulations and information pertaining to automotive parts manufacturing. Full texts of the environmental regulations and agreements are available on the VAATZ site.

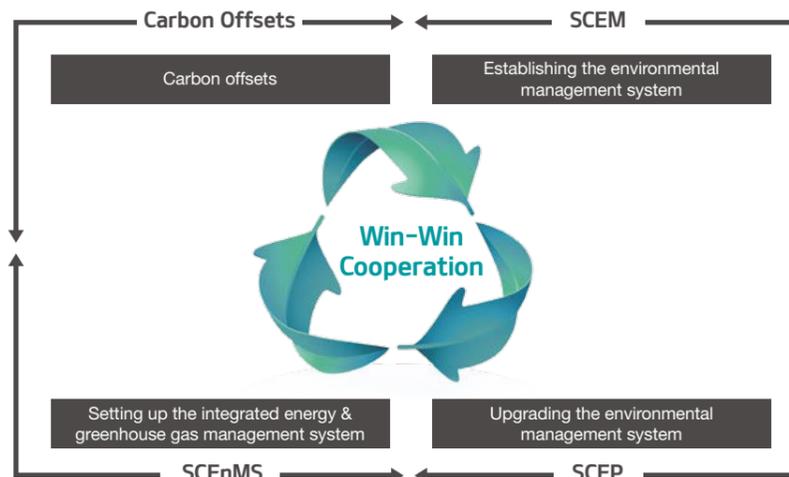
### Supply of Conforming Auto Parts

In promotion of environmental management practices on its supply chain, Kia Motors signed the Agreement on the Supply of Eco-friendly Automotive Parts with primary partner firms in 2007. The company now shares information on controlled chemicals with its partners through the IMDS and its e-CMS. It also regularly updates and distributes guidelines on global environmental regulations pertaining to automotive parts manufacturing to help its supply chain reinforce responsiveness to global environmental regulations. In addition to regular updates on environmental regulations and industrial trends, the company offers education sessions to its partner companies.

### Supporting Supply Chain Responses to Climate Change

Kia Motors has been assisting its primary partners' environmental management through the SCEM project since 2003, and the scope expanded to the secondary/tertiary level in 2006. Supported by Kia Motors, all its primary partners completed an integrated GHG management system by 2010, and all of them obtained ISO14001 certification by 2012.

Furthermore, Kia Motors shares its energy-saving know-how and best practices with its supply chain by granting them access to its database. It also arranges annual case studies and exchange sessions on best practices, energy-efficient plant technology and market trends, as well as new technologies for energy conservation.



• SCEM: Supply Chain Environmental Management  
• SCEP: Supply Chain Eco Partnership  
• SCEnMS: Supply Chain Energy Management System

Carbon emissions trading scheme: the Greenhouse Gas Inventory & Research Center of Korea website

## Production Phase

### Environmental Management System

Kia Motors has integrated the environmental operational standards applied to all three plants and service business divisions in Korea since 2014. Starting in 2016, the company provides special and general education on the environment through an external training institute to improve the job competencies of its environmental management staff.

All its plants at home and abroad have obtained the ISO14001 certification for the environmental management system (EMS), and internal audits and independent inspections are annually conducted to identify and improve its environmental management practices.

• Data collection: three domestic plants including Sohari, Hwaseong and Gwangju  
• Per-unit output amount: based on production volume, and the amount of input/output per vehicle production.  
• Figures were rounded up for readability

### Material Balance in the Auto Manufacturing Process

Kia Motors strives to minimize total input through its manufacturing process innovation and system updates and recycling. After checking the amounts of input, output, and outcomes over a one-year period, the company uses the data to set goals for each material and then devise additional improvement plans.

In 2018, Kia Motors' overall production volume decreased by 5.9 percent from the previous year and, consequently, the total input of raw materials, energy, and hazardous chemicals fell by 6.8 percent, 4.3 percent and 61.6 percent, respectively. However, the output of TRI chemicals rose by 4.8 percent over the previous year. More encouragingly, the waste recycling rate at Kia Motors has remained above 90 percent for years.

### Input-Outcome-Output Flow

INPUT	OUTCOME		OUTPUT
<b>Water resources</b> 7,106,554m <sup>3</sup>	<b>Vehicle Production Amount</b> <b>1,211,905 Vehicle</b>		<b>Soil</b> • Landfill disposal: 1,494t
<b>Raw materials</b> 235,768t	 Press	 Car body	<b>Atmosphere</b> • GHG emissions: 707,812tCO <sub>2</sub> -eq • Air pollutants: 501t • TRI chemicals: 2,491t
<b>Hazardous chemical substances</b> 456t	 Painting	 Assembly	<b>Waste</b> • Total waste: 194,079t • Waste recycling: 177,725t * Raw materials input: 6,829t
<b>Energy</b> 142,000 TJ			<b>Water</b> • Total effluents: 4,507,196m <sup>3</sup> • Water pollutants: 124t
<b>TRI chemicals</b> 49,848t			

• Scope of data collection: Scope 1 (direct emissions), Scope 2 (indirect emissions from the generation of purchased energy), vehicle production volume excluding OEM units  
• Base year: 2003, except for energy and GHG (2008)  
• The raw materials input and air/water pollutants output figures are the sum of the substances mentioned in the main text body.

## Raw Materials

Kia Motors makes strenuous efforts to cut down on its resource use through effective control of the enormous consumption of raw materials for per-unit production.

In 2018, the company successfully reduced the total use of raw materials by 6.8 percent from the previous year, also cutting the per-unit use by 1.0 percent for the same period.

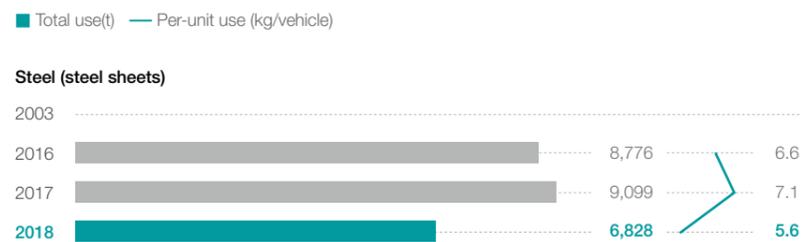
Of all raw materials, total input of steel (not including partner companies' steel usage) continued decreasing each year. Its per-unit input fell by 25.9 percent from 2003, while the resultant light-weight steel simultaneously enhanced fuel economy.

The per-unit input of paints and thinners also declined by 14.2 percent and 19.1 percent compared to 2003. Leftover zinc-coated steel is sent to steelmakers and leftover uncoated steel is recycled at the foundry in Gwangju. Unused thinners are retrieved at the Gwangju plant to be outsourced for recycling for reuse within the plant.

### Raw Materials Input



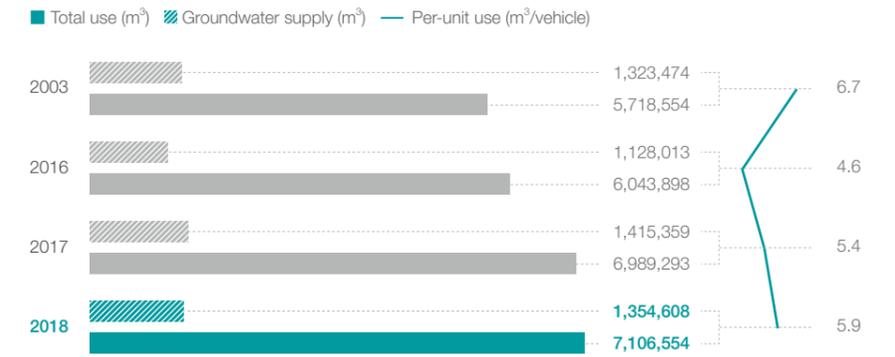
### Recycling



## Water Resources

In a bid to address the water scarcity issue, Kia Motors began a company-wide campaign to save water use in 2000, and has been investing in facilities and habit improvements since then. Starting in 2016, total use and per-unit use is moderately rising, but per-unit input declined by 12.6 percent in 2018 compared to the base year 2003. Kia Motors' main water supplies for its three plants are from reservoirs that hold more than 200 million tons of water, such as the Paldang dam for the Sohari and Hwaseong plants and the Juam dam for the Gwangju plant.

### Water Resource Use



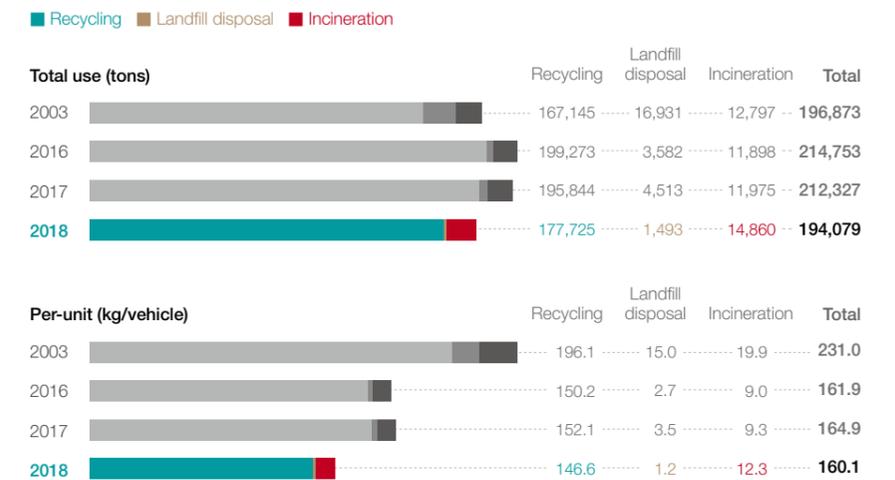
## Waste

Kia Motors' consistent R&D in eco-friendly automobile materials and designs have successfully reduced its per-unit waste output for years. At the same time, our efforts are also targeted at enhancing our recycling rate.

With the ultimate goal of zero emissions of landfill waste from its worksites, Kia Motors has maintained its recycling rate at a 90 percent level since 2007.

In 2018, Kia Motors' outsourced landfill disposal waste ratio from its three plants to total waste stood at 0.8 percent. Inevitable waste emissions are strictly separated before disposal. As a result of consistent efforts to improve waste disposal methodology, total waste from the three domestic plants was down 8.6 percent in 2018 from the previous year. The per-unit vehicle production waste output also enhanced efficiency and declined by 30.7 percent from 2003.

### Waste Disposal by Method



① • Waste recycling: waste is not usually recycled or reused within the plants but is disposed as recyclable waste.

## Energy & Greenhouse Gases

Kia Motors has made strenuous efforts to reduce greenhouse gas emissions from its production process over the past years. In 2006, Kia became the first Korean company to run a third-party inspection on the greenhouse gas emissions from its plants and service divisions to develop a GHG inventory, and has been responsibly managing it since then. In compliance with the Framework Act on Low Carbon Green Growth, which took effect as of 2011, all of Kia Motors' domestic worksites have been tracking and reporting their GHG emissions and energy consumption to the government.

