

MOVE



The
Future Has
Begun



Kia Motors
Sustainability Magazine 2018

MOVE



Cover Story

MOVE is the name of Kia Motors' annual sustainability report and is a reference to the company's ongoing progress toward embracing change through continuous automobile innovation.

The Future Has Begun

In January 2018, the first humanoid artificial intelligence robot, Sophia, which looks like a female human, was a big sensation in Korea. The first flying car—only seen before in sci-fi movies—is likely to hit the skies as early as April 2018. The fourth industrial revolution, characterized by hyperconnectivity and superintelligence, has become a buzzword in Korea, and this wind of change is sweeping through the automobile industry as well. Cars are no longer just a means of transport, as artificial intelligence-mounted and connected vehicles will bring about a sea change in terms of not only our daily mobility but also our everyday lifestyles. Hybrid and plug-in hybrid cars, as well as electric cars, are not just concept cars anymore. You can easily see them on the roads wherever you go. The auto industry is evolving rapidly while technology development is underway by several carmakers to achieve their zero emissions goals. When combined with autonomous driving and connectivity technologies, mobility will be safer and more convenient, ensuring a higher level of freedom and more leisure of time for everyone. From a broader perspective, social issues like road accidents and traffic jams will be solved, while contributing to mitigating climate change and environmental pollution.

As the author William Gibson put it, "The future is already here—it's just not very evenly distributed." Kia Motors wants to play a role in this distribution. With the aim of contributing to a sustainable life for all without limits in the distribution of benefits, Kia Motors is concentrating its resources into developing the highest level of future mobility technology.

This report details how we are preparing to surprise you once more, and we hope you enjoy the read.

Kia Motors opened BEAT 360, a multipurpose brand experience center, in Gangnam, Seoul in 2017. Based on the structural motif of air flowing against a moving car body, more than 7,000 exterior modules on the building's facade visualize Kia's dynamic and innovative brand philosophy in different ways depending on the viewing angle and time of day. The same modules repeat the pattern on the interior of the building, naturally connecting the three unique theme spaces that offer visitors a 360-degree brand experience, suiting their tastes for art and leisure while providing a unique look into the present and future of Kia Motors.



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CONTENTS

Kia Motors Sustainability Magazine 2018

Issue Book

Fact Book

Reader's guide

Additional information concerning the terms and facts presented in this report is separately provided in the report or website and marked with the icons shown below. Visit Kia Motor's official website to download the PDF version of *MOVE*. Click the title in the Table of Contents to go to the section of your interest or click the footnote to go to the relevant PDF page or website link. Press Alt+Left Arrow key to go back to the previous page.



Go to the page in this report for more details.



Go to the website for more details.



Glossary or additional information available

Product: Future Mobility



Product: Fuel Efficiency



Customer: Product Quality



Customer: Customer Service



Employees



Social Contribution



Kia around the World

Market position
Annual sales volume

10th globally

Sales revenue
Based on K-IFRS

53.5 trillion KRW

Business Domains

- Passenger Cars** Picanto (Morning), Ray, cee'd, Rio (Pride), K2 (Pegas), Cerato/Forte (K3), Forte/Cerato (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
- Commercial Vehicles** K-Series Trucks (Bongo III), New Grandbird commercial bus
- CKD(Complete Knock Down)** Automobile components (including engines)

Sales volume
Shipped in 2017

2,724,226 vehicles

No. of employees
Globally

51,789 persons

Global Network

Sales & Service

- Korea** Sales: 22 regional headquarters, 338 regional sales offices, 383 dealerships, 10 shipping offices
- Service:** 18 regional service centers, 245 comprehensive service providers, 561 partial service providers
- Overseas** Sales: 18 sales offices, 164 distributors, 4,733 dealers, 4 regional headquarters (sales & service)
- Sales Offices:** Kia Motors America **1** | Kia Canada Inc. **2** | Kia Motors Deutschland **3** | Kia Motors U.K. **4** | Kia Motors Iberia **5** | Kia Motors France **6** | Kia Motors Italy **7** | Kia Motors Austria **8** | Kia Motors Hungary **9** | Kia Motors Czech **10** | Kia Motors Slovakia **11** | Kia Motors Polska **12** | Kia Motors Belgium **13** | Kia Motors Sweden **14** | Kia Motors Netherlands **15** | Kia Motors Russia **16** | Kia Motors Australia **17** | Kia Motors New Zealand **18**

Kia Motors was the world's 10th largest automobile brand as of 2017. Today, Kia Motors is undertaking change and innovation to establish itself as a forward-thinking automobile brand that can bring the infinite possibilities of future mobility into the daily lives of every customer around the world. Our global network of production, research & development, sales and service covers all major global markets. More than 50,000 employees are working at these premises under one shared vision. We are clearly aware that responsible growth is the essence of any business, and we will make consistent efforts toward balanced and sustainable development by sharing the fruits of growth with all our stakeholders.

Initial quality ranking

Among all brands according to J.D. Power and Associates' 2017 U.S. Initial Quality Study (IQS)

1st

Brand ranking
Interbrand Best Global Brands 2017

69th

CO₂ emissions
Niro PHEV

26 g/km

Regional Headquarters

- Central & South America (Miami, USA) **19** | Eastern Europe & CIS (Kiev, Ukraine) **20** | Middle East & Africa (Dubai, U.A.E.) **21** | Asia (Kuala Lumpur, Malaysia) **22**

Production

- Korea** Sohari plant (350,000 units), Hwaseong plant (600,000 units), Gwangju plant (620,000 units), consignment production (250,000 units)
- Overseas** China plant (890,000 units), Slovakia plant (330,000 units), USA (Georgia) plant (340,000 units), Mexico plant (400,000 units)
- Kia Motors Manufacturing Georgia (2,632 employees) **23** | Kia Motors Slovakia (Zilina, 3,733 employees) **24** | China plant (Yancheng, 6,218 employees) **25** | Mexico plant (Pesqueria, 2,412 employees) **26** | Corporate headquarters in Korea (34,650 employees including those working at 3 plants, 3 R&D centers, 18 regional service centers, and 340 dealerships) **27**

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, China, Irvine, CPG) **28** | Europe (Russelsheim, Nurburgring, Germany) **29** | Japan (Yokohama) **30** | China (Yantai) **31** | India (Hyderabad) **32**
- Design Centers:** USA (Irvine) **33** | Europe (Frankfurt, Germany) **34** **M**



As of December 31, 2017

The number of units in parentheses next to each plant shows annual production capacity.

CEO's Message



2017 Results

On behalf of my fellow colleagues at Kia Motors, I'd like to begin by expressing my heartfelt gratitude to all our stakeholders for their unwavering support and interest in Kia Motors.

Sustainability management plays an integral part in our efforts to achieve our goal of creating and sharing new value in automobiles with our stakeholders. These efforts continued in 2017, when Kia products topped all brands in the U.S. for a second year in a row according to JD Power's 2017 Initial Quality Study. Meanwhile, Kia Motors is making a successful foray into the Indian market and is establishing an integrated social contribution system centered on our major overseas subsidiaries worldwide.

New Change Begins in 2018

In 2018, Kia Motors is facing a more rapidly changing business environment than ever before. Particularly, the paradigm shift in the automobile industry, which is being driven by advanced mobility and autonomous driving technologies, is breaking down barriers between industries, consequently intensifying market competition. Furthermore, the market outlook is rather unfavorable, with sluggish consumption in the U.S. and China as well as spreading uncertainty in the global financial markets.

Another external pressure is the growing demand worldwide for mandating disclosure of corporate social responsibility information and legislation of social contribution activities. In line with these changes, Kia Motors is faithfully performing its social responsibility while reinforcing competitiveness and growth engines as its stepping stones for further growth.

First, we will swiftly respond to external environmental changes and stakeholder demands.

We have established a responsible management system in each of our regional markets, such as North America and Europe, while integrating the management of sales, production and profitability at all these locations. We have also strengthened operational management and reinforced our customer relations capability. All these changes come at a time when we are gaining a better understanding of the individual situations that will facilitate swift responses to environmental and stakeholder needs on the spot.

Our responsible management system will further expand Kia's market position in major markets while exploring opportunities in emerging markets. At the same time, we will raise our brand recognition as a responsible corporate citizen in all of the overseas markets in which we operate.

Second, our future technology development efforts will allow us to effectively respond to industrial paradigm shifts and offer a differentiated customer experience.

Kia Motors announced its future vision for mobility, called "Boundless for All," in 2017. With the vision of evenly distributing the benefits of mobility without limit to all, Kia Motors is tirelessly working to develop new technologies for autonomous driving and connectivity that will usher in a new era of customer lifestyle by providing innovative mobility solutions. In particular, we plan to secure an early foothold in the electrified vehicle market by expanding our green car line-up to 16 models by 2025. This plan will kick off in 2018 with the launch of the Niro EV, which can travel at least 380 kilometers on a single charge.

Finally, we will fulfill our social responsibilities as a global corporate citizen.

As an ardent advocate of the UN Global Compact's Ten Principles concerning human rights, labor, the environment and anti-corruption, Kia Motors is also working to incorporate the recently launched Sustainable Development Goals (SDGs) initiative into its signature social contribution projects. In 2018, we will develop a mid- to long-term roadmap for our group-wide corporate social responsibility management, while enhancing the correlation between business and social responsibilities.

At the same time, we will remain vigilant in addressing social issues like promoting a sound business value chain for shared growth with our partner companies and reducing the discrepancy in employment/income structure through the creation of secured jobs.

Turning Crises into Opportunities

Kia Motors will turn business risks into new opportunities so that the fundamentals for sustainability management can be consolidated. Our endeavors will go beyond just creating profits to responsibly addressing economic, environmental and social issues. That is how we believe we are contributing to a better world for everyone through sustainable business.

We humbly ask for your continued encouragement and cooperation in our efforts.

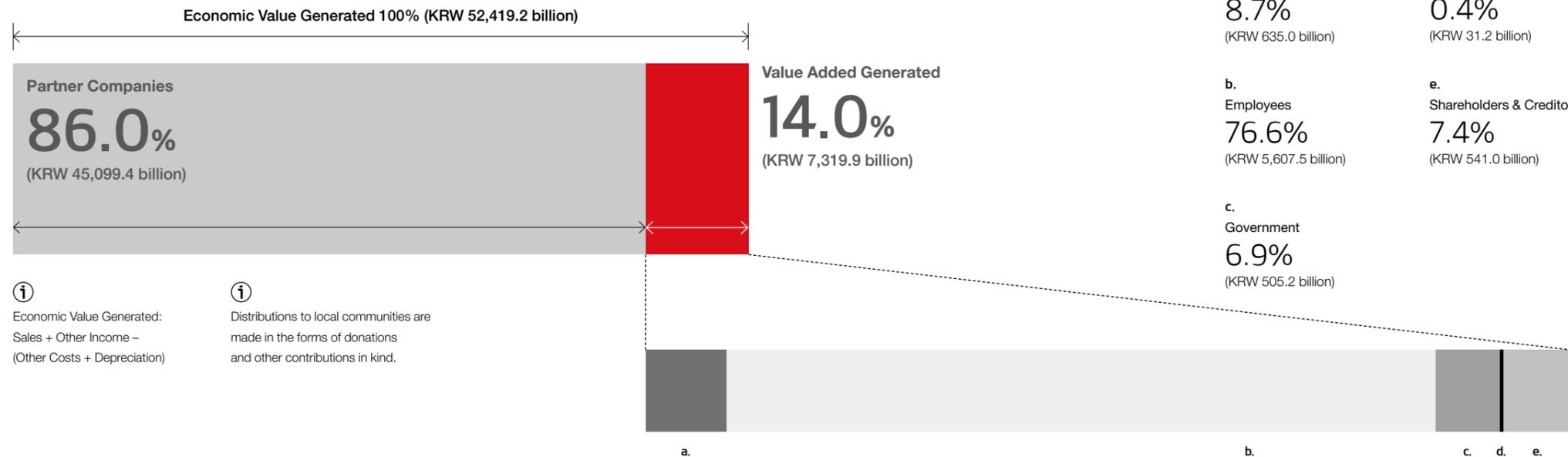
Thank you. **M**

March 2018
Han-Woo Park
 President & CEO
 Kia Motors

Going at Full Speed

The revolutionary changes in the auto industry hit full speed in 2017. While the prolonged low growth trend continued, protectionism was widespread, and the fourth industrial revolution began in full swing. In response, global automakers have been searching for strategies to survive and sustain growth under these circumstances. Nevertheless, the market outlook for 2018 is not very rosy because advanced markets, which account for more than half of all overall global demand, are forecast to suffer sluggish growth, with growth rates projected to be the lowest since the last global financial crisis about a decade ago. Kia Motors, which is fresh off a difficult year in 2017 due to internal and external factors, is ready to take new steps forward amid the unfavorable market outlook for 2018 by putting into action the roadmaps it has prepared for the future, while flexibly and timely applying sophisticated strategies for the specific needs and conditions of individual markets. It is said that a crisis can lead to opportunity for anyone who reflects on the past and is prepared for changes. Today, Kia Motors is seizing opportunities through hard work to create a better future for all.