## 2018 Greenhouse Gas Emissions

In 2018, collective GHG emissions from Kia Motors' domestic plants, service centers, sales offices, shipping offices, and training centers totaled 730,000 tons, of which direct emissions from fuel consumption (scope 1) amounted to 260,000 tons and indirect emissions from electricity use (scope 2) amounted to 470,000 tons.

While GHG emissions from the Sohari, Hwaseong and Gwangju plants accounted for 97 percent of all the company's emissions, the total amount was down by 30,000 tons from the previous year. The reduced emissions amount is equivalent to the amount of CO<sub>2</sub> absorbed by twenty-six 30-year-old pine trees a year. Multiplied by Kia Motors' domestic production volume, the reduction is equivalent to CO<sub>2</sub> absorption by 30.3 million pine trees.

Third-party assurance on GHG emissions at Kia Motors' overseas plants began with those in Slovakia and China plants 1 and 2 in 2007, followed by the Georgia plant in the U.S. in 2010, and China plant 3 in 2014. The assurance was completed with the Mexico plant in 2016, with the GHG emissions scope covering all of Kia's premises at home and abroad. In 2018, the total GHG emissions from Kia Motors' overseas worksites stood at 420,000 tons.

## Greenhouse Gas Emissions Reduction Plans and Goals

Kia Motors signed a voluntary agreement (VA) for energy conservation in 2000 and has been engaging in initiatives to slash its energy consumption and GHG emissions. The progress report on such endeavors have been submitted to the Korea Energy Management Corporation (KEMCO) since then. The company attained the ISO50001 (energy management system) certification for systematic management of energy consumption on its Gwangju plant in 2012 and Sohari and Hwaseong plants in 2015.

Starting in 2011, the company has subscribed to the Greenhouse Gas and Energy Target Management Initiative, and has attained annual reduction goals for its GHG emissions and energy consumption as preset based on the mutual consent of the governance. In conjunction with the Emissions Trading Scheme (ETS) that took effect in 2015, Kia Motors implements reduction initiatives to meet the target set for the company. In the long run, the company has set a goal of curtailing per-unit GHG emissions by 30 percent from 2008 levels, and is looking to achieve the global automotive industry's agreed-upon goal through cutting emissions by 7.8 percent compared to the BAU level by 2020.

## Employee Mobility Emissions

Kia Motors mobilizes various measures to minimize GHG emissions generated by employee commutes and business trips, such as a complimentary shuttle bus service, limited number of parking spaces, and a five-day rotation driving shift. Today, 27,500 employees, or 77.4 percent of the company's domestic workforce (35,538 persons), are commuting by shuttle buses.

In order to reduce business trip frequencies, the company has set up a video conference infrastructure at all of its domestic and overseas worksites, while encouraging public transportation and carpools for domestic business trips. Introduced in 2012, the carpooling program has grown popular over the years, from 1,554 trips, or 2.8 percent of all business trips, to 4,944 trips, or 12.2 percent, in 2018. The 218.1 percent growth in carpooling frequency proved to contribute to reducing our environmental impact.

## GHG Emissions at Overseas Plants

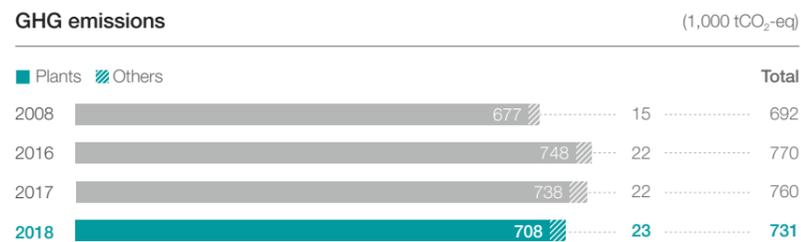
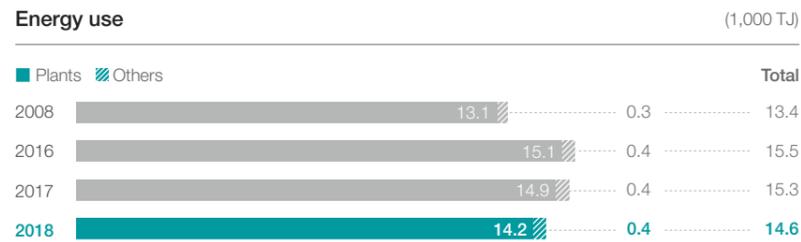


①  
 • BAU (Business As Usual): projected total amount of GHG emissions if no reduction measures are taken  
 • The Mexico plant went into operation as of 2016.

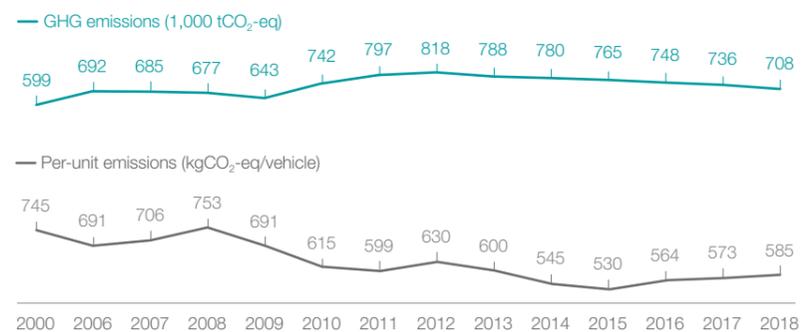
## Business Trips by Means of Transportation

	2016	2017	2018	Year-on-Year Change
Driving	15,809	15,691	13,825	-11.9%
Carpooling	4,988	5,093	4,944	-2.9%
Buses	15,940	15,793	9,842	-37.7%
Rail-ways	9,177	9,834	10,544	+7.2%
KTX				
Normal Lines	949	871	1,226	+40.8%
Air	317	252	261	+3.6%
<b>Total</b>	<b>47,180</b>	<b>47,534</b>	<b>40,642</b>	<b>-14.5%</b>

## Energy & GHG at Domestic Worksites



## GHG Emissions by Year



①  
 • CO<sub>2</sub> intake per pine tree: 6.6 kg CO<sub>2</sub>/tree/year (Korea Forest Service, 2012)  
 • Calculation guidelines: ISO14064-1 (2006), WRI/WBCSD GHG Protocol (2004)  
 • Scope 3 figures are not calculated according to domestic laws.  
 • Greenhouse gas emissions can vary slightly through third-party assurance.

①  
 • Energy use at domestic worksites (figures can vary slightly through third-party assurance)  
 • Plants: Sohari, Hwaseong, Gwangju  
 • Others: corporate headquarters, service centers, sales offices, shipping offices, Osan training center, Pyeongtaek Port

①  
 • Scope: domestic worksites (Sohari, Hwaseong, Gwangju)  
 • Calculation guidelines: The figures have been calculated retroactively since 2007 based on the Korean government's 2011 guidelines on GHG/Energy Target Management operations. (Figures prior to 2006 had been calculated in-house according to energy standards under the Energy Act and the IPCC Guidelines' GHG calculation methodology.

## Reducing Environmental Pollutants

### Air Pollutants

Automobile manufacturing process generates paint particles and volatile organic compounds (VOCs). Coming from the painting and coating process, these are notorious for their toxicity and are one of the main culprits of global warming and ozone depletion. They have not only stink odor but also catalyze secondary chemical reaction in the air.

In prevention, Kia Motors has in place systems for collecting and removing

such air pollutants on its production lines. Its Sohari and Hwaseong plants monitors round the clock their air pollutant emissions including the VOCs via the tele-monitoring systems (TMS) mounted on boilers.

In 2018, Kia Motors generated 23.3 percent less air pollutants than the previous year, with a 18.5 percent cut in per-unit emissions.

Total amount of air pollutant emissions compared to 2017

**-23.3%**

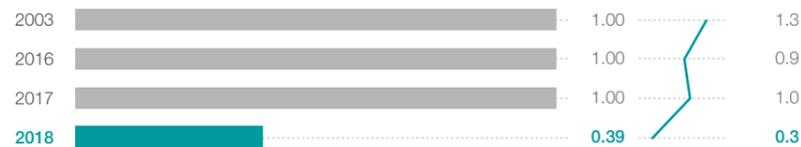
### Air Pollutant Emissions

■ Total emissions (t) — Per-unit emissions (g/vehicle)

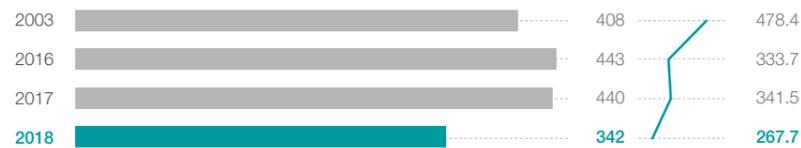
#### Dust Particles



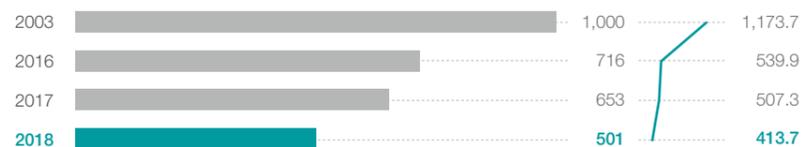
#### SOx



#### NOx



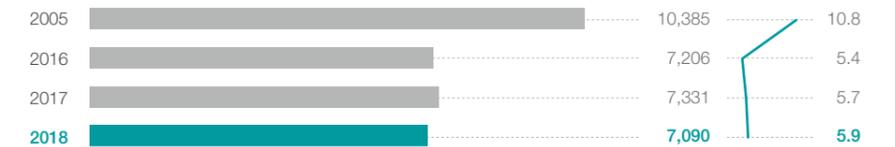
#### Total



### VOC Emissions

■ Total emissions (1,000 t) — Per-unit emissions (g/vehicle)

#### VOCs



### Water Pollutants

Kia Motors is well aware that water resource is a global risk and works hard to reduce the water pollutants, such as recycling waste water and tightly-controlling effluents.

In particular, the company applies corporate standards that are stricter than the legally mandated discharge standards, manages water treatment facilities and improves effluents to stabilize water quality. It regularly monitors the effluents' concentration to prevent unexpected spill accidents.

Although reduced production volume resulted in a slight decrease in wastewater discharge, the total discharge amount of COD increased by 1.0 percent in 2018 with its per-unit discharge amounted to a 7.3 percent higher rate than the previous year. The other key water pollutant SS emissions by Kia Motors, however, declined by 36.3 percent, with its per-unit discharge also dropping 32.4 percent over the same period. Compared to 2003 (excluding other emissions), the total discharge amount of COD grew by 11.8 percent, while the per-unit discharge amount declined by 21.5 percent. The total discharge amount of SS was down 27.5 percent, and its per-unit discharge amount almost halved by 46.7 percent for the same period.