Economic Value Added and Shared in 2017

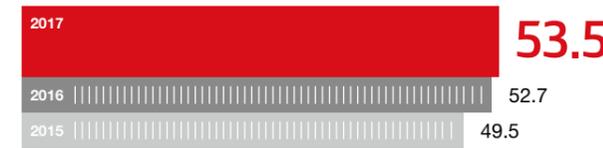


2017 Market Analysis

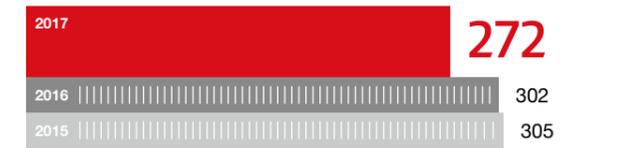
Kia Motors sold 2.72 million vehicles globally in 2017, 9.8 percent less than the previous year, due largely to slow sales in the U.S. and China markets. Sales in the U.S. faltered by 8.9 percent year-on-year as a result of shrinking local market demand, outdated flagship models and fierce competition. Sales also stumbled in China, falling 39.9 percent over the same period, as the world's fastest growing market also suffered a slowing growth rate while Kia sales were also negatively affected by geopolitical issues. On the domestic front, where market demand fell by 1.8 percent in 2017 for a second consecutive year of decline, Kia sales dropped by 2.7 percent. Still, domestic sales remained above 500,000 units for the third year in a row. On the other side of the globe, however, the recovering economies of European countries fueled rising Kia sales of 8.4 per-

cent over 2016, exceeding the market demand growth rate of 3.3 percent over the same period. Kia Motors also enjoyed sales growth in emerging markets that regained growth momentum from the previous year. At the same time, Kia sales grew by 11.9 percent in Central & South America, while a 19.5 percent growth in sales was achieved in Russia. Despite adverse factors such as a strong Korean won and fierce competition, the company's strategic sales portfolio restructuring has increased the percentage of high-profit RV models, thereby resulting in a 1.6-percent year-on-year growth in sales revenue to reach KRW 53.5 billion in 2017. Nonetheless, the recent court ruling on ordinary wages eroded operating profits, which plummeted to KRW 6.6 trillion for the same year. Although quantitative indexes play a pivotal role in diagnosing a

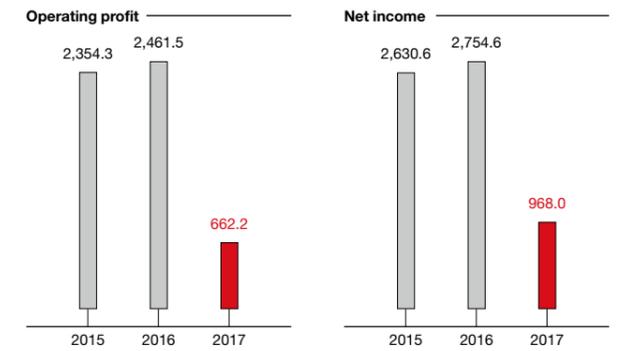
Sales (KRW trillion, based on K-IFRS)



Sales Volume (10,000 vehicles shipped)



Business Results (KRW billion)



R&D and Facility Investments (KRW billion)

	2015	2016	2017
Facility investments	3,876.9	1,765.2	1,525.8
R&D expenses	1,523.5	1,646.4	1,641.9
Total	5,400.4	3,411.6	3,167.7

company's current status, qualitative performance indexes show the potential of the same company. In that context, it can be said that Kia Motors has a brighter future ahead because it remained on Interbrand's list of "100 Best Global Brands"—ranking 69th for the second straight year—for six years in a row. Kia Motors also became the first Korean auto company to rank highest in overall initial quality according to the J.D. Power Initial Quality Study (IQS) for two consecutive years in 2016 and 2017. It also placed second among mainstream brands according to J.D. Power's China IQS and 2018 Vehicle Dependability Study (VDS)—its best-ever VDS performance.

2018 Goals

In 2018, several unfavorable factors are expected to present chal-

lenges to the automobile market. These include increased volatility in financial markets, pandemic protectionism and geopolitical risks. These factors are forecast to couple with sluggish growth in advanced markets and less strong performances in emerging markets. Internally, a paradigm shift characterized by autonomous-driving connected cars, vehicle electrification and future mobility is unfolding before our eyes at a faster pace than expected just a few years ago, foreboding even fiercer competition in the global auto industry. Kia Motors is determined to overcome these challenges by making improvements to sales and profitability while accelerating its preparations for the future. The first bold move began at the start of 2018 when Kia Motors revealed its future mobility vision at the 2018 Consumer Electronics Show (CES) in Las Vegas.

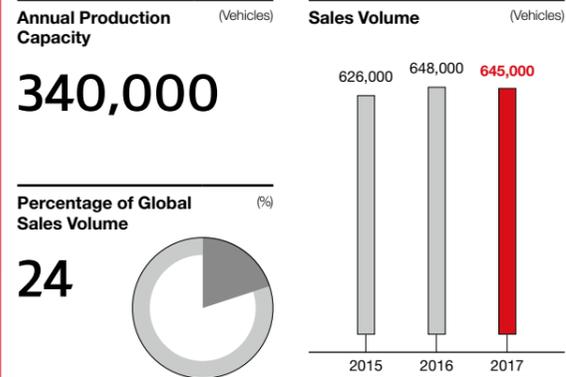
Under its vision, the company is putting into place detailed action plans through the year 2030. For starters, a carsharing service is available via Kia's own mobility service brand called WiBLE, which launched in August 2017. In 2018, new electric vehicle models for the Niro and Soul will arrive on the market by the end of the year. In the following year, the company plans to road test its first autonomous driving car and launch its first connected car. These plans will gain a boost in 2018 when R&D investment expenses will increase by 26 percent over the previous year and top talent from around the world will continue to be recruited.

Taking into account the company-wide awareness of crisis and a shared enterprising spirit, Kia's 2018 global sales goal has been set 4 percent higher than 2017 at 2.82 million vehicles to generate stable profitability. Firmly determined to attain these goals, Kia Motors reshuffled its global organization at the end of 2017 by granting more autonomy and responsibility to overseas units. This will allow for integrated control of sales, production and profit management within the respective local markets.

At the group-wide level, internal and external management risks will be monitored for preemptive responses while assisting overseas units in enhancing their operational competencies and customer responsiveness.

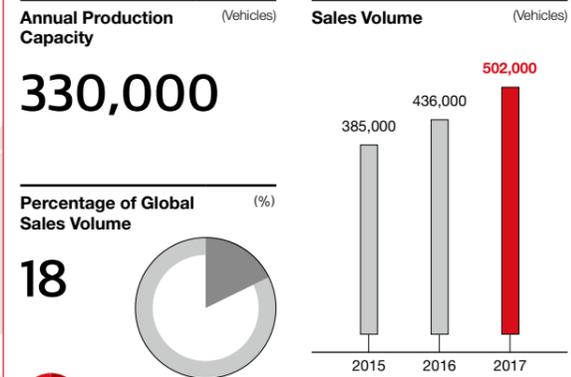
North America

In the U.S., where another sluggish year is forecasted, Kia Motors will adjust the plant operation rate according to market developments so as to keep inventory under control while boosting sales capability with flagship models boasting greater marketability. The four new models to be launched in 2018 will vary from premium sedans and mid-sized vehicles to eco-friendly cars.



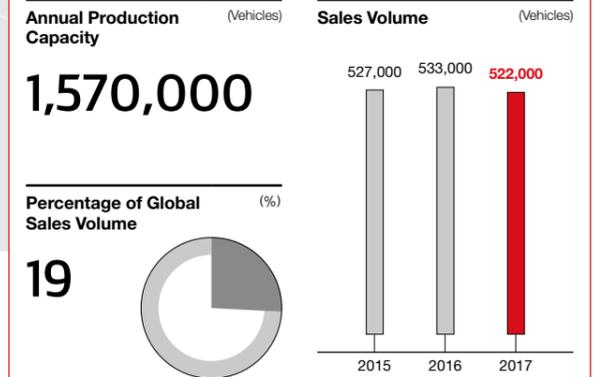
Europe

In anticipation of a slight downward adjustment to Kia's sales growth trend in European markets, where the company more than doubled the growth rate of local industry demand in 2017, Kia will launch the next generation cee'd family of vehicles developed exclusively for European customers, while also introducing the Niro EV to enhance its image as an eco-friendly brand. At the same time, the Stonic compact SUV is expected to help Kia maintain sales growth momentum in Europe during 2018.



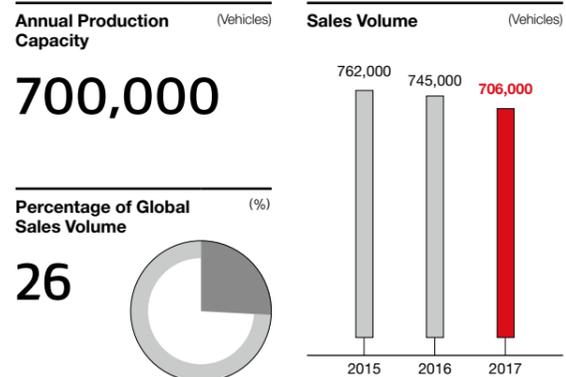
Korea

In the domestic market, where the business outlook is not very bright, Kia Motors will engage in aggressive marketing and promotional campaigns to maximize sales of six new models scheduled to roll out throughout the year. While maintaining the sales performance of new models launched in 2017—Picanto (Morning), Stonic and Stinger—Kia Motors will maintain its market position by sustaining a level of sales performance similar to that of 2017.



Emerging Markets

In emerging markets, the company plans to continue aggressive marketing in the South and Central American markets in 2018 on the back of the momentum created in the Mexico market where Kia sales grew a whopping 49.2 percent in 2017 from the previous year. In India, where compact vehicle sales take up 80 percent of overall local demand, Kia Motors will make a foray into the market with new compact sedans and SUVs.



USA

Mexico

By region, the company will strive to recover from declining sales in the U.S. and China, consolidate its market positions in Korea and Europe, and employ aggressive marketing campaigns in emerging markets where it is enjoying sales growth. In addition to models launched in 2017 that will enter global markets in 2018, the all-new Forte/Cerato (K3) and the Quoris/K900 (K9) successor, as well as our China-specific SUV and Europe-specific cee'd successor to be introduced this year, all promise to be leaders in overseas markets. The production sites and balanced sales ratio in major markets that have been established to date will provide a firm base for us to flexibly and timely respond to changes in market demand. Buoyed by the successful completion of our plant in Mexico in 2015 that has paved the way for sustainable growth in the Central and South American markets, ground was broken for another plant in India with an annual production capacity of 300,000 vehicles that will commence operations by the end of 2019. This latest project will propel Kia's entry into one of the world's largest automotive markets. **M**

Europe

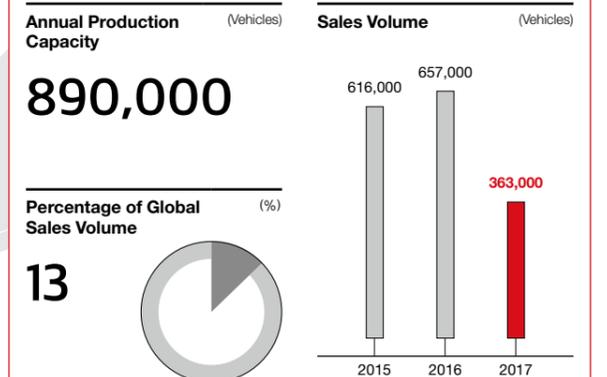
India (planned)

China

Korea

China

Among the markets in which Kia experienced declining sales in 2017, China showed the weakest performance. Kia Motors will devote the year 2018 to recovering sales in the market on the back of thawing geopolitical tension. A total of five new models encompassing China-exclusive models to SUVs and green cars are in the pipeline to reinforce product competitiveness. In addition, Kia will further expand its distribution network and other sales support mechanisms to enhance its performance in the market.

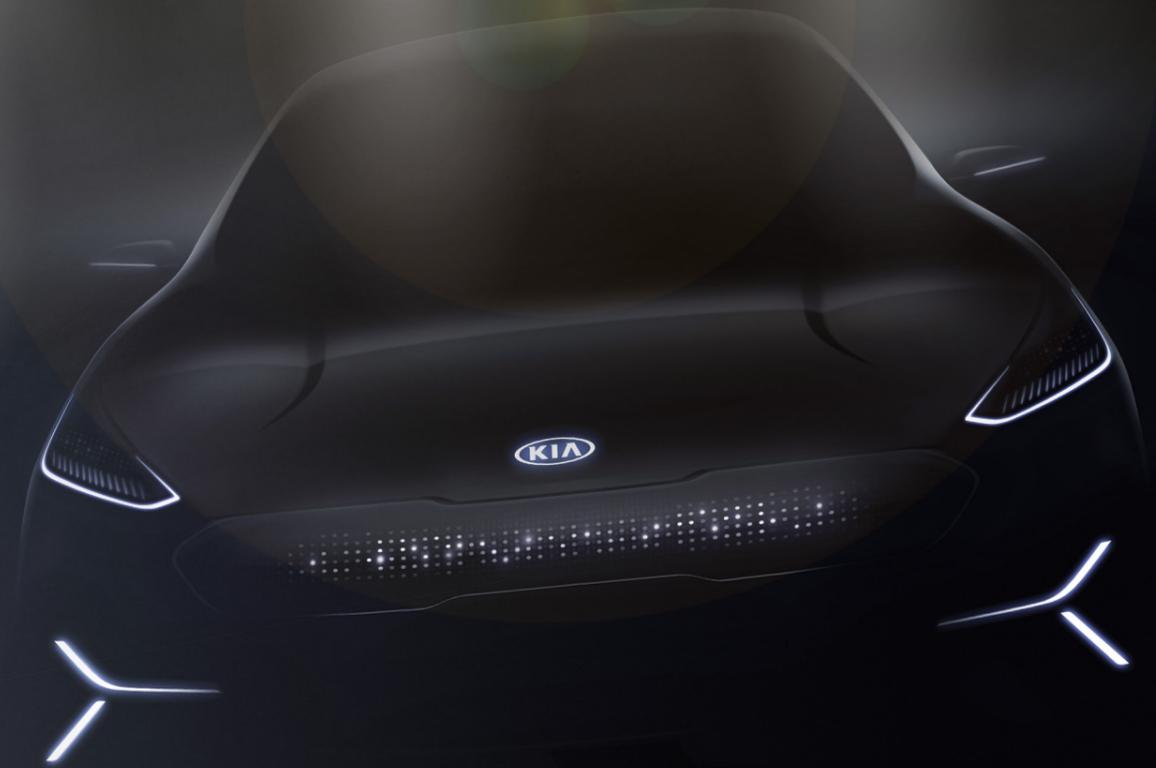


- Emerging markets include the markets of Russia, Turkey and countries in Asia and Pacific regions (not including China and Korea), the Middle East, Africa, South & Central America, and Eastern Europe.
- Annual production capacity refers to the estimated figure including the annual production capacity of the Mexico plant and new India plant that is currently under construction.

BOUNDLESS FOR ALL

An unprecedented paradigm shift is forcing the auto industry to undergo a complete overhaul: century-old internal combustion engines are giving way to more eco-friendly and resource-conserving successors; automobiles are learning to drive themselves; and cars are now connected to networks, enabling them to serve as highly-advanced computers. Industrial terms like hybrid and electric cars, autonomous driving, connected cars, and carsharing have now become household words around the world.

Kia Motors wishes to bring the benefits of all these changes in automobiles to each and every customer, while ushering in a future in which opportunities for mobility and transportation are limitless. The company's future mobility vision, "Boundless for All," which was unveiled in January 2018 at the CES, encapsulates this commitment and will be driven by the company's new 'ACE' strategy to make its cars more Autonomous, Connected and Eco/Electric. Plans have already been put into action with the launch of the mobility service brand WiBLE in 2017. Scheduled for introduction in 2018, the new Niro EV model will embody Kia's ACE strategy and mark the next major step toward realizing our vision of creating the most eco-friendly, safe and convenient automobiles through innovation and progress.



MOBILITY-ACE:

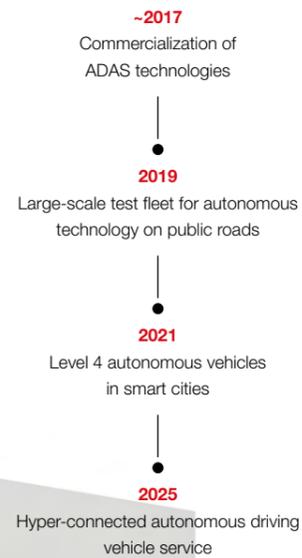
AUTONOMOUS

Think about it for a moment. Your car navigates itself to a preset destination by monitoring surroundings on its own while you concentrate on work or lay back and talk with your friend. This is what autonomous driving technology promises us in the foreseeable future. What was once only imaginable in sci-fi movies is about to come into our lives, dramatically enhancing mobility convenience. Artificial intelligence will drive cars objectively and rationally while communicating with networked traffic systems. As a result, roads will be safer and more efficient. Kia Motors has been speeding up the application of its advanced driver assistance system (ADAS) features to its vehicle line-up with the aim of developing a fully integrated autonomous driving solution. The company's roadmap includes phase-in and test driving of various technologies followed by the roll-out of the first commercial autonomous-driving vehicles by 2021 and eventual completion of a fully autonomous-driving vehicle line-up by 2030. The conventional ideas and lifestyle surrounding automobiles are about to change in an unprecedented way, and Kia Motors wishes to ensure the change will be boundless for all. Kia Motors will mobilize all its resources and pursue collaborations with the industrial, academic, research and political sectors to realize free, safe and convenient driving for everyone.



V2X (Vehicle to Everything)
Technology to exchange or share information with other vehicles or infrastructure while driving based on a wireless communication network. Smart sensors installed on roads monitor and send information on vehicles, pedestrians and road conditions.

Autonomous Driving Technology Development Roadmap



2030

Level 5 full autonomous driving vehicles

Kia's Autonomous Driving Roadmap

Autonomous driving is classified into six levels according to the U.S. Society of Automotive Engineers (SAE). Level 0 is no automation. There can be some warning systems, but the driver handles steering, throttle and braking (ST&B), monitors the surroundings and makes decisions. Level 1 is called driver assistance. Vehicles at this level can handle S or T&B, but not in all circumstances. As a result, it's all up to the driver. Level 2 is partial automation. The vehicle handles ST&B, but drivers are still responsible for monitoring the surroundings and making decisions. Many of today's ADAS-equipped vehicles have reached this level. Level 3 is conditional automation. The vehicle monitors surroundings and takes care of all ST&B in certain environments, yet the driver must be ready to intervene if needed. Levels 3 and higher require more technological development and traffic infrastructure that enables vehicle-to-everything (V2X) networking as well as an amendment to the current Road Traffic Act.



FCA (Forward Collision-Avoidance Assist)
A driving safety feature that warns the driver in the event of a potential risk of forward collision on the road and then takes control of the brake and steering systems



Level 4 is high automation. At this level and beyond, a driver is not required. It is an advanced automation level in which a vehicle can handle everything across a wider range of environments. The last is Level 5, full automation. Vehicles at this level can drive under all conditions.

Technological advancement to Level 4 and beyond demands tests and verification on the roads. Countless variables on the road must be accounted for and verified to prove the safety and viability of autonomous driving. Therefore, accumulated self-driving distance is proof of a vehicle's performance. Kia Motors plans a large-scale test fleet of autonomous vehicles on public roads from 2019 to verify its autonomous driving technology. The data collected from the testing will be thoroughly analyzed and used to further enhance the reliability of the company's autonomous driving technology, while lessons learned will be applied to Kia's new vehicles. When the external conditions are ready, such as road infrastructure and legislation, Kia will commence mass production of autonomous driving vehicles in full swing. The plan is to develop a Level 4 self-driving vehicle that can drive in a smart city equipped with the V2X infrastructure by 2021.

Smart and Experienced Self-driving Cars

Since it was granted a license by the U.S. State of Nevada in December 2015 to carry out testing of its autonomous driving technologies on public roads, Kia Motors has been collecting data from its Soul EV self-driving test car for use in its ongoing development of autonomous driving technologies. The licensed Soul EV is mounted with technologies like Traffic Jam Assist, Highway Autonomous Driving, Urban Autonomous Driving, Emergency Stop System, and Autonomous Valet Parking. The self-driving Soul EV takes advantage of a GPS and high-precision digital map to calculate its exact location. It also monitors its surroundings using sensors attached around the car body to check for objects on the roads like other vehicles or pedestrians, while navigating the roads in consideration of real-time traffic conditions.

Meanwhile, the company was granted an autonomous driving license in Korea in March 2016 and in 2017 opened the Intelligent Safety Technology Center which is responsible for ADAS/autonomous driving vehicles. It has also completed a V2X infrastructure on an interval length of 14 km in Hwaseong in August 2017 to verify its technology development through road testing. In 2018, the Autonomous Driving Development Center was established to strengthen the professionalism of autonomous driving and to internalize technology. V2X is a type of connected car technology based on wireless communication and is essential for autonomous vehicles. More specifically, classified into V2I (vehicle to infrastructure), V2V (vehicle to vehicle) and V2P (vehicle to pedestrians), V2X technology allows for vehicles to exchange information with their surroundings on road conditions like traffic jams, construction, accidents, traffic signals, abrupt braking or failure of vehicles in the front, as well as pedestrians ahead. Wireless communication base stations, CCTVs and traffic sign controllers are installed on the 14 km section, where approximately 50 vehicles are shuttling around to collect data and verify technologies.

During the Consumer Electronics Show (CES) in January 2018, Kia Motors unveiled plans to collaborate with several companies, including a U.S. autonomous driving-specialized company. With the aim of achieving Level 4 autonomous driving technology by 2021, Kia Motors will share its data and technology for the joint development of solutions through collaboration with these partners.



HDA (Highway Driving Assist)

A driving convenience feature to relieve drivers from driving stress by automatically adjusting the preset smart cruise control speed to speed limits while steering and throttling so that the vehicle can keep a safe distance from the car in front and remain in the lane



2019

Soul EV in a pilot test in Nevada since 2015
A large-scale test fleet on public roads slated for 2019

100

Full model range to come with DRIVE WiSE package option by 2018
FCA to be a basic feature on all models by 2020



LKA (Lane Keeping Assist)

A driving safety assistance system that steers and keeps the vehicle in the lane



DRIVE WiSE for a Wise and Pleasant Driving Experience

Autonomous driving is technology-intensive as it converges dozens of precise, complex and cutting-edge technologies. The individual technologies are collectively called an advanced driver assistance system (ADAS), something often cited whenever mentioning autonomous driving technology. The ADAS technology consists of three steps: monitoring surroundings, making decisions and then handling vehicles. However, autonomous driving technology is more than half-done when all these steps are advanced and integrated enough to take full control of vehicles. The rest is up to communication technology, which is an integral part of connected cars. Kia's vision for autonomous driving is being materialized through DRIVE WiSE, its ADAS-based autonomous driving technology brand launched in 2016. DRIVE WiSE is aimed at eliminating accident risks at the source, providing the driver with information on surroundings, and taking over the handling of the vehicle from the driver, thereby providing a safer, more convenient and more efficient mobility solution. Kia Motors is investing a total of KRW 2 trillion in these technologies by 2018 to apply DRIVE WiSE features on all its products.

Lower Risk of Accidents with Higher Convenience

The focus of automobile safety is shifting from protecting occupants in an event of an accident to assisting drivers steer clear of accidents altogether—and ADAS is the sum of the required technologies. For example, alerts are sent to drivers about potential risks before a vehicle intervenes to brake or steer. Under the ethos of universal safety and optional convenience, Kia Motors is developing and applying diverse ADAS technologies to its products, while preparing for the imminent era of fully autonomous driving vehicles.



DAW (Driver Attention Warning)
A driving safety feature that warns drivers in the event of fatigued driving or reckless behavior ahead on the road to prevent potential accidents

For instance, Picanto (Morning) models starting in 2017 feature forward collision warning (FCW) and forward collision-avoidance assist (FCA) functions, thereby enhancing their safety performance. Moreover, the Stinger sports sedan achieved complete Level 2 autonomous driving as it is equipped with blind-spot collision warning (BCW), smart cruise control (SCC), a stop & go function added on top of highway driving assist (HDA) and lane keeping assist (LKA)—an advanced version of lane departure warning (LDW).

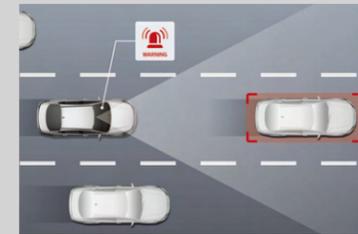
Among these features, FCA, also known as autonomous emergency braking system (AEB), is a safety feature that prevents accidents due to human errors like driver negligence or unskillfulness. According to recent research by the Samsung Traffic Safety Research Institute, FCA-equipped vehicles are 25 percent less likely to be involved in an accident than those not equipped with FCA. In fact, FCA's effectiveness is endorsed by U.S. safety authorities such as the National Highway Traffic Safety Administration (NHTSA) and the Insurance Institute for Highway Safety (IIHS), which reiterate that all vehicles should have the FCA function for road safety. Kia Motors signed a memorandum of understanding with the NHTSA in 2016 to feature FCA on 95 percent of all its vehicles sold in the U.S. by 2022. Furthermore, the company plans a full range of models with this feature by 2020, two years earlier than the deadline. All new models launched in 2018 are being equipped with FCA.

For expanded application of the ADAS, Kia Motors entered into a business alliance in 2017 with Korea Insurance Development Institute (KIDI) to provide insurance premium discounts on ADAS-equipped vehicles. Under the agreement, Kia Motors shares its information on ADAS technologies—including FCA, LDW and BCW—and test results by class, while KIDI analyzes the premium discount effect and provides the results to insurers. As a result, new insurance coverage products launched at the end of 2017 began applying the ADAS discount policy which is expected to contribute to raising public awareness about ADAS while reducing national losses from traffic accidents. **M**

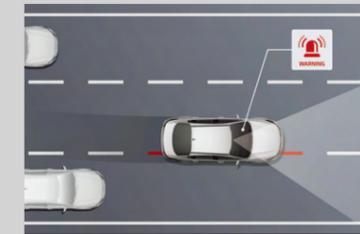
Advanced Driver Assistance System



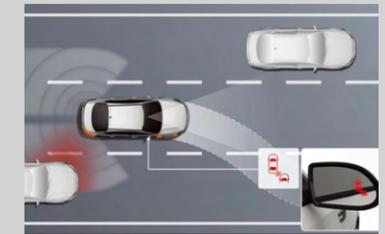
Kia Motors is expanding the application scope of ADAS features for greater safety of its products. Here are the new technologies available as of 2017.