①

- COD (Chemical Oxygen Demand): The amount of oxygen required for microorganisms to degenerate organic matter in the water. Used as a measure of water pollutant, a lower value means a lower level of pollution.
- SS (Suspended Solids): Concentration of solids suspended in water
- Others: n-H (normal Hexan), T-P (Total Phosphorus), T-N (Total Nitrogen)

### Water Pollutant Emissions

■ Total emissions (t) — Per-unit emissions (g/vehicle)

#### COD



#### SS



#### Others



- Others: n-H (normal Hexan), T-P (Total Phosphorus), T-N (Total Nitrogen)
- The 2013 figure error is corrected.

#### Total



### Hazardous Chemicals

Hazardous chemicals require extensive controlling over their use and handling.

Effective as of 2007, the EU's Registration, Evaluation and Authorization of Chemicals (REACH) strictly regulates use of hazardous chemical substances on all products used on the continent. In Korea, the Chemicals Control Act and the Act on Chemical Substance Evaluation and Registration have been in effect since 2015.

Kia Motors has been building up on its database of all the chemical substances

used in the production of its vehicles since 2005 through the group-wide e-CMS (chemical management system). Each plant has an established system to monitor their use of hazardous chemicals on a regular basis. While faithfully fulfilling the Ministry of Environment's Toxic Release Inventory, the company substitutes hazardous chemicals with safer materials either by improving or converting relative facilities to eco-friendlier systems.

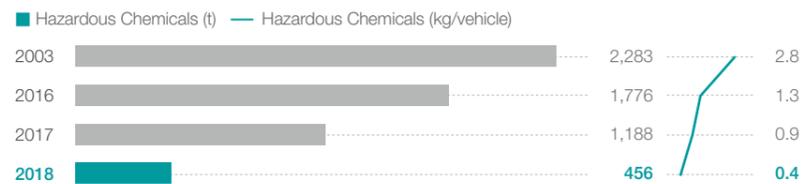
For instance, the Hwaseong Plant replaced the ion-exchange type painting process with eco-friendly reverse osmosis

method in 2015 and this applied to the other two plants in Sohari and Gwangju in 2017. By the end of 2019, this method will apply to the entire worksites of Korea, projected to significantly decrease the use of hazardous chemicals.

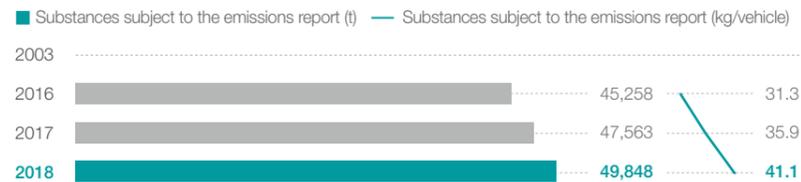
In 2018, Kia Motors had no cases of accidents or violations of the related laws. More importantly, the annual use of hazardous chemicals considerably slashed by 61.6 percent in total volume with 59.2 percent decline in per-unit production from the previous year.

### Hazardous Chemicals Emissions

#### Hazardous Chemicals



#### Substances subject to the emissions report



### Environmental Expenditures

At Kia Motors, environmental expenditures are classified in four areas, for which the company collects data every year for improvements and management of its environmental impacts. Adopted in 2004, the classification applies to comprehending the expenses by category and budgeting appropriately in the four categories. Environmental investments include replacement of old facilities or adoption of new facilities that are eco-friendly so that the company can steer clear of environmental issues at source. As of 2018, Kia Motors spent KRW 78 billion in environmental expenditures over a period of three years.

### Domestic & Overseas Environmental Expenditures

(KRW 1,000)

	Description	2016	2017	2018
Direct Reduction on Environmental Loads	Environmental Investments & Maintenance	21,754,706	16,892,747	21,939,712
Indirect Reduction on Environmental Loads	Employee Environmental Education & Assessments	888,906	850,597	1,017,243
Waste Disposal & Recycling	Waste Treatment/Disposal Expenses	4,345,902	4,682,605	5,581,355
Environmental Risk Management Costs	Environmental Regulatory Compliance & Accident Prevention	0	180	0
<b>Total</b>		<b>26,989,514</b>	<b>22,426,129</b>	<b>28,538,310</b>

### Domestic Worksite Environmental Goals and Performance by Indicator

Category	Description	Base	Goal	Performance	2018	2019					
					Attainment	Goal					
Green Growth	Energy (Greenhouse Gas)	tCO <sub>2</sub> eq	Per-unit reduction from 2008 level	26	22.3	87.2%	26				
								Dust Particles	70	79.0	113%
Eco-friendly Production	Air	SOx	Per-unit reduction from 2003 level	30	75.1	250%	75				
		NOx						30	44.0	147%	45
		COD						30	21.5	72%	30
	Water	SS	20	47.1	236%	30					
		Hazardous Chemicals	Amount Used	70	86.6	124%	80				
Resource Regeneration	Waste	Recycling Rate	As a percentage of total waste output	92	91.7	100%	92				
		Landfill Rate						2	0.7	35%	2
		Incineration Rate						5	7.6	152%	5
	VOCs	Amount Discharged	Per-unit reduction from 2005 level	55	53.1	97%	55				

### Logistics

Timely supply of conforming auto parts is a vital phase of the auto business. Characteristically, a single missing auto part can put the entire manufacturing line into a full stop. At Kia Motors, a win-win cooperation platform fully controls the production planning, required amount of auto parts and the delivery. This has significantly enhanced the on-time delivery rate of auto parts, resulting in a reduced shortage of parts and minimal level of inventory. Consequently, the overall

production logistics efficiency has reinforced. In addition, the platform has freed up time for finished car delivery, reducing sales logistics costs and its environmental load. Going forward, Kia Motors will closely work with its partners to build a system for flexible responses to changing market demands, as well as a product quality history management system through sharing of information on auto parts.

### Disposal

The world is currently in war against scrap cars. In Korea, at least 95 percent of scrapped car weight has to be recycled since 2015. In fact, 85 percent of scrapped cars are dismantled and recycled and the remaining 10 percent are used in electricity production through thermal power generation. Kia Motors continues investments in resource circulation technologies while sharing its eco-friendly dismantling technology with the scrapping industry.

### Automobile Resource Regeneration Center

Kia Motors operates a progressive 7-step dismantling system on its Automobile Resource Regeneration Center that has been in operation since 2005 to develop technologies of eco-friendly dismantling and recycling of end-of-life vehicles (ELV). The ELV dismantling process performs in the order of ELV reporting, pre-treatment of tires and batteries, removal of liquids, removal of exterior components such as bumpers, removal of interior parts such as seats, removal of the engine and transmission and, finally, compression. The center researches and develops technologies for higher efficiency in dismantling and reusing auto parts and the developed technologies are applied to mass production lines.

ENVIRONMENT

ECONOMY

SOCIETY

Kia Motors is taking the lead in the mutually beneficial growth practices within the industry's value chain by offering its employees with fair opportunities and chances for growth that are beneficial to all.

## Employees

People constitute the core competency of Kia Motors. We recruit talented people following transparent procedures and treat them fairly indiscriminate of their race, age or gender. While supporting its employees with self-development so that they can grow in line with the company's vision of becoming a global leading automaker, Kia Motors protects their human rights, and reinforces their health and safety management for the sake of its employees' work-life balance.

### Total Workforce

52,578 persons

### Domestic to Overseas Employee Ratio

67.6% : 32.4%

### Percentage of Locally Hired Employees at Overseas Operations

97.6%



### Employment

As of 2018, non-Koreans made up 32.4 percent (17,040 employees) of Kia Motors' entire workforce of 52,578 employees. Under a glocalization strategy (management centering on local human resources), Kia Motors contributes to local economies and localizes its business practices to those of communities where it operates. As a result, its overall subsidiaries hire 97.6 percent of their workforce from local communities, with those at the managerial

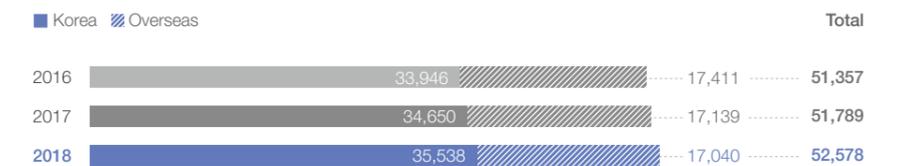
level accounting for 78.5 percent, or 1,508 employees, of all Kia's workforce.

In a bid to keep up with rapidly changing market trends, the company began hiring employees in some fields whenever needed starting from 2018. Beginning in 2019, the company plans to go without the massive yearly recruitment and adopt year-round recruitment by individual divisions whenever the needs arises.

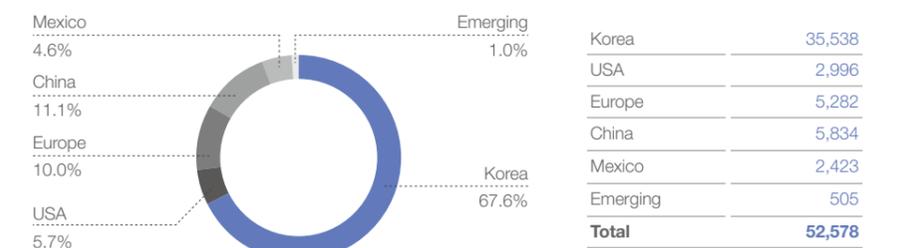
- As of December 31, 2018
- Scope: Domestic premises (excluding the total workforce and global workforce by region graphs)
- Target: full-time employees (excluding outsourced employees and interns)

- Emerging markets include Asia-Pacific (excluding Korea and China), the Middle East and Africa.

### Total Workforce (persons)



### Global Workforce by Region (persons)



## Recruitment and Labor Relations

Kia Motors hired 1,381 employees in Korea in 2018. Its total workforce stood at 35,538 persons, with disabled employees accounting for 3.4 percent of them. Union members with the right to collective bargaining numbered 29,142 persons, or 82.3 percent of the total domestic workforce. 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. The company consults the labor union concerning major management issues at annual collective bargaining and regular Labor-Management Council meetings. In response to changes in labor regulations, the company and labor closely work together to secure both the health of employees

without compromising production volume through a more stable production system. As of January 3, 2017, the two parties agreed to an 8+8 shift working system in order to reduce overnight duty. They also collaborated to improve long-hour labor in compliance with the new 52-hour-a-week scheme, which became effective as of July 1, 2018. In addressing the social issue concerning part-time employment, Kia Motors is phasing in a special recruitment of employees from partner companies working at its premises through consultation and agreement between labor and management.

### Female Workforce

With 66.7 percent of Kia's domestic employees working on production lines, female employees are mostly working in offices, accounting for only 3.6 percent

of the total workforce. Still, the number of female managers is growing steadily each year and increased by 31.9 percent in 2018 from the previous year.