FCW (Forward Collision Warning)
A driving safety system that warns of a detected risk of forward collision



LDW (Lane Departure Warning)
A warning is issued when the vehicle strays from a lane without engaging the turn signal



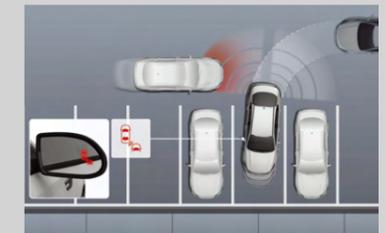
BCW (Blind-Spot Collision Warning)
A driving safety system that alerts the driver to a potential risk of blind-spot collision during lane changes



SCC (Smart Cruise Control)
A driving convenience system that eases driving stress by maintaining a preset speed and keeping a safe distance from cars in front



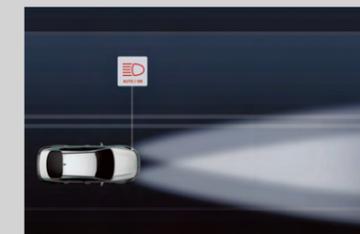
SVM (Surround View Monitor)
A parking assist system that combines four wide-angle images from cameras at the front, rear and sides of the vehicle to give the driver a complete surround view of the space around the vehicle while parking, departing or moving at low speed



RCCW (Rear Cross-traffic Collision Warning)
A parking assist system that warns of potential risk of collisions from either side when departing from a parking space in reverse



PA (Parking Assist)
A system that enhances parking convenience by steering, throttling and shifting gears by itself



HBA (High Beam Assist)
A driving safety system that automatically switches between high and low headlamp beams at night by recognizing oncoming vehicles to enhance driver visibility when driving at night



LBA (Low Beam Assist)
A driving safety system that automatically adjusts the headlamps to the left or the right together with a steering wheel as a way of improving visibility and reducing blind spots while driving at night

MOBILITY-ACE:

CONNECTED

Today, cars are integrating computers and artificial intelligence into their systems faster than expected. They can recognize your voice and process orders you make on the touchscreen. In addition, their functions are rapidly expanding from simple basics like map searches and phone connection to more advanced features like music play, weather forecasts, scheduling, and control of vehicle features like air conditioning and sunroof. Soon, connected cars will boast even more advanced features such as controlling electric appliances at home, checking the health of drivers and communicating with doctors via a video call. If autonomous driving technology is for the freedom of mobility, connected cars will enrich our lives. An in-house development of key technologies for connected car will strengthen Kia's possibilities for collaboration with leading global ICT players and investments in prospect start-ups. After rolling out its first connected car by 2020, Kia Motors will expand application of relevant technologies until all of its cars are equipped with connected services by 2030.

ccOS
(Connected Car Operating System)
An advanced software platform designed to establish a stable automobile connectivity environment and swiftly process a massive amount of data generated on the go

ccSP
(Connected Car Service Platform)
A service platform optimized for Kia's connected cars by connecting with the car-to-car cloud to process numerous connected services

Boundless Technology of Connectivity

The connected cars currently under development at Kia Motors take advantage of artificial intelligence and voice recognition technologies to control cars and provide information while also helping drivers stay connected to everything such as smartphones, home appliances and medical services. Simply put, it can comprehend human language, not computer language, communicated in multiple sentences like "Tell me tomorrow's weather forecast and turn on the light at home for me," while processing multiple orders one after another.

To accomplish this daunting task, Kia Motors formed a task force and broke down boundaries of collaboration between different parts of the organizations. The first move was to build a voice recognition research lab within its R&D center in Namyang in 2014, followed by teaming up with experts in the field of connected technology development. Since then, the company has successfully developed a stable connectivity environment and an in-house ccOS that can swiftly process a vast amount of data. Currently in the works is a connected car service platform (ccSP) that will provide users with various services in collaboration with ICT companies from Korea, the U.S. and China.

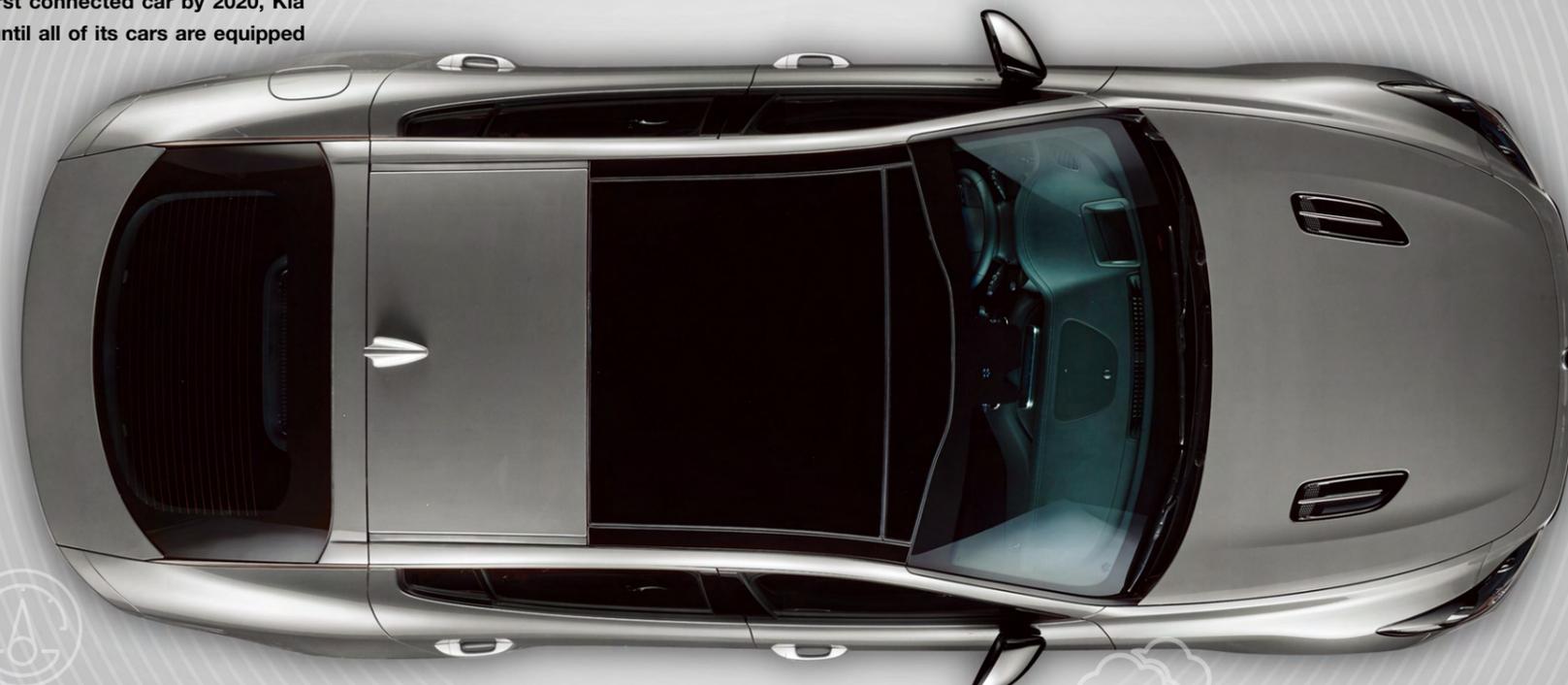
SMART CARE
A personal assistance system that informs the driver of upcoming appointments, while also offering directions to destinations

As part of its open innovation initiative as an incubator of innovative ideas, Kia Motors is fostering in-house start-ups and hosts the Hackathon Competition for university students and start-ups that accepts various entries in fields of artificial intelligence and connected car technology development. Nevertheless, as connected cars deal with personal data and connect users to objects, they are vulnerable to security issues. As such, Kia Motors cooperates with leading security companies to develop an integrated network security architecture and technology that can protect connected cars from hacking or cyberattacks via the network.

A Connected Future
Deep learning technology which based on big data is expediting the advancement of artificial intelligence and is also an integral part of developing connected cars. Kia Motors established its own big data center in Korea in 2013 and created a team of data scientists to fortify its big data utilization know-how. Kia's big data center assetizes and analyzes the data collected through the cloud to realize optimized connected car services, while providing market forecasts and setting the future direction for research activities.

ASSISTANT CHAT
An artificial intelligence-powered assistant service that supports voice recognition and provides real-time information on demand

CAR-TO-HOME SERVICE
A function that enables voice control of various electronic devices and appliances at home



Furthermore, the company established its first overseas big data center in China in September 2017 that will set the stage for introducing its connected car service in the world's most populous market. More plans are in place to set up new big data centers in other strategic markets around the world, while Kia Motors has also invested in the American Center for Mobility—an industry-academia cooperation entity authorized by the U.S. government—that will perform research into future mobility when completed by the end of 2019.

In 2020, Kia's first connected car will roll off the production line. Featuring diverse connected car services, this next-generation vehicle will perform all the above-mentioned functions at a processing speed of one gigabyte per second, showing everyone how near the future has come. These connected car technologies will be applied to the full range of Kia models in phases by 2030. **M**

MOBILITY-ACE:

ECO-ELECTRIC

HEV
Hybrid Electric Vehicles

19.5 km/l
Niro HEV's fuel efficiency

The word “hybrid” is no longer a next-generation term, but rather a viable present day option, even if it falls short of the requirements to be considered a true green car as it still relies on the traditional internal combustion engine. The strength of a hybrid vehicle lies in its higher fuel efficiency than conventional vehicles as a result of its battery-powered motor, which uses the energy generated from braking to charge the motor battery that kicks in during low-speed driving. Having first introduced HEV variants of its larger-sized products like the Optima (K5) in 2011 and Cadenza (K7) in 2013, Kia Motors added the Niro HEV in 2016 and plans to introduce HEVs to all product segments in the future.

The Niro HEV, which received acclaim for integrating a hybrid powertrain with an SUV body, has established itself in the global market with its fuel efficiency of 19.5 km/ l and carbon emissions of 79 g/ km. In particular, the Niro HEV's battery not only is smartly located under the rear seat without compromising passenger or boot space but also has earned market credibility thanks to its lifetime-warranty. In 2017, the Niro was the top-selling hybrid vehicle in Korea market and second best-selling HEV in the U.S. green car market. It was also the first Korean vehicle to top the residual value list in the alternative fuel segment by Automotive Lease Guide of the U.S.

Eco-friendly vehicles (or green cars) will play a pivotal role in future mobility, and the shift from petroleum- to electricity-powered vehicles has already become the norm. In fact, the green car market is doubling in size each year, while the overall automobile market is only growing at a mere two percent annually. At the same time, environmental stewardship is taking center stage across the board, and Kia Motors already has achieved its goal of ranking in second place (based on combined market share with Hyundai Motor Company) in the global green car market in 2017—three years ahead the scheduled goal of 2020. In 2018, the company's goal is to remain steady in second place, while it has set a new target of expanding its green car line-up to a total of 16 models—five HEVs, five PHEVs, five EVs and one FCEV—by 2025. To start, the company is preparing an EV version of the Niro, for which HEV and PHEV variants were introduced in 2016 and 2017, respectively. As you can see, the auto industry is moving forward at full speed and green cars represent the future of mobility.

PHEV
Plug-in Hybrid Electric Vehicles

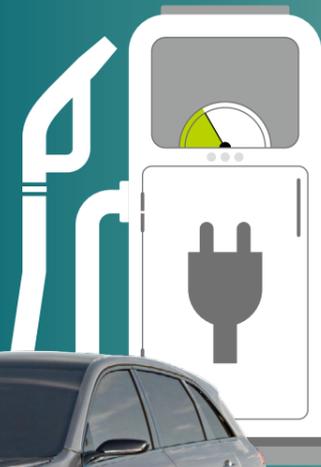
26 g/km
Niro PHEV's CO₂ emissions

Designed exclusively from the beginning to house only eco-friendly powertrains, the Niro is phasing in hybrid, plug-in hybrid and full electric versions. After the launch of the hybrid variant in 2016, the Niro plug-in hybrid model was introduced to the market in 2017. The Niro PHEV marks the company's second plug-in hybrid offering following the Optima (K5) PHEV. Its all-electric range in EV mode is 40 km with carbon emissions as low as 26 g/km. Niro PHEV's engine efficiency stands at 18.6 km/ l , while in EV mode efficiency is improves to 5.1 km/kWh, enabling the vehicle to travel as far as 840 km on a full tank of fuel and fully charged battery. These features make PHEVs the best solution for covering the short-

comings of both hybrid and electric cars because they can save energy and help the environment by running in EV mode for short distances in the city and in hybrid mode for long-distance driving, which relieves some of the worry about lack of a comprehensive electric charging infrastructure in most countries.

EV

Electric Vehicles



380 km

Niro EV's estimated maximum cruising range



An electric vehicle is classified as a green car as it does not have a combustion engine and thus does not generate carbon emissions. EVs boast high energy efficiency of more than double that of vehicles powered by traditional combustion engines.

Kia Motors launched its first electric vehicle, the Ray EV, in 2011 and added the Soul EV in 2014. Since then, each model has undergone upgrades each year. In 2018, next-generation models will be launched with significantly improved range thanks to segmentation of the in-house developed battery system module that will bring capacity down to below the 5 kWh level in order to maximize space utility while providing even weight distribution and increasing the ver-

satility of battery load capacity.

In addition, the Niro EV will be marketed by the end of 2018 with an extended range of 380 km—more than double the Soul EV's range of 180 km. Kia Motors will also increase consumer options by categorizing driving ranges into short-range driving and long-range driving, while enhancing marketability thanks to faster full-charge durations. Currently, a high voltage system is under development while the company is also participating in the development of international standards for high-voltage fast chargers to help boost the proliferation of electric vehicles.

FCEV

Fuel Cell Electric Vehicles



690 km

Mohave FCEV's maximum cruising range



A fuel cell electric vehicle is a type of electric vehicle that relies on a fuel cell to generate electricity by combining oxygen from the air and compressed hydrogen that powers its on-board electric motor. As a result, it is truly eco-friendly as water is the only emissions. Despite their fast charging times, the lack of adequate hydrogen charging infrastructure has hindered FCEVs from succeeding in the market. While the market is growing steadily, FCEVs are still classified as a future type of eco-friendly vehicle.

Kia Motors has been developing fuel cell technology since 1998. Following 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 690 km on a single charge with a maximum speed of 160 km/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 800 km. **M**

New Standards of Efficiency

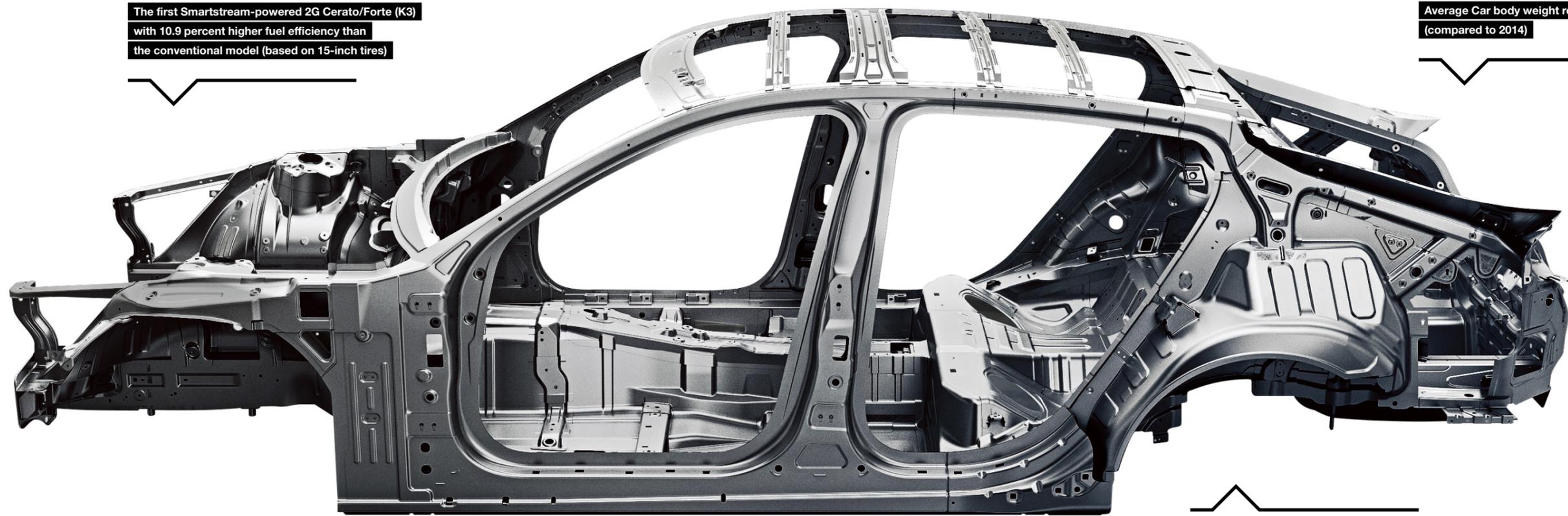
The auto industry now finds itself at a crossroads. In 2020, two years from when this report was printed, the Paris Agreement will be adopted by 195 countries, mandating signatory nations to strengthen fuel efficiency regulations by up to 40 percent from their traditional standards. Nevertheless, it takes time to discard a century-old power source; it is projected that 90 percent of annual sales of cars will still be mounted with internal combustion engines (including hybrid vehicles) by 2025. That's why Kia Motors is still devoting resources to improving its powertrains, reducing vehicle weight and improving aerodynamic designs to lessen air resistance. Most of these efficiency technologies can also be applied to green cars. Kia Motors has laid out a roadmap for lightweight and aerodynamic design of automobiles and is making great progress. New models marketed in 2018 will be mounted with new powertrains, while the company will continue its efforts to address any loopholes during the vehicle design and engineering phases to achieve optimal efficiency.

15.2 km/ℓ

The first Smartstream-powered 2G Cerato/Forte (K3) with 10.9 percent higher fuel efficiency than the conventional model (based on 15-inch tires)

-5%

Average Car body weight reduction goal by 2020 (compared to 2014)



10%+

Expected fuel efficiency improvement by applying the Smartstream powertrain

0.29 Cd

The aerodynamically-designed Niro's air resistance coefficient

Powertrain: Smartstream

Launched in February 2018, the second-generation Cerato/Forte (K3) sedan is the first to employ the company's new generation powertrain called Smartstream. Designed to enhance fuel efficiency and practical functionality with reduced emissions, Smartstream features optimized powertrain structure design, applying compact and lightweight components with enhanced combustion technology for higher competitiveness in terms of both fuel efficiency and driving performance.

Mounted on the new Cerato/Forte (K3), the Smartstream G1.6 engine features a dual-port fuel injection (DPFI) system that reduces gas emissions and enhances efficiency through optimal fuel spray and an integrated thermal management system (ITMS) that maximizes engine efficiency. While improving combustion efficiency by optimizing the speed and stability of fuel combustion, the Smartstream G1.6 engine decreases engine friction and enhances fuel efficiency by maximizing exhaust gas recirculation (EGR).

Even when equipped with the same engine, a vehicle's driving performance varies based on the type of transmission. The more

gears a transmission has, the less the loss of engine power, which consequently raises fuel efficiency while improving acceleration performance. The Smartstream 8-speed dual clutch transmission (DCT) boasts control responsiveness and precision compatible with high-output engines, ensuring greater transmission efficiency, which results in quick responsiveness to gear changes and lower fuel consumption.

Stepless transmissions, currently under development at Kia Motors alongside multi-speed transmission and DCTs, are automatic transmissions that can freely adjust their gear ratio according to engine speed rather than being limited by a fixed number of gear ratios. This pulley-embedded transmission has a simple structure, enabling a compact size with seamless transitions through a continuous range of effective gear ratios. It also controls the engine's optimal operation point which results in enhanced fuel efficiency. Embedded on the new Cerato/Forte (K3), the Smartstream IVT (intelligent variable transmission) stepless transmission was the first in its class to employ metal belts that improve durability. Designed to maximize the pleasure of driving with higher responsiveness to gear changes

and acceleration, it also facsimiles the automatic transmissions' gear change patterns and features a manual mode, allowing for a quick and precise transmission feel.

Featuring both the Smartstream G1.6 engine and IVT, the new Cerato/Forte (K3) boasts a 10.9 percent improvement in fuel efficiency over its predecessor from 13.7 km/l to 15.2 km/l. Starting with this model, the Smartstream powertrain will make its way into the entire line-up of new Kia models, thereby enhancing fuel efficiency while not compromising on the same joyful driving experience for which Kia has become known.

Lightweight

A lighter car results in higher fuel efficiency, and steel sheets account for the majority of a vehicle's weight. As such, Kia Motors is phasing in safer and stronger advanced high-strength steel (AHSS) sheets to replace conventional steel sheets, while applying the hot stamping method to enhance flexibility and strength. Today, Kia's compact and mid-size line-ups employ an average of more than 40 percent and 50 percent of AHSS, respectively. The plan is to raise this utili-

zation rate to 62 percent by the end of 2018. Moreover, promising materials such as carbon fiber reinforced plastics (CFRP), which are known to be 30 percent more lightweight than aluminum, as well as aluminum, which is 30 percent more lightweight than steel, are used in an increasing number of Kia's new models despite the fact that they are three to 20 times more expensive than steel.

Aerodynamic Design

Air resistance is the frictional force air exerts against a moving object and is a very important factor in automobile design and engineering because it chips away at the fuel efficiency of vehicles. Design skills can minimize air resistance, and Kia Motors' aerodynamic designs adopt lower overall height while minutely fine-tuning the exterior styling to minimize everything that hinders air flow, from the car body lines to the side mirrors and headlamps.

By measuring the air resistance level on a scale between zero to one, an air resistance coefficient converging toward zero means lower drag. Kia's Niro has achieved an impressive drag coefficient of 0.29 Cd. **M**



To the Heart of Automobiles

In today's modern society, automobiles represent much more than just mobility. Deeply rooted in our daily lives, they are so frequently used that a functional failure can lead to significant consequences. Therefore, the issue of quality is closely pegged with brand preference and reliability.

That's why Kia Motors takes a multi-track approach to its quality control efforts. All new products go through dozens of scrutinizing tests to eliminate risks at the source. The vast data accumulated in the course of testing serves to identify fundamental solutions as preemptive measures. Moreover, a task force team of skilled experts swiftly responds through any quality issues through a constant monitoring system. As quality is a prerequisite for all motor vehicles, regardless of what the future of automobile may look like, Kia Motors is committed to going beyond just receiving high scores in objective evaluations, but achieving unsurpassed customer delight by making sure all of our products deliver a higher level of safety and convenience.

1st

Top ranking among all mainstream and premium brands
in the 2017 J.D. Power Initial Quality Study for a second consecutive year





10 models

Number of top ratings earned by Kia in 2017 crash tests at home and abroad

A System for Quality Confidence

Kia Motors focuses both on securing the fundamental competitiveness of cars and strengthening its responsiveness to future value, and at the same time is working on reinforcing its quality management system. The fundamental competitiveness of cars means safe cars that don't break down, while future value refers to the evolution of technology and energy sources that will spur on an emotional transformation on the part of customers.

To this end, Kia Motors is shifting to a more market- and customer-centered quality management system.

This effort dates back to 2012, when the first Global Quality Innovation Center opened in North America. Today, the number of centers has grown to five—with additions in each of the four strategic markets of Europe, China, India and the Middle East. At these centers, experts from Kia Motors and partner companies are on standby to timely address any quality issues arising from different market conditions and weather environments. The voices of customers (VOCs) collected from across the globe are categorized according to symptoms and causes for company-wide shar-

ing. The accumulated database is used to reflect pre-verification data under various product usage conditions during the development of new models. The global customer safety/quality warning system now features multilingual services, increasing accessibility for customers from any region. The system supports fundamental improvements as it verifies the effectiveness of solutions through automatic selection of improved parts and monitors reoccurring issues around the clock. It is also linked to a 24-hour one-stop safety/quality system, allowing for swift and flexible processes from receiving complaints and establishing countermeasures to solving all issues.

Furthermore, the company has established a Quality Control Library that houses a knowledge database on quality-related technology, information and improvements tips. It also runs a global quality training course (GQTC) in order to cultivate a skilled, professional quality control workforce. Featuring systematic training courses on quality control technologies, awareness and new methods, the GQTC trains future quality control experts who can think from the perspective of the market and customers.

Strong and Convenient Vehicles

In the event of a collision, protecting the occupants is the top priority of any car. To do that, the occupied spaces should remain intact with occupant restraint devices like airbags and seatbelts protecting passengers, while the remaining parts of the vehicle should crumple to absorb the collision shock.

Kia Motors' goal when designing car bodies is to effectively protect passengers with technologies such as ADAS to prevent and minimize the consequences of accidents. Committed to the universal application of advanced safety functions, all of Kia's new models are verified by safety tests in each country in which its products are sold.

At the same time, the company does not overlook the importance of providing a comfortable ride and overall driving pleasure. That's why Kia Motors directs its efforts toward enhancing vehicle dependability and driving performance while reducing noise and vibration. Its vehicle dependability tests include not only various actual road conditions but also as many extreme environments as possible. Its technological endeavors are also aimed at realizing

optimal noise, vibration, and harshness (NVH) and achieving a smooth ride and nimble handling.

Kia Motors' commitment to the highest level of quality control has been proven by various external accolades. In 2017, Kia Motors became the first Korean automaker to rank in first place among all brands in the U.S.—including both mainstream and premium brands—for the second consecutive year according to J.D. Power's Initial Quality Study (IQS) by a total of five models topped their respective segments, including the Soul, Cerato/Forte (K3), Cadenza (K7), Niro and Sorento.

Notably, the Soul has remained at top of the rankings in its segment for the third straight year. In the China IQS, the company came in second place among mainstream brands and was awarded the best quality prize for Optima (K5).

In February 2018, Kia Motors claimed second place among mainstream brands (fifth among all brands) in the U.S. and the Rio (Pride) topped its segment according to the J.D. Power Vehicle Dependability Study (VDS)—the best VDS performance the company has garnered to date. **M**

Kia Motors' Top Ratings in 2017 Safety Test Results

Korea (KNCAP)

Stinger

Euro (NCAP)

Stinger (Standard), Stonic/Rio (Safety Pack)

China (CNCAP)

KX5

USA (IIHS)

Cadenza (K7), Optima (K5), Forte/Cerato (K3), 2018 Sorento/Soul/Sportage

Customer service is an integral part of the entire car ownership experience. As a result, it is one determining factor of brand preference. Kia Motors, at each and every stage of its business activities, from planning new products and services to selling products and applying its customer policies, striving to provide a greater customer experience. The grand opening in 2017 of BEAT 360, Kia's brand experience center with the exterior and interior designs visualizing the company's brand identity, was a part of this effort. The center provides visitors with a venue for appreciating artworks by rising artists and diverse cultural events as well as a lounge area in which to relax and talk. Visitors can test Kia's models either in person or mediated reality. They can also consult professional advisors about their new car purchase plans or watch a video about the company's future vision. Under the shared goal of heightening customer enjoyment, a variety of Kia Motors' domestic and overseas services delighted customers in 2017.

Marching to Our Own Beat



1st

The first automaker to acquire Consumer Centered Management (CCM) certification in 2012, Kia Motors received it for the third time in 2016 through biennale recertification.

Domestic Customer Services

Kia Motors' domestic service division is implementing detailed action plans in line with the mid- to long-term strategies that aim to reinforce its customer-centered services. The goal was set in 2017 to bolster service leadership in preparation for the uncertain forthcoming changes in the auto industry. To that effect, the company engaged in diverse initiatives to heighten the competitiveness of its service centers, digital services, membership services and maintenance technologies. Based on accomplishments in 2017, action plans are in place for 2018 to reinforce basic service capabilities, further expand customer experience services, and fortify its high-tech service techniques at a newly built maintenance training center.

Agile and Handy Customer Services

Kia Motors' customers can book maintenance service via phone or the Internet. If they are too busy to drop off their vehicles at the service stations, all they need to do is just specify the location for pick-up and Kia's maintenance service network takes care of the rest. In the event of an emergency, all Kia customers are provided with roadside assistance service that connects them to the nearest authorized service station. As soon as customers register their concerns with the service advisor, a one-stop service from picking up the customer's vehicle to diagnosis, repair and delivery to the customer's doorstep is provided.

Kia Motors' services are easily accessed via the company's mobile applications such as RED SEMS (RED Service Experience Management Solution) and Q Friends. The Smart Customer Reception System shows the nearest repair shop locations (18 regional service centers directly managed by the company and around 800 AutoQ repair shops), customer concerns, invoices, repair progress reports, and details of repair services on a real time basis. Specifically, the Q Friends app supports vehicle management functions such as upcoming regular maintenance schedule, maintenance history and warranty checks.

Kia Motors' maintenance warranty system guarantees free-of-charge services for all mechanical failure or defective maintenance occurring within a given period from visiting any of its regional service centers. When excessive maintenance service is brought into question, a board of experts looks into the case and, based on the results, the company will compensate up to 300 percent of the overcharged bill through the excessive maintenance compensation program.

In 2018, the company plans to launch an integrated management system for customer service reservations to reduce call waiting times and other hassles during the service reservation process.