### Employee Welfare

Kia Motors' welfare system does not discriminate between full-time or temporary (or part-time) employees. In addition to legally mandated fringe benefits, the company offers a variety of benefit programs for the quality of life and security of its employees so that it can boost their morale to strengthen the labor-management trusted-based relationship. In 2018, 93 employees took parental leave, with 29 employees taking maternity leave (including miscarriage/stillbirth leave). In addition, 13 pregnant employees used the flexible work hour system for an average of 12.7 days per person.

### Recruitment

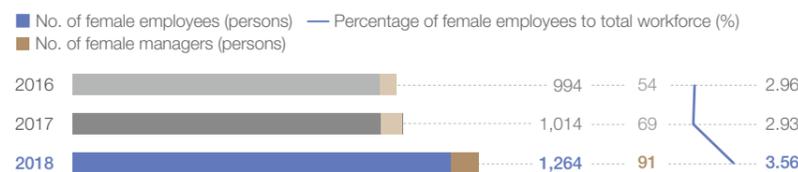
1,381 persons



**Recruitment by Age/Gender** (persons)

		2018	
		Count	Percentage
By Age	Ages 20~29	353	35.3%
	Ages 30~39	328	23.4%
	Ages 40~49	402	25.6%
	Ages 50 and above	298	15.7%
By Gender	Male	1,104	82.9%
	Female	277	17.1%

### No. of Female Employees/Managers



### Parental Leave

No. of employees on parental leave		2016	2017	2018
		Male	18	18
	Female	68	51	50
Rate of return after parental leave (%)		99	100	100

- ① No. of employees on parental leave: employees who took parental leave for at least one day during the reporting period
- Rate of return from parental leave: employees who returned from parental leave during the reporting period.
- Extended parental leave for different children by the same employee counts as separate cases.

## Wages

Kia Motors offers industry-leading wage and fringe benefits to its employees under the strict principle of fairness in compensation and treatment. All employees are entitled to equal opportunities 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 without gender discrimination.

## Training & Retirement

In addition to the diverse training programs for the self-development of employees, Kia Motors offers separate education programs according to their respective stages of

employment so that they can prepare for retirement. In 2018, a total of 1,062 employees—45 office workers and 1,017 plant/service/sales workers—received the Future Design course and K+Life course, preparing for life after retirement.

## Human Rights

Kia Motors protects the basic human rights of its employees. All recruitment procedures conform to the Framework Act on Employment Policy. Kia Motors' Employment Regulations stipulate that only a person 18 years old or above qualifies for employment. Under Article 65 of the Collective Agreement, the company does not force overtime work or holiday work, nor does it give disadvantages for denial of such requests.

## Health, Safety & Environment (HSE) System

All worksites at Kia Motors are operated according to the internal ESH system (i-ESH) as certified Health and Safety Management Systems (KOSHA18001 for the Sohari and Gwangju plants and OHSAS18001/KOSHA18001 for the Hwaseong plant). Under the control of the company-wide HSE organization, individual plants have their own task force teams for the management of safety at worksites, along with a risk factor improvement program aimed at preventing safety incidents. Facility investments are considered in light of safety facility guidelines. Each plant carries out self-directed daily/weekly/monthly safety check procedures to detect, control and improve risk factors on site. Separately, the company has produced its own manuals for preventing infectious diseases and distributed it company-wide.

### Retirement & Resignation by Region

(persons)

	2016	2017	2018
Headquarters	36	81	71
Sohari	63	85	127
Hwaseong	49	57	81
Gwangju	59	77	111
Namyang R&D Center	1	5	5
Others	150	137	184
<b>Total</b>	<b>358</b>	<b>442</b>	<b>579</b>

### Retirement & Resignation by Age/Gender

(persons)

		2018	
		Count	Percentage
By Age	Ages 20~29	43	7.4%
	Ages 30~39	72	12.5%
	Ages 40~49	51	8.8%
	Ages 50 and above	413	71.3%
By Gender	Male	552	95.3%
	Female	27	4.7%

### Employee Education & Training

	2016	2017	2018
Total Education & Training Expenses (KRW 1,000)	10,110,000	10,830,000	10,227,794
Per-employee Education & Training Expenses (KRW 1,000)	297	319	292
Per-employee Education & Training Hours	52	49	33

- ① The figures do not include those transferred to the Hyundai Motor Group level.

- ① Accumulated number of employees who completed training in 2018 stood at 112,106 persons based on the HRD sector's annual performance results.

## Preventing and Reacting to Occupational Accidents

Under Article 79 of the Collective Agreement, Kia Motors puts the health and safety of employees at the top of its working conditions priority. Each plant at Kia has an independent Industrial Health & Safety Committee, comprising seven members each from labor and management that supervises the working conditions at respective plants. The company runs regular inspections at least once every third year to discover risk factors of musculoskeletal problems in its production processes. Based on the findings, the company develops mid- and long-term plans to improve such processes. Also in place are separate programs to prevent hearing loss from worksite noise and respiratory damage from hazardous airborne substances.

In prevention of severe occupational injuries, Kia has developed six key safety rules proven for the characteristics of the auto manufacturing operation, which it encourages all its employees to practice. In 2019, the company is consulting an external expert agency on its safety practice on worksites to improve the traffic infrastructure within its premises and to develop effective measures of management to prevent accidents on all its premises.

In 2018, a total of 285 occupational accidents occurred at Kia's domestic premises—headquarters, three plants in Sohari, Hwaseong and Gwangju, sales offices, and service centers—a 40.3 percent (82 cases) increase from 2017's 203 accidents. The rise can partially be attributed to changes in the occupational

accident scope as of January 1, 2018. Still, Kia Motors will continue efforts to reduce its occupational accident rates.

In fact, the company allots more than 10 percent of its complementary investments to safety and environmental management, fixing facilities in preemptive compliance with relative laws and prevention of accidents.

## Employee Health Management

Kia Motors has industrial medical clinics at its worksites where medical specialists offer physiotherapy treatment and oriental medicine counseling services. The clinics are open to anyone working on Kia's premises, including the employees of partner companies.

All factory and plant workers receive regular health check-ups (ordinary, special, random and pre-deployment) under the Occupational Safety and Health Act, and can consult with doctors when needed. The results of their health check-ups are computerized and saved to a follow-up management system. In the event of occupational accidents, the company covers medical bills and supports rehabilitation training and follows up with employees who are back to work from an injury. In addition to the legally mandated examinations for general physical examinations, Kia Motors subsidizes screening for adult diseases. Employees working at Kia Motors for 10 years or more, or those aged 40 and above, along with their family members, are entitled to subsidized comprehensive health check-ups. Beneficiaries can choose areas of

their concerns from optional check-ups the company offers. Up to 50 percent of the cost of additional physician-advised tests such as MRIs is covered by the company. In 2018, a total of 25,872 people (17,220 employees and 8,652 family members) benefited from the subsidies worth KRW 5.3 billion.

Additionally, the company subsidizes annual flu shot expenses covering not only its employees but also their family members. In 2018, the company spent KRW 1.6 billion subsidizing flu shots for a total of 67,075 people (23,836 employees and 43,239 family members) at 351 clinics nationwide under agreements with Kia.

## Ethical Management

At Kia Motors, the Transparent Management Committee under the BOD supervises actual ethical management practices so as to secure positive momentum for ethical management. The company has established detailed regulations and a Charter of Ethics as guidelines to be followed by its employees at actual worksites. A CP (compliance program) has been in place since 2002 to ensure the correct implementation and supervision of ethical management, and a compliance management system was introduced in 2012.

## Compliance Management

Kia Motors has in place an organization dedicated to legal compliance since 2012, when a Compliance Officer was appointed under the BOD. The company established its corporate compliance standards and enforcement guidelines,



Visit the Trust-based Management page under the Company tab at Kia Motors' PR website for more details concerning our ethical management.

## Compliance Education

### Offline courses for new employees/newly promoted/related departments

	2016	2017	2018
No. of sessions	42	18	18

### Online courses for all employees including researchers

	2016	2017	2018
No. of sessions	2	2	2

which serve as the basis for its compliance management activities. By identifying and selecting the company's legal risk factors, the company has developed operation plans for its compliance.

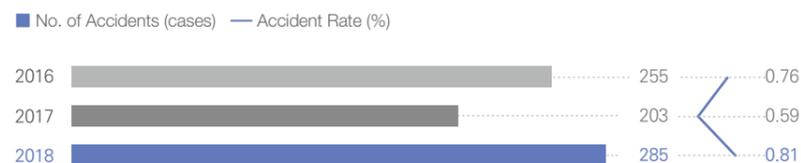
Based on the findings from key legal risks defined from 2013 to 2018, the company has published and distributed 39 legal compliance guidelines in nine legal categories in all its domestic premises. Separately, guidelines on five legal risks have also been distributed to overseas operations. Compliance training is part of general orientation for new employees and employees prior to promotions, and a specialized training program is provided to employees in charge of compliance management. As for high-risk issues and universal application, online training is given to the entire workforce.

Starting in 2017, the compliance management organization expanded when team managers of each department were appointed as a compliance manager. And the compliance self-inspection was introduced in order that each department can self-inspect their practices for legal risk factors and make improvements. The compliance self-inspection began with legal risks in the areas of anti-corruption, ban on improper solicitation and graft, customer data protection and the trade secret protection in 2017. The compliance self-inspection list extended in 2018 to reflect the different needs and features of sales offices nationwide. In the future, the list will further expand to include more legal risks and departments.

## Anti-Corruption Program

The CP (Compliance Program) is an internal compliance system that a company operates internally to comply with the laws and regulations on fair trade. Led by top management, Kia Motors makes efforts to establish fair transactions within its corporate culture. For instance, the CP operating regulations are included in the company's work standard, and the status of CP practices is checked through internal audits. The operational performance results are reported to the BOD on a regular basis and shared company-wide. In 2018, the CEO reassured his commitment to autonomous compliance every month to the entire organization on the Groupware network. Corporate newsletters and bulletin boards on the company intranet also carry news footage concerning fair trade issues. In particular, the company gave online education to team managers of CP-related departments to enhance the effectiveness of fair trade education. While reviewing the CP operational status of all departments affiliated with the Fair Trade Compliance Committee, Kia awarded departments with excellent CP performance as a way of further motivating voluntary compliance and internal control. On its supply chain, all transactions with partner companies are openly and fairly bided by principle since 2013 in order to ensure fair and equal opportunities.

## Occupational Accident Rate



- Including 31 cases of occupational injuries from ordinary commuting under the new scope of occupational accidents as defined in the revised act as of January 1, 2018.
- Occupational accident rate formula: Total number of occupational accident workers/total workforce x 100

## Customers

Kia Motors fully understands a customer's special affection to their car. To better serve them, the company commissions external agencies for customer satisfaction surveys and CS training on a regular basis. Furthermore, the company engages in a diversity of campaigns to provide customers with one-of-a-kind brand experience as soon as they encounter one of Kia's models. The Red Cube epitomizes Kia Motors' promise to customers of special experience and its unparalleled brand value.