Interactive Customer Services

In 2017, Kia Motors hosted a conference for all its domestic maintenance service employees and representatives from the nationwide AutoQ service shops to exchange opinions and share service strategies and future directions. Furthermore, a total of 103 vehicles for official use at charities nationwide benefited from the company's pro bono repair service.

In addition to the membership service that offers extensive benefits ranging from the purchase of Kia's automobiles to maintenance and lease support, the company is also increasing the number of customer events. It invited car fan clubs to its forums, test drives, eco-driving contests and new model promotional parties in a bid to directly listen to the voices of customers. More events are planned for 2018.



Kia Promise to Care

Kia Motors' global service identity and four key words set in 2017

Furthermore, the company cooperates with distributors to offer Kia Family Service, where dealers visit customers in person with offers of various services such as invitations to customer events, free car inspection, and emergency rescue service in areas damaged by natural disasters. In 2017 alone, this program benefited a total of 1.43 million vehicle owners.

Meanwhile, Kia Motors' innovative Sales by Service program addresses the fact that customers do not have not much while they are waiting for their cars being serviced by encouraging them to test drive Kia's new models. The program has been a great success, contributing to both higher customer satisfaction and sales.

Communication & Cooperation

Kia Motors runs seminars in each of its strategic regions to share opinions on improving customer satisfaction with its services and imparting best practices. It also invites the heads of aftersales department from key markets annually to its head office in Korea to take part in a global service conference where the company briefs participants on performance results and future business plans.

Since 2002, the company has hosted a global competition for its worldwide service staff to show off and challenge their competencies and knowledge. Hundreds of service advisors from 47 countries around the world attended the 2017 competition. **M**



Global Customer Service

With the goal of offering truly customer-centric services, Kia Motors is striving to provide easy-to-use and handy customer services for any customer around the world. In 2017, the company established its global service identity as "Kia Promise to Care," which is driven by the following key words: digitalization, individualization, connectivity and eco-friendliness.

As a result, the customer satisfaction level of Kia Motors' service continues rising in markets around the world. In particular, the company ranked sixth among 19 brands according to J.D. Power's 2017 U.S. Customer Service Index.

Standardization & Differentiation

Kia Motors is constantly enhancing its service quality through the Family-like Care+ (FLC+) program, the company's global field execution program for providing customer service that is premised on treating all customers like family members. FLC+ is available in all of Kia's global markets and consists of programs such as improving customer lounge environments and offering free car wash service.

Taking Care of Our Own



USA



Mexico



Survey results show that the demographic cliff has become a reality in Korea, as the working age population began plummeting in 2017. At the same time, one of the biggest social issues that has plagued society for years is the ongoing unemployment crisis. One thing all of these social issues have in common is people, because planning and implementing business activities are anchored in people. Recruiting and fostering competent people plays a key role contributing to society as well as the sustainable growth of businesses. As such, Kia Motors has been redefining its corporate culture and improving its working environment to remain as an attractive workplace. Specifically, the company has developed an IT-based smart work infrastructure, runs campaigns to promote communication and cooperation across the organization, and has expanded its childcare support programs. The goal is simple: a great workplace where employees can work happily in a corporate culture of high tolerance with great satisfaction and feel a sense of accomplishment both in their work and private lives. This is because we know satisfied and passionate employees drive the growth of a company, which in turn forms the basis for more job opportunities and incentives.



Europe



100%

Return-to-Work Rate after Parental Leave

Kia's childcare support scheme includes maternity leave, parental leave and a flexible work-hour system.

Fair Opportunities and Diversity at Work

Kia Motors offers equal working conditions and fair opportunities to its entire workforce around the world. Recruits follow transparent procedures without discrimination against gender, nationality, race, religion or social background. The company also has in place a paper review process that places priority on applicants' competencies and passion.

Kia Motors promotes active communication and collaboration among its employees from different backgrounds of culture, age and gender because it knows these procedures give rise to creative ideas and innovative approaches, which collectively form a vast knowledge network—a critical asset of the company. That's why the company weaves diversity into its recruitment guidelines while increasing the venues for organizational-wide exchanges and instilling solidarity and unity as one global Kia family. As part of these efforts, the Work Exchange Program helps non-Korean employees understand Kia Motors' corporate philosophy and culture, while the Regional Specialist Program offers Korean employees opportunities to broaden their experiences and market research by working overseas in regions with strategic importance to Kia.

More broadly, Kia Motors appreciates the infinite potential of female

workers as future leaders. In fact, the company is raising the ratio of female management executives by developing a friendlier working environment with equal opportunities for all. In consideration of working mothers' painful situations with childcare issues that often lead to involuntary career disruption, the company is expanding its maternity support programs. For instance, there's a system now in place that encourages pregnant employees to work fewer hours than usual according to their condition. Employees can also take maternity leave before and after childbirth, and those with preschoolers are guaranteed parental leave and flexible work-hour programs with no strings attached. In particular, the company systematically encourages male employees to take parental leave without worries of any disadvantages to their future career as part of its effort to promote gender equality at work.



Be Young at Heart

Kia Spirit

The Kia Spirit has been molding the identity and direction of the company's corporate culture since 2016.

Work-Life Balance

Kia Motors' Smart Work Campaign began in 2012 to establish a more sensible and productive working environment that leads to higher efficiency and creativity with reduced losses. Since then, the company has been digitalizing the work environment and raising employee awareness to revamp its older systems. The Document Assetization System saves all computerized documents on a server, encouraging knowledge sharing and collaboration. At the same time, the Smart Report System enables digital reporting and approval. The work process is streamlined as well, cutting down on the volume of face-to-face reporting by encouraging e-mail reporting. A high-resolution video conference system called Telepresence is also closing the physical distance among offices in Kia's worldwide network. There are also comprehensive campaigns in place to eliminate inefficient work processes, and a Smart Day campaign that mandates employees to leave the office on time every Wednesday to rid the country of its custom of overtime work. In 2018, the company plans to open a new portal system that will support group-wide

work processes, setting the stage for a future-oriented working environment. Kia Motors has also been striving to build a healthy and flexible corporate culture for many years because culture defines the way an employee thinks and behaves. Developed in 2016, the Kia Spirit of "Be Young at Heart" encapsulates the company's commitment to building a flexible corporate culture by setting the behavioral guidelines for all Kia employees. The Kia Spirit provides ten behavioral guidelines for individuals to lead a self-confident, adventurous and socially-connected life, as well as working and playing hard.

Since in 2017, a company-wide campaign has been in place 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. Top management's all-out support has allowed for the integration of the Kia Spirit into the entire business system, including human resources policies, training and working conditions. At overseas subsidiaries, it is applied flexibly in consideration of the different cultural traits of local entities while keeping in line with headquarters' basic approach.

As part of its work-life balance policy, Kia Motors has been engaging in family-friendly management practices. In addition to systematic support for employees who wish to focus on personal life and spend more time with their families, the company encourages using vacation days. Since its certification as a family-friendly company by the Ministry of Gender Equality and Family in 2014, the company newly received an exemplary corporation certification in 2017.

Training and Stability

Kia Motors cares about employees' self-development and job skill training so that they develop expertise in their respective job functions. In addition to the segmented training curricula according to different job positions and functions, the company has in place a mentoring program where senior employees mentor their junior employees so that they quickly adapt to the corporate culture. In 2017, the company announced a new human resources development direction—"HRD transformation for promoting company-wide innovation"—and a variety of HRD programs are being offered to assist employees' self-development.



China

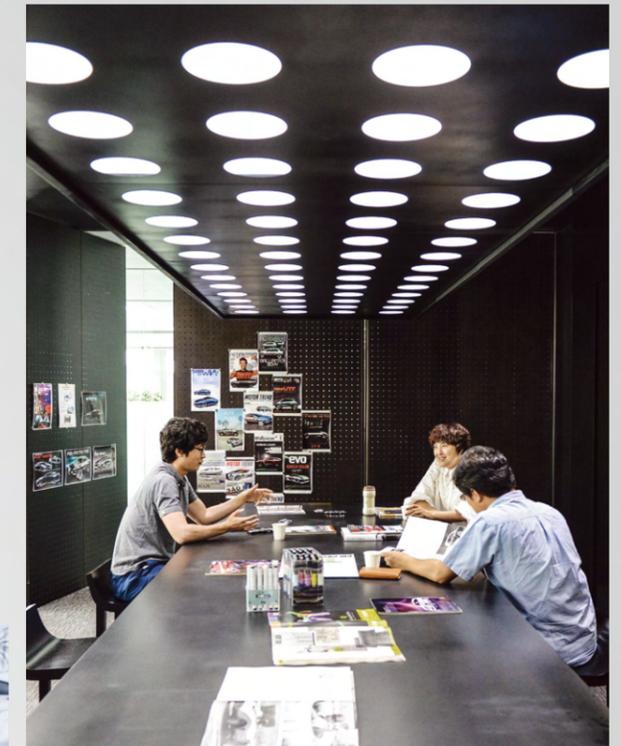


Korea



In addition to different training programs according to job function and position to develop expertise in their respective job duties, the company provides future leaders with leadership capability development courses. In addition to the Learning at Work program that has integrated self-learning into workplaces, the company also offers a comprehensive consulting service to assist individual employees' self-development planning.

Since opening in 2012, Kia Motors' psychological counseling centers, Maeum Sanchaek (literally, "Heartfelt Stroll"), have been supporting the mental health of plant employees from both Kia and its partner companies as well as their families. The center offers counseling services and training programs, running in conjunction with local counseling centers when needed. Staff working at sales offices and service centers can benefit from the company's extended



network of local counseling centers. From August 2012 through December 2017, a total of 3,659 employees benefited from the program, spanning 26,816 hours in total, as well as 1,859 families of Kia employees and many employees of partner companies. To date, 84.4 percent of applicants have completed the prescribed sessions with a satisfaction level of 4.5 points on a scale of five. Survey results show that quality of life and job satisfaction, along with work efficiency, significantly improved with lower job stress and improved absence rate among the beneficiaries. In 2017, a company-wide assessment of employees' mental health identified 1,249 employees highly vulnerable to stress and referred them to a three-step intensive care program conducted by professional counselors. Kia Motors will keep pursuing ways to help its employees lessen work stress and lead happy lives with their families in the future. **M**

In the more-than-century-old history of the automobile industry, cooperation has never been more critical than today. Cars are getting more complicated, progressing beyond just machinery and transforming into electronic devices equipped with numerous cutting-edge technologies. In short, more cross-industry collaboration is required. Based on the clear understanding of the value and significance of collaboration, Kia Motors is constantly supporting its supply chain to develop sound and co-prosperous partnerships. This includes financial and technological assistance, collaborative recruitment and training, and joint advancement into overseas markets. Through all these endeavors, we will strengthen our long-running mutually trusted partnerships for the future.

Long-running Partnerships



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

Data collection: Primary parts suppliers (excluding subsidiaries and non-parts specialists with less than 10 percent dependence on Hyundai & Kia), number of partners entering overseas markets alongside Kia includes secondary/tertiary partners (sales/financial indexes to be completed after May 2018, figures from 2016 used, other indexes based on 2017)

Three Mutual Growth Strategies & Systems

Committed to shared growth with its partner companies, Kia Motors has set three operating strategies and organized task forces to ensure practical execution of the strategies—reinforcing partner companies' global competitiveness, laying the foundation for sustainable growth, and setting up the framework for mutual growth. Diverse programs anchoring these three strategies are in place to expand the scope of beneficiaries to include secondary and eventually tertiary partners. The task force consists of the Supplier Cooperation Team and Technology Development Management Team within the company and the external Foundation of Korea Automotive Parts Industry Promotion (KAP). The Supplier Cooperation Team plans and executes company-wide mutual growth programs and the Technology Development Management Team takes charge of technical assistance to partner companies. KAP was co-founded in 2002 by Hyundai Motor affiliates and 165 partner companies to promote the advancement of the automotive parts industry. Each year, the Hyundai Motor Group contributes KRW 5 billion annually in operating funds.

Reinforcing Partners' Global Competitiveness

With clear objectives to improve quality, technology and productivity, Kia Motors provides practical support to its partners in reinforcing their global competitiveness through a dedicated team consisting of experts with on-the-job experience in R&D, procurement, quality control, and production under the KAP umbrella.

Laying the Foundation for Sustainable Growth

Stable cash flow is critical to sound business management. Financially distressed SMEs are often deprived of present resources to invest in their future to sustain growth. Knowing this, Kia Motors operates a number of financial aid programs for its SME partners, supporting their entry into overseas markets where Kia has plants. Its comprehensive global expansion support program encompasses everything from plant construction and shared export logistics to systematic support of country of origin certification. As a result, the number of secondary partners present in overseas markets continued growing each year, numbering 700 as of 2017. The company also continues to discover local partners in overseas markets where its plants are located. It has constantly increased transactions with overseas local small-sized partners that show growth potential. As a result, Kia Motors (along with Hyundai Motor Company) successfully localized 85 percent of its overseas plants' supply chain. In addressing the chronic supply and demand disparity in Korea's SME labor market, Kia Motors has held an annual Partner Job Fair since 2012. In 2017, 230 partner companies from its entire supply chain (primary, secondary and tertiary partners including service shops) participated in the fair. As a result, Kia's primary partner companies hired 11,300 new employees throughout the year.