### External Customer Satisfaction Surveys

# No.1

#### Korea Productivity Center's National Customer Satisfaction Index (NCSI)

- Ranked 1st in the micro-compact segment for the fourth straight year
- RV segment for a third straight year

#### Korea Management Association Consulting's Korea Service Quality Index

- Best call center for the 15th consecutive year

#### Korea Management Association Consulting's Korea Sales Satisfaction Index (KSSI)

- Ranked 1st for the fifth year in a row

### Heightening Customer Satisfaction

In a competitive market like the auto industry, customer satisfaction plays the pivotal role in product competitiveness. Therefore, Kia Motors consults an independent expert like the customer satisfaction index (CSI) survey every year to find loopholes and improve them in its sales and services. Additionally, we review customer reception attitudes at our customer contact points eight sessions a year and over-the-phone responses four times a year. On a monthly basis, we interview by e-mail the customers on their most recent purchase of one of our latest models, or on our services at the service centers they recently visited.

### Customer Satisfaction Training and Customer Information Protection

Kia Motors endeavors towards higher customer satisfaction through its CS training. The basic course provides regular CS training to all its sales and service employees. Sales staff members receive on-the-spot CS training and an image-making consulting on-the-spot to further their confidence and customer reception. Service staff members are provided with customized training (CS consulting) to the different needs of each regional market, and a CS premium training course is offered to service staff who are taking care of high-end vehicles. In 2018, a total of 29,708 employees attended 2,232 sessions. In 2019, Kia Motors plans to offer more employee-engagement programs to maximize the training effect while reflecting the voice of customers to upgrade its CS practices to the satisfaction of customers. In the

meantime, more training sessions will adopt video content on value education for internal and external customers.

### Brand Experience: Red Cube

Kia Motors has developed a global space identity in order to ensure the identical brand experience of customers anywhere in the world. The new space identity is currently being integrated to dealerships around the world, representing Kia's brand value and philosophy. Red Cube refers to the red cube that represents Kia's brand vision, "Your Joyful Moments." The red brand color signifies the dynamism of the brand identity. In 2018, we tested pop-up stores of the brand identity in 40 countries around the world.

### My Sales

In a bid to maximize customer satisfaction of their new car purchase experience, Kia Motors has established a digital sales solution called MySales at dealers in 24 countries in North America and Europe. The digital device facilitates transparent information, sharing and labeling for customers, while expediting the entire procedure of a car purchase.

### Competency-building Programs

Kia Motors supports its partners' global competency-building through extensive training/education programs by experienced experts in research, procurement, quality and production in collaboration with a task force at the Foundation of Korea Automotive Parts Industry Promotion (KAP). In 2018, a total of 8,516 trainees completed Technical School,

Quality School and Production Management Training courses. There is also an Industrial Innovation Campaign in progress. Hyundai Motor Group's automotive affiliates have put forth a KRW 250 billion fund for this campaign since 2013. Kia's primary partners and related experts provide any required assistance. From August 2017 to July 2018, 120 secondary partners benefited from the campaign.

### Supporting the Financial Stability of Partners

In an effort to contribute to the stable finance of partners, Kia Motors pays all its bills and invoices to SME partners in cash. The company also leverages its negotiating power in raw materials prices in favor of its partners or arranges bulk purchases along with partners to help them save costs. Additionally, seven different financial aid programs are in place according to different needs to help the financial stability of partners. Starting in 2016, Kia Motors loosened the eligibility of payment in cash from the previous KRW 300 billion in sales to KRW

500 billion to increase support to SME partners. In January 2018, Kia Motors signed a three-party agreement with the Ministry of SMEs and Startups and the Corporate Partnership Foundation to support secondary/tertiary partners in raising the minimum wage. Also, a KRW 100 billion Mutual Growth Fund was established exclusively for secondary/tertiary partners' aid. For the employees of secondary/tertiary partner companies, a KRW 50 billion Mutual Partnership Fund to subsidize their wages.

### Mutual Growth System

Kia Motors has enacted a Procurement Division's Code of Ethics and Four-pronged Subcontracting Guidelines to ensure ethical practices by departments involved with its partner companies. Guaranteeing anonymity, the Transparent Procurement Center receives grievances from employees of partner companies and delivers them to the relevant departments, calling for necessary follow-up and improvement activities. In order to promote the mutual growth practices on the entire value chain, Kia Motors en-

## Partner Companies

courages council meetings among primary partners to build cordial partnerships and exchanges. In all mutual growth programs, the company is increasing its scope to reach the farthest end of its supply chain.



- Go to the VAATZ website for the Code of Conducts for Partners and the Four-pronged Subcontracting Guidelines.
- Go to Hyundai Motor Group's Ethical Management website for the Code of Ethics, Procurement Division's Code of Ethics and Code of Conduct.

### Payments for Goods & Services

#### Parts for Domestic Use

	Payment Method	Period
SME Partners	Cash	Weekly
SME Partners (with annual sales of under KRW 500 billion)	Cash	Weekly
SME Partners (with annual sales of KRW 500 billion or above)	Cash e-promissory notes (60 days)	Weekly
Large Corporations	E-promissory notes (60 days)	Weekly

#### Parts for Export

	Payment Method	Period
	Cash	Monthly

## Local Communities

### Social Contribution Expenditures

(KRW)

	2016	2017	2018	Subtotal
Social Welfare	10,498,750,455	10,837,917,910	10,028,623,600	31,365,291,965
Medical Care, Public Health	190,800,000	16,600,000	0	207,400,000
Education/ Schools/ Academic Research	7,924,917,564	6,679,914,000	5,726,521,589	20,331,353,153
Arts & Culture/ Sports	3,539,798,730	1,822,242,500	1,327,685,000	6,689,726,230
Environment	66,000,000	71,364,898	64,628,747	201,993,645
Emergency/Disaster Relief	993,835,400	649,053,000	111,990,000	1,754,878,400
International Programs and Activities	3,114,509,528	2,574,812,000	2,491,844,000	8,181,165,528
Others	0	40,809,760	11,671,000,000	11,711,809,760
<b>Total</b>	<b>26,328,611,677</b>	<b>22,692,714,068</b>	<b>31,422,292,936</b>	<b>80,443,618,681</b>



- Scope: Korean worksites
- Data collection: Donations (2016 and 2017 data were revised according to the changed standards)

### Employee Volunteerism

	2016	2017	2018
Annual Participation (persons)	11,270	15,675	14,978
Total Volunteer Hours	36,032	58,070	40,485
Per-employee Volunteer Hours	1.05	1.68	1.14



- Per-employee volunteer hours are the total volunteering hours divided by the total number of employees in Korea for the respective years.

## A Responsible Corporate Citizen from Slovakia

As part of the 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. As a result of such an approach to social responsibility, Kia Motors Slovakia was the recipient of National Award of the Slovak Republic for Corporate Social Responsibility in the Large Enterprise category, organized by the Office for Standardization, Metrology and Testing of the Slovak Republic as a coordinator of state quality policy. The company won first place in 2018, which confirms the long-term commitment to social responsibility in accordance with European-recognized criteria. The purpose of this national contest is to involve the broadest possible range of organizations from business and public spheres in promotion and visibility of the principles of social responsibility, and to publicly appraise those organizations that are committed to the fulfilment of these principles. The contest is open for organizations that apply these principles in their strategy and activities on a daily basis. These are considered in the contest in three areas: economic, environmental and social.



**National Award of the Slovak Republic for Corporate Social Responsibility**



### Education

**No. of Training Sessions for employees in 2018**

**1,395 sessions**

### Human Resources

As of December 31, 2018, the plant employed 3,787 people, with an average age of 37 years. The human resources policy at Kia Motors Slovakia stands on the following basic pillars: employee care, transparent communication with employees on a horizontal level, a highly competitive remuneration system, a wide range of benefits used in free time, as well as improvement of conditions for employees. Through joint seminars with employees aimed at involving employees in internal decision-making processes, a unique concept of counselling rooms, or Harmony Rooms, located directly in production shops have been utilized since 2005. In these rooms, employees can actively participate in improving work environment and workplace relationships. Every year, the company organizes events for employees and their family members, the most important being Kia Open Day, Parents' Day, St. Nicolas Day, and International Women's Day. In order to increase the level of care for its employees and offer assistance in overcoming personal difficulties, the company has offered mental health counselling since December 2016. The idea behind the concept is to help employees overcome

stress and achieve harmony. In 2018, the company won the PricewaterhouseCoopers Slovakia award, named HR Leading Organization for the 5th time. The award recognizes institutions with the best human resources management in the automotive industry in Slovakia.

### Education

Since its inception, the company has placed an emphasis on the personal and professional growth of its employees, which it considers to be the key to its success. The company has its own Training Centre in the village of Gbelany, where much of the training takes place. In 2018, both production and administration employees received 280 different types of training. In the past year, the company carried out 1,395 training sessions, including training required by law. Their aim was to deepen employees' qualifications and increase their skills, but also to strengthen their work and management competencies. A total of 9,305 people participated in the education and development programs, and there was a total of 44,573 hours of training carried out. A new feature last year was the arrangement of special employee days:

nine special seminars attended by 228 operators from all production facilities. In addition, the company intensively continued its work with leading employees from production facilities in 2018. Improvement of competence skills was completed by a total of 115 supervisors and 222 senior operators.

Kia Motors Slovakia organizes training together with the parent company, Kia Motors Corporation. The main objective is to acquire the necessary skills and technical knowledge for the production of new models. In 2018, 187 employees participated in training in South Korea. For the best-performing employees, the company runs an annual Kia Spirit Up! incentive program in South Korea; the company took advantage of the fact that the 2018 Winter Olympics took place in PyeongChang, South Korea, so 60 selected employees attended this special event.

### Safety at Work

In 2018, several activities in the field of occupational health were carried out that focused on prevention against employee health problems, especially through medical exams, field evaluation factors of work and workplaces, as well as ergonomics.

Kia Motors Slovakia made a major shift in healthcare in 2018. On August 16, 2018, the company opened a new Medical Centre directly on the plant's grounds that offers, in addition to medical examinations, the possibility of rehabilitation in terms of prevention of health problems in connection with work or treatment of health issues.

**The Medical Centre offers company employees the following:**

- Occupational medical doctor to carry out medical examinations regarding work
- General practitioner
- Provision of premedical first aid
- Room for physiotherapy exercises
- Health procedures (ultrasound, electrotherapy, shock wave, laser therapy, etc.)

**There are two types of rehabilitation in the Medical Centre:**

**A) Rehabilitation regarding work:**

- Employees who have spent five years at a risk position (noise, vibration, or physical load) are required to complete 80 hours of preventive exercises within 24 months from the date of entitlement.

**B) Rehabilitation related to a health issue:**

- Participation in this rehabilitation is individual and depends on the employee's diagnosis. A room for physiotherapy exercises and specialized medical procedures is available to employees.