Setting up a Framework for Mutual Growth

Kia Motors is building on its framework for mutual growth with the aim of establishing fair and transparent transactions as well as mutually beneficial growth practices within its corporate culture. While instilling business ethics and legal compliance in its workforce through a systematic approach, the company conducts procurement online through a system called VAATZ, where all procedures are publicized. As the standard procurement system for its entire value chain at home and abroad, VAATZ evaluates auto part suppliers' bids and scores them on a five-star scale then publicizes the results. Since 2009, Kia Motors has been entering into an Agreement on Mutual Growth with all primary and secondary suppliers every year and offers them support for ethical management and corporate social responsibility management. As of 2017, almost all of Kia Motors' partners at home and abroad have obtained OHSAS 18001 certification upon its advice to ensure workplace safety. In 2017, the company introduced a safety management category to its partner award evaluation to motivate them to further enhance the working environment. While encouraging fair and faithful transactions between primary and secondary partners, Kia Motors is expanding the application of the Four Subcontracting Guidelines to secondary and tertiary partners. Also, primary partners fall under Kia Motors' review for awards at annual meetings of the Partner Companies Council to ensure that they are honoring their settlements with secondary and tertiary partners, as well as their performance in terms of financial and manpower support. In 2017, Kia Motors earned an "Excellent" grade on the Mutual Growth Index for the fourth consecutive year. The index is calculated based on an assessment of fair transaction/mutual growth agreement performance results and SME satisfaction survey results. **M**



A five-star scoring system evaluates qualitative performance results of partner companies in terms of quality control, technology and delivery to select and reward excellent performers with incentives.



Extending a Helping Hand

Endorsed by 193 United Nations member countries in 2015, the 17 Sustainable Development Goals (SDGs) came into force as of 2016. The SDGs aim to fight poverty, inequalities of opportunity and wealth, as well as climate change, in line with the common principle that no one is left behind. Putting the SDGs into action to achieve a healthy and happy life for all calls for each and every one of us to do our respective part. Kia Motors, for its part, lends its business acumen to realizing universal mobility rights and fair opportunities for everyone through its company-wide projects and local community projects where it conducts business. Since 2016, the company has been incorporating the SDGs into its CSR strategy to reinforce the practical effects and scope of its CSR activities, while completing the development of related CSR initiatives by the end of 2017. Starting in 2018, application of the SDGs will be expanded to cover the company-wide business management system over the longer term. As Kia has redefined its CSR mission in 2011, the company aims to contribute to a better society for all. A sense of responsibility is not confined to social issues, but applicable to Kia's entire value chain.



Green Light Project

5 years

Laying the foundation for local communities with educational facilities and mobility services to establish a value chain of securing working capital from profitable businesses before transferring to local communities



Green Light Project



The Green Light Project (GLP) is Kia Motors' signature CSR program that seeks to promote universal rights to secondary education, job training and public health, as well as self-reliance of local communities in underdeveloped countries. Since the first center was built in 2012, GLP Job Training Centers, schools and public health centers have been constructed in eight communities in seven African countries, with the addition of a new region each year. Lending its business acumen as an automaker, Kia Motors is also providing vehicle support through various mobility programs.

The GLP is basically aimed at establishing a sustainable business model over a 5-year sponsorship period before transferring it to local communities for autonomous management. In August 2017, the first Green Light Project celebrated its fifth anniversary in Tanzania and Malawi. The GLP School in Tanzania has been transferred to a local government institution, which turned it into a public school, while the self-supporting Kipato House project site generates profits

from making and selling school uniforms. The profits are reinvested into the operation of the GLP School. The GLP Public Healthcare Center in Malawi was transferred to the local NGO Mpatsa CCAP, which will take advantage of the business know-how and management system imparted by Kia Motors to offer quality public health services at half the price of other local healthcare centers. The working capital is funded by revenues from medical charges and a fertilizer loan business for local farmers.

Following the roadmap that was drawn at the outset, the GLP broadened its horizons beyond the African continent and went global starting in 2017. The first new base was Mexico, where Kia Motors' new plant is now in full operation. Selecting GLP as its signature CSR program in the country, Kia Motors began constructing or renovating libraries of six local elementary schools starting in June 2017, while renovated K-Series trucks serve children in remote areas as mobile libraries. In 2018, more projects will be transferred to local governments throughout the year. Kia Motors will make sure that these projects serve as self-support programs for sustainable development in the respective communities.

Roadmap of SDGs

2016~2017

Introduction

Establishing initiatives for SDGs (focusing on signature projects)

- Establishing GLP/Green Trip initiatives
- Bolstering the GLP/Green Trip cooperation network

2018~2019

Establishment

Leading communication of SDGs (CSR projects)

- Progress report on initiatives (sustainability report)
- Attending global forums
- Renovating the CSR website

2020~

Diffusion

Establishing a management system for SDGs (covering the entire management system)

- Company-wide diffusion of SDGs and performance reviews



Green Trip
34,753 persons

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 has benefitted more than 30,000 people through 2017.



Social Contribution in Local Communities
10 worksites

A total of 10 domestic and overseas worksites redefined their key CSR projects in consideration of local needs and their business acumen in line with the company's strategic direction, and all projects are compatible with the 17 SDGs.



Looking after the Next Generation
13 years

Preventive traffic safety training courses to reduce children-involved traffic accidents since 2005



Green Trip



Green Trip is Kia Motors' signature social outreach program in Korea, in which the company takes the mobility-challenged—those who are most in need of convenient access to mobility but often deprived of it—on various types of trips. Launched in June 2012, the program has provided (as of December 2017) travel opportunities to 34,753 beneficiaries for a total distance of 2.2 million km, which is equivalent to fifty-five round-the-world trips. In 2017 alone, 8,836 people, or approximately 25 percent of cumulative beneficiaries, participated in the program.

The program largely consists of a standard program that sponsors vehicles used for family trips and the Harmony Expedition program, whereby university students oversee the installation of convenience facilities for the disabled in major tourist sites across the country. A total of thirteen Easy Move vehicles featuring special driver seats for disabled drivers and wheelchair loading are

earmarked solely for the program.

In 2017, the company added a new base for the eastern capital region in South Gyeonggi province, while the Green Trip website was revamped to provide easier booking of vehicles and 4,200 travel tips, including tourist sites, lodging and restaurants that have accessibility for the disabled.

In 2018, the company plans on expanding the project scope to include more lodging and experiential events through alliances with external entities in pursuit of the goal of sponsoring trips for 10,000 people annually and accumulating 1,000 more useful tourist tips for the disabled to achieve a cumulative number of 60,000 beneficiaries and 10,000 trips by 2020.

Social Contribution in Local Communities



Kia Motors is well aware that the development of local communities where its operations are located can feed both the present

and future growth of its own business. Kia has promoted a Korea-oriented social outreach committee to serve as a quarterly global social outreach consultative body as of the fourth quarter of 2016 to study and assess the CSR performance results in each local community.

Each business premise has redefined their CSR projects in reflection of local needs and their business acumen in line with the company's strategic directions. In 2017, they aligned their key CSR projects with the 17 SDGs.

Looking after the Next Generation



Achieving universal mobility is the shared value for Kia Motors' social contribution activities, and under the theme, the company offers many volunteer opportunities to the future generation. Red Clover is a program for university students to plan and perform social outreach programs under the motto "Ideas for a Better

World." Major target beneficiaries are transportation-vulnerable individuals such as pregnant women, children and the elderly. In 2017, Kia Motors conducted a transportation-vulnerable bus campaign and the Barrier-Free Film Festival for the visually-impaired. After the campaigns ended, the performance results were shared to raise public recognition.

Founded in 2005, the SLOW Campaign was created under the concept of "Stop, Look and Walk" to enhance children's road safety. As part of the campaign, the company's brand character ENZY gives traffic safety education to preschoolers and elementary school students along with their parents using the ENZY Day and ENZY Kit experiential tools. In 2017, 32,199 participants attended the ENZY DAY program and 21,050 people from 500 institutes received the ENZY KIT education. The accumulated number of beneficiaries amounted to 1,579 educational institutes, accounting for 12 percent of those located in the capital region, during the period between 2015 and 2017. In 2017, the SLOW Campaign expanded overseas to Mexico and Iraq.



Employee Volunteerism
600,000 cards

As part of its pedestrian safety campaigns, Kia Motors distributed reflective cards for tagging kids' backpacks in 2017 and plans to donate 200,000 cards each year from 2018 to 2020 (totaling 600,000 cards).



Employee Volunteer Works



Kia Motors' social contribution activities are deeply rooted in volunteer activities by employees'. Launched in 2005, the Kia Motors Volunteer Corps has been holding the "Company-wide Service Week" in the two weeks before and after the anniversary of its foundation ever since its 10th anniversary in 2015. In 2017, the group ran a Green Light Card campaign, through which it distributed reflective cards for kids' backpacks to reduce the risk of car accidents. The reception was enormous and requests for more cards swarmed in. Therefore, the group plans on distributing 200,000 Green Light Cards each year from 2018 to 2020. Targeted at protecting the lower grade students of elementary schools nationwide, the campaign is proudly contributing to the right to safe mobility of our next generation. In 2017, a total of 5,115 employees from 109 volunteer groups donated 17,609 hours of their precious time to serve 563 sessions of volunteer activities. Moreover, 2,082 family members of Kia employees and 200 of their university student-aged children participated in volunteer programs through the K-Family Volunteer Corps. In addition to regular volunteer service activities, employees participate in various social outreach projects as supporters or self-launched volunteer teams. **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 impacts | 14 Conserve and sustainably use the oceans, seas and marine resources for sustainable development | 15 Protect, restore and promote 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

Business Results

2017 OVERVIEW

01

Sales

KRW 53.5 trillion

Up 1.6 percent from 2016's
KRW 52.7 trillion (K-IFRS)



Quality ranking

1st

First Korean brand topping all brands in the IQS by J.D. Power for a second straight year in 2017



Economic value distributed to stakeholders

KRW 51.8 trillion

Total amount paid to partner companies, employees, local communities, governments, shareholders and creditors increased 4.4% from 2016 (KRW 49.6 trillion)



Brand value

USD 6.7 billion

Up 6% from USD 6.3 billion in 2016 (69th among the 100 Best Global Brands 2017 by Interbrand)



Sales volume

2.72 million vehicles

Down 9.8 percent from 3.02 million units in 2016 (shipment basis)



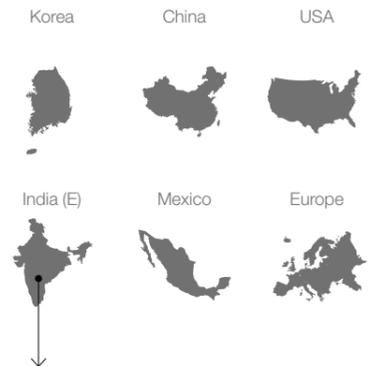
Contribution to overall sales by region

- a. Korea 19%
- b. China 13%
- c. North Americas 24%
- d. Europe 18%
- e. Emerging Markets 26%



Production bases

6 countries



Location: Anantapur, Andhra Pradesh, India
Plant size: 2,160,000 m²
Investment: USD 1.1 billion
Completion: By the end of 2019
Annual production capacity of 300,000 vehicles

Product

2017
OVERVIEW

02

Future mobility vision

Boundless for All

The slogan "Boundless for All" encapsulates the company's commitment to ensuring no one is left behind in reaping the benefits of future mobility.



Powertrain

Smart Stream

Forte/Cerato (K3) to be marketed in 2018 with Smartstream—an in-house developed next-generation powertrain

Niro EV's estimated range

380 km

Niro EV slated for 2018 with more than double the Soul EV model's 180 km range



The 4 future mobility strategies

Mobility-ACE



Mobility service



Autonomous driving



Connected cars



Eco/Electric cars

Niro HEV's market position

1st

Ranked first in Korea's hybrid vehicle market and second in the USA's green car market in 2017



Niro PHEV CO₂ emissions

26 g/km

Travels up to 40 km using only electric motor and up to 840 km per full battery/gasoline charge



Environment

2017
OVERVIEW

03

Hazardous chemicals management system

HCMS

(Hazardous Chemical Management System)

A system for real-time monitoring of the entire process, from regulation updates and countermeasures to legal requirements



Supply chain energy/GHG management system

SCEnMS

(Supply Chain Energy Management System)

Supporting partner companies' responses to GHG regulations and carbon emissions trading schemes

Auto parts procurement platform for mutual supply chain growth

2017

A Group-wide integrated platform for sharing information and data on standard formats to enhance work efficiency and reduce supply chain costs



Per-unit pollutant emissions

-6.0%

Reduction rate compared to 2016 with total emissions dropping 8.8%



Per-vehicle use of hazardous chemical substances

-30.8%

Reduction rate compared to 2016 with total use declining 33.1%



Greenhouse gas emissions

-1.6%

Reduction rate from 2016



Waste recycling rate

92.2%

Waste recycling rate has remained above 90% levels at Kia Motors since 2007



Scrap car recycling

95%

85% of dismantled auto parts are recycled upon being sorted by material type with 10% going to power plants as fuel for electricity production



• Data collected from Kia's three domestic plants: Sohari, Hwaseong and Gwangju.
• Per-unit use (emissions) figures represent the amount used/emitted from producing one vehicle.

Employees

2017
OVERVIEW

04

Total workforce
51,789
persons

Overseas employees totaled 17,139 persons, accounting for 33.1% of the entire workforce



New employment
1,091 persons

Up 206.5%



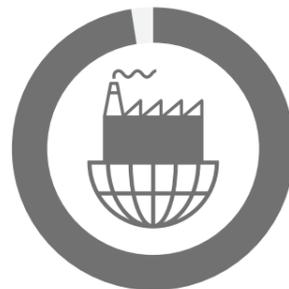
Female manager growth rate
+27.8%

The number of female managers is on the rise from 54 in 2016 to 69 in 2017, with female executives accounting for 2.9% of the management board.