Rehabilitation is carried out in the exercise room. These activities are focused on the most loaded and threatened body parts during work, such as upper limbs, and the upper and lower back. Regular physiotherapy exercises with aids such as fit balls, balance pads, over balls, TRX, SM system, and others are provided.

The center is fully equipped with state-of-the-art ultrasound therapy, electrotherapy, laser therapy, selective radiofrequency therapy, shock wave therapy, and hydrotherapy of the upper limbs. Therapies help to relieve pain and inflammation, tissue bleeding, and regeneration of muscles, tendons, tissues and joints.

Health issues are reviewed based on diagnosis. The center employees emphasize the importance of regular exercise, acquiring of the right habits, strengthening weakened muscles, or correct body posture, which also requires collaboration of the company employees.

### Environment

**Environmental aspects – environmental protection**

Kia Motors Slovakia's environmental policy is established on the principles of corporate social responsibility that is effective for the entire Hyundai Motor Group, and is divided into economic, social and environmental

responsibilities. Based on this, the 2020 Environmental Strategy for Kia Motors Slovakia was created and adopted in 2017. It consists of three main areas to focus on in the near future.

The first area is environmental awareness, management and cooperation. The goal is to raise environmental awareness among all employees to understand how they can protect and improve the environment in their day-to-day work. It includes cooperation with all interested parties and transparent presentation of environmental performance indicators. The second area is energy saving and emissions reduction. The policy aims to reduce greenhouse gas and volatile organic compounds emissions, and to use more green technologies and improve the management system. The last area represents the view of waste as a new source. Waste is a raw material and an energy source for the future. As such, our priority is not only to get rid of waste, but rather seek ways to reuse it, recycle it, and use it for energy. We support a circular economy in order to preserve the value of products and materials as long as possible, and thereby minimize the volume of waste.

The underlying environmental policy is the established and certified ISO14001 Environmental Management System, which the company continually improves and was certified in 2017 for a new revision of this standard. In 2018, the Environmental Management System was successfully recertified, which obliges the company not only to comply with legal requirements, but also to continuously improve environmental protection, regular environmental performance assessment, and environmental awareness of all employees. An important part of the system is also regular monitoring and evaluation of consumption of water, energy and materials, as well as the amount of waste, waste water and emissions produced in terms of conversion to produced vehicle, and adoption of environmental objectives to improve these indicators.

**Donations**

EUR **1.8** million  
supported for 207 projects via  
Kia Motors Slovakia Foundation



Kia Motors Slovakia minimizes the impact of its activities on the environment not only in the whole production process, but also in the production and development of cars. Proof of this is the use of state-of-the-art technologies and systematic environmental monitoring of environmental performance and certificates issued for our models, such as LCA (Life Cycle Assessment) from the ISO14040 and Integration of Environmental Aspects into Product Design and Development according to ISO14062.

The company is a member of national and international environmental groups, including membership in the Legislative Commission of the Automobile Industry Association of the Slovak Republic, membership in the European Automobile Manufacturers Association working groups (industrial emissions, process chemicals, REACH), and others. Active participation in these clusters gives us the opportunity, for example, to comment on legislation in preparation, while carefully preparing for important legislative changes.

The goal of Kia Motors Slovakia is to continuously improve the environmental management of the plant because environmental protection is one of the keys to a successful business.

Introduction of a more efficient waste sorting system in offices where the company is expanding the amount of separate commodities is evidence. Collection

is regularly reviewed and checked. The company also supported the idea of purchasing software that should address collection efficiency and the quality of separated waste in production halls. The project should be fully implemented in 2019.

**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, the company keeps three key things in mind: quality, delivery time, and price. Kia Motors Slovakia organizes seminars and training sessions for suppliers during which we exchange information and strengthen mutual cooperation. Kia Motors Slovakia is also 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 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**

In 2018, Kia Motors Slovakia continued to realize its intention to be a responsible partner for organizations and inhabitants of the Zilina Self-Governing Region by supporting various philanthropic activities. Through the Kia Motors Slovakia Foundation, the company supported 207 projects in the total amount of 1.8 million EUR. The company also donated 322,000 EUR for direct realization of projects. The primary focus of support in 2018 was technical and language education for children and youth, building of sport arenas, support of sport clubs and eco-mobility, volunteering, and an increase of quality of healthcare. The goal of the foundation in 2019 remains the development of education and sport targeting children and youth as well as the support of mobility and bike sharing, which represents an alternative to public city transport.

A significant part of the corporate responsibility of Kia Motors Slovakia is the company's volunteering program, blood donation and support of 22 non-prof-

**Vocational Education**

No. of graduates of secondary vocational engineering schools

**67** persons



it organizations. In 2018, Kia volunteers worked for 780 hours altogether. A total of 86 employees participated in the largest volunteering event in Slovakia titled "Our City," which benefited various organisations in the Zilina region in one day. In 2018, the Kia Motors Slovakia Foundation in cooperation with the National Blood Transfusion Service of the Slovak Republic organized blood donations for administrative employees. Voluntary blood donations have been organized at Kia Motors Slovakia since 2007.

We donated 390 portable fire extinguishers in April of last year to voluntary fire brigades from 16 municipalities. Firefighters can use them for exercises, demonstrations and festivals. The extinguishers will help them to improve their skills. In June, the plant handed over 10 multifunctional copy machines for printing, copying, and scanning to educational institutions, non-profit organizations, and surrounding communities. In September, three baby changing tables were donated to a nursery school in Zilina, while 400 office chairs were given to the Faculty Hospital at the Polyclinic Zilina and 11 elementary schools in the Zilina region.

**Cooperation with Schools**

Kia Motors Slovakia has been actively cooperating with secondary vocational schools in the Zilina region since 2007. Since then it has enabled more than 700 students to obtain practical studies in the company's production facilities. In the

2018/2019 school year, 29 students finished vocational practical training at the Kia plant.

In the 2018/2019 school year, the carmaker continues in the dual education system. In total, 67 students from the Secondary Vocational Engineering School in Kysucke Nove Mesto will graduate in the following specializations: Mechanic (specialist of car production); Programmer of machining and welding tools and devices; and Mechanic (mechatronic). The students have not only been receiving practical studies with the most attractive employer in the Zilina region, they are also going to be guaranteed a working position after their graduation. In the upcoming school year, the company is going to extend cooperation with other schools in the dual education system, namely Secondary Joined School in Martin and Secondary Vocational Electro technical School in Zilina.

Three secondary school students and three university students entered the scholarship program at Kia Motors Slovakia in the 2018/2019 school year. Conditions for obtaining scholarship were excellent study results and practical vocational training during their studies.

In order to improve the quality of training of students as well as newly recruited employees, the company continues to develop and upgrade the work position of a trainer. As of December 31, 2018, 19 dedicated trainers, all of whom were completely excluded from the production process, were operating in

the plant. Thanks to their deployment, the adaptive process of new employees has been improved and their readiness to work in production increased.

**Fulfilment of Obligations**

Kia Motors Slovakia follows and fulfils all legal obligations, such as filing reports and payment of taxes, insurance and all other obligations under VAT, customs duties and employee-related duties. The company observes all obligations under the statutory audit act, whereby the legally stipulated functions of the audit committee rest with the company's supervisory board. Investment reports about the fulfilment of obligations connected with the drawing of state aid are prepared on a regular basis and provided to the Ministry of Economy of the Slovak Republic. Kia settled all due claims and due liabilities towards every state authority by December 31, 2018.

# Third Party's Assurance Statement

## To the Readers of Kia Motors Sustainability Magazine 2019:

### Foreword

Korea Management Registrar Inc. (hereinafter "KMR") has been requested by of Kia Motors to verify the contents of its Sustainability Magazine 2019(hereinafter "the Report"). Kia Motors is responsible for the collection and presentation of information included in the Report. KMR's responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

### Scope and standard

Kia Motors describes its efforts and achievements of the corporate social responsibility activities in the Report. KMR performed a Type 2, moderate level of assurance using AA1000AS (2008) as an assurance standard. KMR's assurance team(hereinafter "the team") evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI Standards indices as below, where professional judgment of the team was exercised as materiality criteria.

The team checked whether the Report has been prepared in accordance with the 'Core Option' of GRI Standards which covers the followings.

- GRI Standards Reporting Principles
- Universal Standards
- Topic Specific Standards

- Management approach of each of following Topic Specific Standards
- Economic Performance: 201-1, 201-2
- Market Presence: 202-2
- Indirect Economic Impacts: 203-1
- Procurement Practices: 204-1
- Anti-Corruption: 205-1, 205-2, 205-3
- Materials: 301-1, 301-2, 301-3
- Energy: 302-1, 302-2, 302-3, 302-4, 302-5
- Water: 303-1, 303-2

- Emissions: 305-1, 305-2, 305-4, 305-5, 305-7
- Effluents and Waste: 306-1, 306-2, 306-3, 306-4
- Employment: 401-1, 401-2, 401-3
- Labor/Management Relations: 402-1
- Occupational Health and Safety: 403-1, 403-2, 403-3, 404-4
- Training and Education: 404-1, 404-2
- Diversity and Equal Opportunity: 405-1, 405-2
- Non-discrimination: 406-1
- Freedom of Association and Collective Bargaining: 407-1
- Security Practices: 410-1
- Human Rights Assessment: 412-1, 412-2, 412-3
- Local Communities: 413-1
- Supplier Social Assessment: 414-1, 414-2
- Customer Health and Safety: 416-1
- Customer Privacy: 418-1

This Report excludes data and information of joint corporate, contractor etc. which is outside of the organization, i.e. Kia Motors, among report boundaries.

### Our approach

In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, the team has carried out an assurance engagement as follows:

- Reviewed overall report
- Reviewed materiality test process and methodology
- Reviewed sustainability management strategies and targets
- Reviewed stakeholder engagement activities
- Interviewed people in charge of preparing the Report

### Our conclusion

Based on the results we have obtained from material reviews and interviews, we had several discussions with Kia Motors on the revision of the Report. We reviewed the Report's final version in order to confirm that our recommendations

for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team could not find any inappropriate contents in the Report to the compliance with the principles stipulated below. Nothing has come to our attention that causes us to believe that the data included in the verification scope is not presented appropriately.

#### • Inclusivity

Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

- Kia Motors is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder Kia Motors left out during this procedure.

#### • Materiality

Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.

- Kia Motors is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process.

#### • Responsiveness

Responsiveness is an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.

- The assurance team could not find any evidence that Kia Motors' counter measures to critical stakeholder issues were inappropriately recorded in the Report.

We could not find any evidence the Report was not prepared in accordance with the 'Core Option' of GRI Standards.

### Recommendation for improvement

KMR recommends that (or we hope) the report published by Kia Motors will be actively used as a tool for stakeholder communication and continuous improvement.

- Kia has been operating diverse programs for its suppliers to promote shared value. We recommend that the company continue to build on and share its sustainability knowhow as well as expand R&D and financial support to manage supplier chain risks and improve sustainability of all related organizations.

### Our independence

KMR has no involvement in Kia Motors business activities other than providing third party assurance services and maintains independence to avoid conflicts of interest.

April 10th, 2019

# GRI Standards

● Fully reported   ● Partially reported   ○ Not reported

Performance Indicator	Description	Status	Page	Reasons for Omission
<b>GRI 100: Universal Standards</b>				
<b>GRI 101: Foundation</b>	101-1	Reporting principles	●	84
	101-2	Using the GRI Standards for Sustainability reporting	●	84
	101-3	Making claims related to the use of the GRI Standards	●	84
	101-4	Reasons for omission	●	80-83
	101-5	Using selected Standards with a GRI-referenced claim	●	80-83
	101-6	Notifying GRI of the use of the Standards	○	-
<b>GRI 102: General Disclosures</b>				
<b>1. Organizational profile</b>				
Disclosure 102-1	Name of the organization	●	2, 3	
Disclosure 102-2	Activities, brands, products, and services	●	2, 3	
Disclosure 102-3	Location of headquarters	●	2, 3	
Disclosure 102-4	Location of operations	●	2, 3	
Disclosure 102-5	Ownership and legal form	●	42, 43	
Disclosure 102-6	Markets served	●	2, 3	
Disclosure 102-7	Scale of the organization	●	2, 3	
Disclosure 102-8	Information on employees and other workers	●	26-29, 40, 67-71	
Disclosure 102-9	Supply chain	●	30-31, 73	
Disclosure 102-10	Significant changes to the organization and its supply chain	●	2, 3	
Disclosure 102-11	Precautionary Principle or approach	●	49-52	
Disclosure 102-12	External initiatives	●	35, 37, 41	
Disclosure 102-13	Membership of associations	●	41	
<b>2. Strategy</b>				
Disclosure 102-14	Statement from senior decision-maker	●	4, 5	
Disclosure 102-15	Key impacts, risks, and opportunities	●	49-52, 46-47	
<b>3. Ethics and integrity</b>				
Disclosure 102-16	Values, principles, standards, and norms of behavior	●	46-47, 71	
Disclosure 102-17	Mechanisms for advice and concerns about ethics	●	46-47, 71	
<b>4. Governance</b>				
Disclosure 102-18	Governance structure	●	42-43	
Disclosure 102-19	Delegating authority	●	42-43	
Disclosure 102-20	Executive-level responsibility for economic, environmental, and social topics	●	42-43	
Disclosure 102-21	Consulting stakeholders on economic, environmental, and social topics	●	42-43	
Disclosure 102-22	Composition of the highest governance body and its committees	●	42-43	
Disclosure 102-23	Chair of the highest governance body	●	42-43	
Disclosure 102-24	Nominating and selecting the highest governance body	●	42-43	
Disclosure 102-25	Conflicts of interest	●	42-43	
Disclosure 102-26	Role of highest governance body in setting purpose, values, and strategy	●	42-43	
Disclosure 102-27	Collective knowledge of highest governance body	●	42-43	
Disclosure 102-28	Evaluating the highest governance body's performance	●	42-43	
Disclosure 102-29	Identifying and managing economic, environmental, and social impacts	●	42-43	
Disclosure 102-30	Effectiveness of risk management processes	●	42-43	
Disclosure 102-31	Review of economic, environmental, and social topics	●	42-43	
Disclosure 102-32	Highest governance body's role in sustainability reporting	●	42-43	
Disclosure 102-33	Communicating critical concerns	●	42-43	
Disclosure 102-34	Nature and total number of critical concerns	●	42-43	
Disclosure 102-35	Remuneration policies	●	42-43	
Disclosure 102-36	Process for determining remuneration	●	42-43	
Disclosure 102-37	Stakeholders' involvement in remuneration	●	49	
Disclosure 102-38	Annual total compensation ratio	●	42-43	
Disclosure 102-39	Percentage increase in annual total compensation ratio	●	42-43	

● Fully reported   ● Partially reported   ○ Not reported

Performance Indicator	Description	Status	Page	Reasons for Omission
<b>5. Stakeholder engagement</b>				
Disclosure 102-40	List of stakeholder groups	●	44-45	
Disclosure 102-41	Collective bargaining agreements	●	68-69	
Disclosure 102-42	Identifying and selecting stakeholders	●	44-45	
Disclosure 102-43	Approach to stakeholder engagement	●	44-45	
Disclosure 102-44	Key topics and concerns raised	●	44-45	
<b>6. Reporting practice</b>				
Disclosure 102-45	Entities included in the consolidated financial statements	●	84	
Disclosure 102-46	Defining report content and topic Boundaries	●	84	
Disclosure 102-47	List of material topics	●	45	
Disclosure 102-48	Restatements of information	●	84, Footnotes	
Disclosure 102-49	Changes in reporting	●	84, Footnotes	
Disclosure 102-50	Reporting period	●	84	
Disclosure 102-51	Date of most recent report	●	84	
Disclosure 102-52	Reporting cycle	●	84	
Disclosure 102-53	Contact point for questions regarding the report	●	82, Back Cover	
Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	●	80-84	
Disclosure 102-55	GRI Content Index	●	80-83	
Disclosure 102-56	External assurance	●	78-79	
<b>GRI 103: Management Approach</b>				
<b>General requirements for reporting the management approach</b>				
Disclosure 103-1	Explanation of the material topic and its Boundary	●	Page	
Disclosure 103-2	The management approach and its components	●	Page	
Disclosure 103-3	Evaluation of the management approach	●	Page	
<b>GRI 200: Economic</b>				
<b>GRI 201: Economic Performance</b>				
<b>Management approach disclosures</b>				
201-1	Direct economic value generated and distributed	●	49, 53	
201-2	Financial implications and other risks and opportunities due to climate change	●	16-21, 46, 54-65	
201-3	Defined benefit plan obligations and other retirement plans	○	-	See our business report (Retirement Pension Plan)
201-4	Financial assistance received from government	●	77	
<b>GRI 202: Market Presence</b>				
<b>Management approach disclosures</b>				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	○	-	See our business report (partially reported)
202-2	Proportion of senior management hired from the local community	●	66-67	
<b>GRI 203: Indirect Economic Impacts</b>				
<b>Management approach disclosures</b>				
203-1	Infrastructure investments and services supported	●	34-37, 41, 50-52, 76-77	
203-2	Significant indirect economic impacts	●	34-37	
<b>GRI 204: Procurement Practices</b>				
<b>Management approach disclosures</b>				
204-1	Proportion of spending on local suppliers	●	30-31	
<b>GRI 205: Anti-corruption</b>				
<b>Management approach disclosures</b>				
205-1	Operations assessed for risks related to corruption	●	71	
205-2	Communication and training about anti-corruption policies and procedures	●	71	
205-3	Confirmed incidents of corruption and actions taken	●	71	
<b>GRI 206: Anti-competitive Behavior</b>				
<b>Management approach disclosures</b>				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	○	-	Not applicable
<b>GRI 300: Environmental</b>				
<b>GRI 301: Materials</b>				
<b>Management approach disclosures</b>				
301-1	Materials used by weight or volume	●	54-65	
301-2	Recycled input materials used	●	54-65	
301-3	Reclaimed products and their packaging materials	●	54-65	

 PROFILE  
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RESPONSIBILITY

# GRI Standards

● Fully reported    ● Partially reported    ○ Not reported

Performance Indicator	Description	Status	Page	Reasons for Omission
<b>GRI 302: Energy</b>				
<b>Management approach disclosures</b>				
302-1	Energy consumption within the organization	●	54-65	
302-2	Energy consumption outside of the organization	●	54-65	
302-3	Energy intensity	●	54-65	
302-4	Reduction of energy consumption	●	54-65	
302-5	Reductions in energy requirements of products and services	●	16-21, 54-65	
<b>GRI 303: Water</b>				
<b>Management approach disclosures</b>				
303-1	Water withdrawal by source	●	59	
303-2	Water sources significantly affected by withdrawal of water	●	59	
303-3	Water recycled and reused	○	-	No reuse/recycling of water resources
<b>GRI 304: Biodiversity</b>				
<b>Management approach disclosures</b>				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	○	-	Not applicable
304-2	Significant impacts of activities, products, and services on biodiversity	○	-	Not applicable
304-3	Habitats protected or restored	○	-	Not applicable
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	○	-	Not applicable
<b>GRI 305: Emissions</b>				
<b>Management approach disclosures</b>				
305-1	Direct (Scope 1) GHG emissions	●	60-61	
305-2	Energy indirect (Scope 2) GHG emissions	●	60-61	
305-3	Other indirect (Scope 3) GHG emissions	○	-	No data available
305-4	GHG emissions intensity	●	60-61	
305-5	Reduction of GHG emissions	●	60-61	
305-6	Emissions of ozone-depleting substances (ODS)	●	62-65	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	●	62-65	
<b>GRI 306: Effluents and Waste</b>				
<b>Management approach disclosures</b>				
306-1	Water discharge by quality and destination	●	63-65	
306-2	Waste by type and disposal method	●	63-65	
306-3	Significant spills	●	63-65	Not applicable
306-4	Transport of hazardous waste	●	63-65	
<b>GRI 307: Environmental Compliance</b>				
<b>Management approach disclosures</b>				
307-1	Non-compliance with environmental laws and regulations	○	-	Not applicable
<b>GRI 308: Supplier Environmental Assessment</b>				
<b>Management approach disclosures</b>				
308-1	New suppliers that were screened using environmental criteria	●	56	Applied to the entire supply chain
308-2	Negative environmental impacts in the supply chain and actions taken	●	56	Sanctions taken in the event of negative environmental impact
<b>GRI 400: Social</b>				
<b>GRI 401: Employment</b>				
<b>Management approach disclosures</b>				
401-1	New employee hires and employee turnover	●	40, 66-69	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	●	26-29, 66-70, 74	
401-3	Parental leave	●	68-69	
<b>GRI 402: Labor/Management Relations</b>				
<b>Management approach disclosures</b>				
402-1	Minimum notice periods regarding operational changes	●	68	
<b>GRI 403: Occupational Health and Safety</b>				
<b>Management approach disclosures</b>				
403-1	Workers representation in formal joint management-worker health and safety committees	●	69-70	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	●	69-70	
403-3	Workers with high incidence or high risk of diseases related to their occupation	●	69-70	
403-4	Health and safety topics covered in formal agreements with trade unions	●	69-70	

● Fully reported    ● Partially reported    ○ Not reported

Performance Indicator	Description	Status	Page	Reasons for Omission
<b>GRI 404: Training and Education</b>				
<b>Management approach disclosures</b>				
404-1	Average hours of training per year per employee	●	28-29, 69	
404-2	Programs for upgrading employee skills and transition assistance programs	●	28-29, 69, 74-75	
404-3	Percentage of employees receiving regular performance and career development reviews	○	-	Conducted for all employees subject to performance reviews
<b>GRI 405: Diversity and Equal Opportunity</b>				
<b>Management approach disclosures</b>				
405-1	Diversity of governance bodies and employees	●	66-69	
405-2	Ratio of basic salary and remuneration of women to men	●	69	See our business report
<b>GRI 406: Non-discrimination</b>				
<b>Management approach disclosures</b>				
406-1	Incidents of discrimination and corrective actions taken	●	69	
<b>GRI 407: Freedom of Association and Collective Bargaining</b>				
<b>Management approach disclosures</b>				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	●	30, 68	
<b>GRI 408: Child Labor</b>				
<b>Management approach disclosures</b>				
408-1	Operations and suppliers at significant risk for incidents of child labor	○	-	Prohibition of child labor
<b>GRI 409: Forced or Compulsory Labor</b>				
<b>Management approach disclosures</b>				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	○	-	Prohibition of compulsory labor
<b>GRI 410: Security Practices</b>				
<b>Management approach disclosures</b>				
410-1	Security personnel trained in human rights policies or procedures	●	69-71	
<b>GRI 411: Rights of Indigenous Peoples</b>				
<b>Management approach disclosures</b>				
411-1	Incidents of violations involving rights of indigenous peoples	○	-	Not applicable
<b>GRI 412: Human Rights Assessment</b>				
<b>Management approach disclosures</b>				
412-1	Operations that have been subject to human rights reviews or impact assessments	●	69-71	
412-2	Employee training on human rights policies or procedures	●	69-71	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	●	30	
<b>GRI 413: Local Communities</b>				
<b>Management approach disclosures</b>				
413-1	Operations with local community engagement, impact assessments, and development programs	●	34-37, 41, 76-77	
413-2	Operations with significant actual and potential negative impacts on local communities	○	-	Not applicable
<b>GRI 414: Supplier Social Assessment</b>				
<b>Management approach disclosures</b>				
414-1	New suppliers that were screened using social criteria	●	30-31, 76	Applied to the entire supply chain
414-2	Negative social impacts in the supply chain and actions taken	●	30-31, 76	Sanctions taken in the event of negative impact
<b>GRI 415: Public Policy</b>				
<b>Management approach disclosures</b>				
415-1	Political contributions	○	-	Not applicable
<b>GRI 416: Customer Health and Safety</b>				
<b>Management approach disclosures</b>				
416-1	Assessment of the health and safety impacts of product and service categories	●	12-15, 22-25	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	○	-	2019 plans to be developed
<b>GRI 417: Marketing and Labeling</b>				
<b>Management approach disclosures</b>				
417-1	Requirements for product and service information and labeling	●	72	
417-2	Incidents of non-compliance concerning product and service information and labeling	○	-	Not applicable
417-3	Incidents of non-compliance concerning marketing communications	○	-	Not applicable
<b>GRI 418: Customer Privacy</b>				
<b>Management approach disclosures</b>				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	●	72-73	
<b>GRI 419: Socioeconomic Compliance</b>				
<b>Management approach disclosures</b>				
419-1	Non-compliance with laws and regulations in the social and economic area	○	-	Not applicable

## About MOVE

Kia Motors' 2019 *MOVE* magazine reports on the company's efforts and progress in sustainability management. This edition has two parts: the magazine itself and a Fact Book section. The editorial part adopted a magazine format that is both reader-friendly and eye-catching in its layout, while the Fact Book part focused on major sustainability issues. The dynamic design layout and content structure reflected the report's magazine concept. Kia Motors will continue to report on all information of interest to stakeholders.

### Reporting Standards

Kia Motors' 2019 *MOVE* magazine was compiled following GRI Sustainability Reporting Guidelines Standards. The GRI Guidelines Index, along with item-for-item coverage ratings and relevant pages, can be found in the Fact Book section.

• GRI: Global Reporting Initiative

### Reporting & Assurance

All of the information disclosed herein is based on verified materials gathered by the relevant departments at Kia Motors. The reliability of report content was verified by a third party, Korea Management Register. The assurance statement is provided on pages 74 and 75 of this report.

### Reporting Scope & Period

The reporting period covers 2016 to 2018. Qualitative performance data covers trends over the past three years to provide a comparison for readers of both positive and negative progress. The base year is listed for systems whose year of adoption is clear. Data for which point of adoption is between 2017 and 2018 is available only for the year in question. The qualitative performance data covered activities and initiatives for only 2018. The corresponding time period is listed for those activities and efforts that are underway without significant changes upon their adoption or implementation. The reporting period corresponds to Kia Motors' fiscal year, which is from January 1 to December 31. There were no significant changes during the reporting period of the Kia Motors 2019 sustainability magazine.

### Accounting Standards

The tabulation of environmental and socially responsible investments and expenditures meet the accounting standards assured by the board of directors, the Audit Committee, and independent auditors, and follow the investment assessment standards adopted in 2004. Details of the environmental and CSR expenditures are provided in the Environment and Community pages of the Fact Book section.

### Reporting Scope

This report covers the Kia Motors company and its subsidiaries that are joint stock companies in which Kia Motors owns 50 percent or more of their shares, and those overseas offices which are joint venture corporations. The subjects of the report include domestic worksites (corporate headquarters; Sohari, Hwaseong, and Gwangju plants; technology research centers; and service centers) as well as overseas plants such as Dongfeng Yueda Kia (China), Georgia (USA), Slovakia and Mexico plants, and the technology research centers and worksites at all overseas offices. As the data collection schemes are being phased in at overseas worksites, beginning with those in Korea, some data is available only from Korean worksites. When the coverage scope is limited to either Korean or certain overseas worksites, it is indicated in the footnotes or main text body.

### Reporting Cycle

The Korean version of 2019 *MOVE* was published on March 15, 2019, and distributed at the general shareholders' meeting. The English version was published on April 30, 2019. This is the 17th edition of Kia Motors' annual sustainability report *MOVE*.

### Additional Information

Contact us at the following for more details concerning Kia Motors' sustainability management practices.

**Management and Product Information:** Kia Motors' official corporate website and official website

**Business Report:** Kia Motors' PR website, Repository of Korea's Corporate Filing to the Financial Supervisory Service

**Department in Charge:** CSR Management Team, Planning Division (contact information is on the back cover)

## Contact Information

Planning	Society	Environment
<b>Dae-Sik Kim</b> Senior Vice President, Strategic Business Planning Division	<b>In-Yeop Kim</b> Staff, HR Management Team	<b>Jeong-Hyeon Shim</b> Assistant Manager, EV Product Planning Team
<b>Dong-Su Shin</b> Vice President, Strategic Business Planning Group	<b>Chae-Young Kim</b> HR Service Team	<b>Jun-Dong Lee</b> Research Engineer, R&D Technology Planning Team
<b>Kye-Hwan Nho</b> General Manager, CSR Management Team	<b>Soon-Ok Park</b> Manager, Communications Team	<b>Hoo-Seop Lim</b> Senior Research Engineer, R&D Management Team
<b>Min-Ho Lee</b> Manager, CSR Management Team	<b>Hyun-Ji Kim</b> Staff, Organizational Development Team	<b>Jae-Kyung Shin</b> Staff, Customer Safety 1 Team
<b>Hyun-Tae Nho</b> Manager, CSR Management Team	<b>Hoi-Gang Kim</b> Manager, Labor Relations Operations 1 Team	<b>Kyung-Jin Ko</b> Assistant Manager, Customer Channel Planning Team
<b>Yong-Been Kim</b> Assistant Manager, CSR Management Team	<b>Young-Ah Jeong</b> Senior Counsel, Legal Management Team2	<b>Jin-Soo Jung</b> Staff, Customer Channel Management Team
<b>Min-Su Jung</b> Assistant Manager, CSR Management Team	<b>Min-Ok Park</b> Manager, Supplier Cooperation Team	<b>Sang-Hyun Park</b> Senior Research Engineer, Aerodynamics R&D Team
<b>Jae-Gang Lee</b> Staff, CSR Management Team	<b>Jarrel David Cook</b> Manager, Service Strategy Team	<b>Se-Min Jang</b> Staff, Customer Value Team
	<b>Hyo-Ji Byeon</b> Assistant Manager, Safety & Environment Planning Team	<b>Hyeo-Young Moon</b> Staff, Marketing HRD Team
	<b>In-Young Park</b> Staff, HRD Planning Team	<b>Byung-Gon Park</b> Manager, Global Service Team
	<b>Chang-Keun Yang</b> Senior Counsel, Compliance Team	<b>Byung-Chul Kim</b> Manager, Product Management Team
	<b>Young-Dae Jung</b> Deputy General Manager, General Affairs Team	<b>Bong-Jeon Kim</b> Deputy General Manager, Production Logistics Planning Team
	<b>Seon-Ah Rah</b> Assistant Manager, General Affairs Team	<b>You-Hwan Kim</b> Senior Research Engineer, Infotainment Planning Team
	<b>Woo-Hyeok Shim</b> Assistant Manager, General Affairs Team	<b>Seung-Woo Lee</b> General Manager, Autonomous Driving Planning Team
	<b>Ki-Beom Lee</b> Assistant Manager, General Affairs Team	<b>Eui-Yoon Jung</b> Senior Research Engineer, Autonomous Driving Planning Team
		<b>Il-Woong Han</b> Senior Research Engineer, Electronics Planning Team
		<b>Sang-Hoo Lee</b> Research Engineer, Product Planning Team
		<b>Byung-Hoon Doh</b> Senior Research Engineer, Vehicle Analysis Team
		<b>Geon-Hyuk Park</b> Senior Research Engineer, Powertrain Project Management Team
		<b>Ji-Hwa Mok</b> Staff, Quality Planning Team
		<b>Hye-Won Kim</b> Research Engineer, Eco-Technology Planning Team
		<b>Young-Hwan Seong</b> Deputy General Manager, Environmental Management Team
Economy		
<b>Hyun-Jin Cho</b> Manager, Business Innovation Team		
<b>Young-Yeah Shin</b> Assistant Manager, Strategic Business Planning Team		
<b>So-Young Um</b> Assistant Manager, Strategic Business Planning Team		
<b>Seo-Hyun Jang</b> Staff, Strategic Business Planning Team		
<b>Sung-Yong Hong</b> Deputy General Manager, Global Business Planning Team		
<b>Sung-Joong Wee</b> Deputy General Manager, Global Business Strategy Team		
<b>Jin-Hoon Park</b> Deputy General Manager, Production Planning Team		
<b>Bum-Sang Jung</b> Manager, Compliance Management Team		
<b>Hyun-Cheol Kim</b> Assistant Manager, Accounting Team		
Data Collection	Design Directing	
<b>Seong-Young Shim</b> Staff, Marketing Team	<b>Julliana Cho</b> Senior Research Engineer, Kia Advanced Design Team	
<b>Jae-Woo Kim</b> Deputy General Manager, Owned Media PR Team	<b>Dan-Bee Baik</b> Manager, Brand Communications Team	
<b>Jeong-Shik Kim</b> Staff, Owned Media PR Team		

# MOVE



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