Locally hired employee percentage at overseas operations
97.6%

Locally hired managers totaled 1,684 persons, accounting for 80% of all managers at Kia Motors



Per-employee training hours
49 hours

A total of 118,231 employees trained in 2017



Self-check compliance assessment
4

Designated Compliance Officer runs self-check on the compliance practices in four major areas



Occupational accident reduction rate
-20.4%

Decreased by 52 cases from 255 in 2016 to 203 in 2017 the fifth consecutive year of decline



Total number of counseling service beneficiaries
3,659 persons

Maeum Sanchaek Counseling Center open to all Kia Motors employees and their families, and employees of partner companies



• As of December 31, 2017 • Scope: domestic worksites • Recipients: full-time employees (not including outsourced employees and interns)

Partner Companies

2017
OVERVIEW

05

Mutual growth strategies
3 strategies

Action plans in place under the three strategies—reinforcing partner companies' global competitiveness, laying foundation for sustainable growth, and setting up framework for mutual growth



Training programs for global competitiveness
10,122 persons

Annual number of trainees in 2017 including 4,259 from secondary suppliers



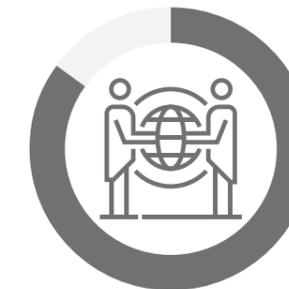
Agreements to set up framework for mutual growth
2009

Every year for nine years, Kia signs agreements with its primary and secondary suppliers to support their ethical management and CSR practices.



Localizing procurements at overseas plants to lay foundation for sustainable growth
85%

By expanding transactions with local suppliers, 85 percent of overseas plants' procurements have been localized.



Collaborative recruitment to lay foundation for sustainable growth
230 companies

Number of partner companies that participated in the 2017 Partner Job Fair



Financial aid to lay foundation for sustainable growth
7 programs

Number of financial aid programs for partner companies to exclusively fund support for secondary/tertiary suppliers



Joint advance into overseas markets to lay foundation for sustainable growth
700 companies

Number of Korean suppliers that accompanied Hyundai/Kia Motors' advance into overseas markets (including secondary suppliers)



Mutual growth index for setting up framework for mutual growth
4 years in a row

Earned "excellent" grade in the Mutual Growth Index for four consecutive years since 2014 in the fair transaction agreement performance review and SME supplier surveys

CSR initiatives in line with SDGs

8 goals

Kia's CSR initiatives falls on eight of 17 SDGs



Green Light Project for self-supporting communities

2 programs

Two of the eight five-year GLP programs transferred to local entities in Tanzania and Malawi in 2017



Employee volunteer hours

58,070 hours

A total of 15,675 employees volunteered 58,070 hours annually in 2017 along with 2,000 K-Family Volunteer Corps members.



Green Light Project locations

8 projects

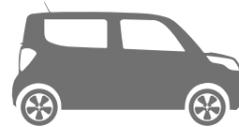
Kia Motors' signature global CSR project to support local communities in underdeveloped countries with education and health care (eight projects in seven countries during 2012-2017)



Green Trip total distance of travel

2,196,953 km

Kia Motors' signature domestic CSR program for the disabled, supporting a total of 2.2 million km of travel for 30,000 persons for during 2012-2017



Green Light Card Campaign

65,459 cards

Number of Green Light Cards distributed in 2017 to protect children from traffic accidents



Fact Book



Contents

Sustainability Management		Economy		Society	
56	Sustainability Management Key Performance Indicators	64	66	80	Employees Customers Partner Companies/ Community
57	Sustainability Management	66	Environment	86	
58	Corporate Governance			88	
60	Stakeholder Engagement			90	KMS
62	Corporate Social Responsibility			94	Independent Assurance Statement
				96	GRI Index
				100	About MOVE
				101	Contact Information

Sustainability Management

Key Performance Indicators

	2015	2016	2017	YoY Change (%)
Operating Results				
No. of vehicles sold (10,000 units)	305	302	272	-9.8
Sales revenue (KRW in trillions)	49.5	52.7	53.5	+1.6
Operating profit (KRW in trillions)	2.4	2.5	0.7	-72.0
Product				
Average CO ₂ emissions (EU)(g/km)	127	123	120	-2.4
R&D and facility investments (KRW in trillions)	5.4	3.4	3.2	-5.9
Environmental Management (Per-vehicle production)				
Raw material input (kg/vehicle)	203.9	197.9	196.6	-0.7
Water use (m ³ /vehicle)	4.7	4.9	5.4	+10.2
Waste (kg/vehicle)	161.6	161.9	164.9	+1.9
CO ₂ emissions (kg CO ₂ -eq/vehicle)	530	564	572	+1.4
Air pollutants (g/vehicle)	555.8	539.9	507.3	-6.0
VOC emissions (kg/vehicle)	4.9	5.4	5.7	+5.6
Water pollutants (g/vehicle)	83.2	85.1	97.1	+14.1
Employees				
Total workforce (persons)	50,348	51,357	51,789	+0.8
New employees (persons)	340	356	1,091	+206.5
Female employees (persons)	966	994	1,014	+2.0
Female managers (persons)	42	54	69	+27.8
Per-employee training hours	33	47	49	+4.3
Occupational accidents (cases)	304	255	203	-20.4
Social Outreach Expenses				
Korea (KRW in billions)	28.5	30.2	36.3	+20.2

Environmental management

• Scope: Domestic plants (Sohari, Hwaseong, and Gwangju)

• Per-unit input/output amount: Based on production volume; the amount of input/output per vehicle production

• As of December 31, 2017

• Scope: Domestic premises

• Target: Full-time employees (excluding outsourced employees and interns)

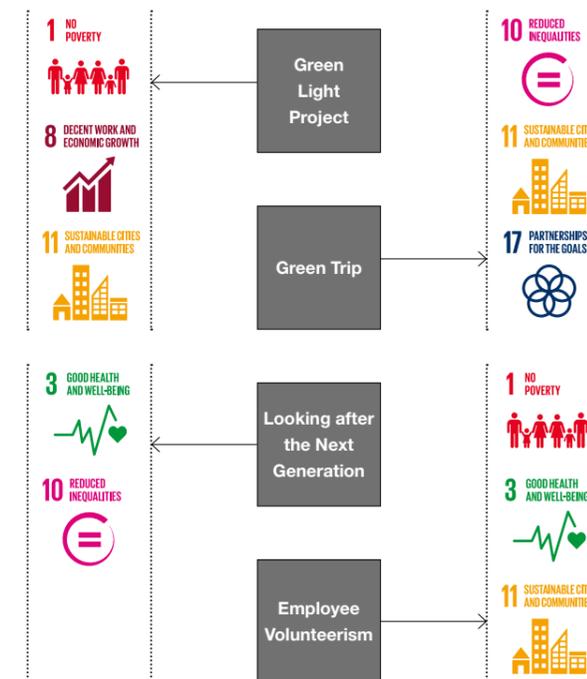
Social contribution expenses: Donations + cause marketing expenses

Sustainability Management

Kia Motors advocates the current worldwide agenda and agreements for sustainable development. Having signed on with the UN Global Compact (UNGC) in 2008, the company has observed the UNGC's ten principles. It also adheres to ISO 26000 which was enacted in 2010. Furthermore, Kia is reviewing its sustainability management practices against the 17 Sustainable Development Goals that took in force as of 2016, and is phasing in the principles starting with social contribution activities to enhance its CSR management practices. **M**

CSR Initiatives in Line with the 17 SDGs

Signature Programs



Social Contribution in Local Communities

<p>4 QUALITY EDUCATION</p> <ul style="list-style-type: none"> • Kia Challenge Academy (Sohari Plant) Moral education and career coaching for local teenagers from low-income families 	<ul style="list-style-type: none"> • Kia Challenge Concert (Gwangju Plant) Artistic and cultural experiences for culturally-deprived local children
<ul style="list-style-type: none"> • Kia Challenge Eco Project (Hwaseong Plant) Environmental/science programs for teenagers 	<ul style="list-style-type: none"> • Kia Challenge Teenager Mentoring (Headquarters in Seoul) Mentoring local underprivileged children/teenagers • A.W.I.M (Georgia, USA) Plant) Teenager education program
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <ul style="list-style-type: none"> • Bike KIA (Slovakia Plant) Constructing a bike road around local cultural heritage sites 	
<p>10 REDUCED INEQUALITIES</p> <ul style="list-style-type: none"> • Happy Mobility Campaign (Domestic Sales Offices) Social contribution project in connection with car sales 	<ul style="list-style-type: none"> • KMM GLP (Mexico Plant) Renovating/repairing local libraries and operating mobile libraries
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <ul style="list-style-type: none"> • K-mobility Care (Domestic Service Shops) Repairing aged vehicles for local residents 	<ul style="list-style-type: none"> • DYK Village (China Plant) Repairing/rebuilding houses for disaster victims and underprivileged residents

Memberships to Associations and Organizations

Association/Organization	Purpose of Membership	Association/Organization	Purpose of Membership
Korea Automobile Manufacturers Association (KAMA)	To promote the auto industry; pursue inter-sectoral joint projects	Korea AEO Association	To promote safety management practices at Authorized Economic Operators (AEOs)
Korea Chamber of Commerce & Industry (Seoul, Gwangmyeong, Hwaseong, Gwangju)	Mandatory membership as per the Chamber of Commerce & Industry Act	BEST Forum: Business Ethics and Sustainability Management for Top Performance	To engage in ethical management and CSR work exchanges
Korea Auto Industries Coop. Association (KAICA)	To cooperate with relevant businesses in advancing the auto industry	Global Compact Network Korea	To uphold the ten principles of the UN Global Compact
Korea Standards Association	To promote industrial standardization and quality management	Korea Association for Industrial Technology Security (KAITS)	To conduct comprehensive research on long- and short-term development issues pertaining to Korean businesses and the nation's economy
Korea Fair Competition Federation (KFCF)	To share information and opinions with government and businesses in observing fair trade regulations		

Fairness and Transparency

Kia Motors has an established framework for fine-tuning the interests of its internal and external stakeholders to ensure fairness in management decision-making and fulfillment at the working level. The procedures and outcomes come under review by the board of directors, which is independent from management and supported by its subcommittees. Through constant reviews and improvements of its shortcomings, Kia Motors will continue enhancing corporate governance transparency by benchmarking international best practices.

Board of Directors

The board of directors is at the top of the decision-making hierarchy within the Kia Motors organization. The BOD represents shareholders and stakeholders in decision-making and monitoring management issues for the company's long-term growth. As of the end of 2017, the BOD consisted of three 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 GSM and investor relations activities and employees. The feedback is then passed on to management for reflection in business planning. Another instrumental channel for stakeholders to make their voice heard is the Q&A page on the company's IR website. Ad hoc meetings are convened whenever issues for deliberation arise. The Audit Committee, Board Nominations Committee and Transparent Management Committee lend their expertise and efficiency to the operation of the BOD.

An Independent, Specialized and Diverse Management Board

A short decision-making path is critical in the automobile manufacturing business, which entails large-scale investments and volatile market demand. As a result, the CEO chairs the BOD at Kia Motors in order to ensure swift decision-making. The independence of the BOD is complemented by a protocol measure providing agenda items and other related information to all of the BOD members prior to BOD meetings to assist them in making informed decisions after debates based on full understanding of the issues at hand. Any director with a conflict of interest is deprived of 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 in routine work at Kia Motors, including majority sharehold-

ers or anyone with a vested interest in the company, or anyone who has served 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 on a regular basis.

2017 Review

In 2017, the BOD convened eight meetings to receive briefings on the internal accounting control system (IACS) and the status of Kia's autonomous compliance with fair trading regulations to approve 2017 business and investment plans, and to deliberate and vote on various agenda items including the convocation of the 73rd GSM (for 2016) and approval of the items submitted. A total of 39 agenda items were presented to the BOD in 2017, with non-standing directors' attendance rate standing at 92.5 percent. Remunerations to standing and non-standing directors are made mainly in the form of annual base salaries within a wage ceiling according to their position set by the GSM. Out of the KRW 10 billion remuneration cap set for 2017, only KRW 2.8 billion was actually paid.

Committees

Audit Committee At Kia Motors, all three members of the Audit Committee are non-standing directors, chaired by a non-standing director. This composition ensures independence and transparency in the committee's key function of monitoring the fair and legally compliant practices of the company's accounting and business activities. To that end, 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 2017, the Audit Committee convened seven meetings to deliberate and vote on the dismissal and appointment of external auditors and to receive briefings on the 2016 settlement of accounts and the status of the IACS. A total of 12 agenda items were presented to the Audit Committee, and the attendance rate of the members was 95.2 percent.

Board Nomination Committee The Board Nomination Committee consists of five members, including one standing, one non-executive and three non-standing directors, as per the stipulation that "the majority of this committee shall be composed of non-standing directors." It recommends non-standing director candidates for selection at the GSM. In 2017, the committee recommended a candidate to the 73rd (2016) GSM through a fair and thorough examination of candidates based on their competencies and expertise.

Transparent Management Committee In March 2016, Kia Motors transformed the former Ethics Committee into the Transparent Management Committee in order to strengthen the company's corporate governance and investor value. It is an internal committee formed for the specific purpose of deliberation and voting on the protection of shareholder value as well as the promotion of transparent internal transactions and ethical management. In view of this characteristic role, its composition is limited to non-standing directors. Currently, all five Kia Motors' non-standing directors are members of the committee and one of them was selected by the members to take charge of shareholder value protection. The com-

mittee votes on matters relating to transactions between people with a special relationship 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 schemes, 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 2017, the committee convened six meetings and voted on and resolved 30 items, including the approval of internal trading and the details of social outreach activities and donations. The committee members' attendance rate was 90 percent. In November 2017, the member in charge of shareholder value protection explained the company's governance policy to overseas investors and listened to their opinions at a meeting in London. **M**



Shareholder Composition

as of December 31, 2017

Name	Number of shares	Ownership stake (%)
Hyundai Motor	137,318,251	33.88
Employee Stock Ownership Association (ESOA)	5,189,531	1.28
Individual investors (excluding ESOA)	66,135,499	16.31
Foreign investors	144,845,760	35.73
Other (financial institutions, etc.)	51,874,306	12.80
Total	405,363,347	100.00

Board of Directors

as of December 31, 2017

	Name	Position	Background
Standing directors	Hyoung-Keun Lee	CEO, Chairman of the Board of Directors, Chairman of the Board Nominations Committee	(Currently) Vice Chairman & CEO, Kia Motors, (Formerly) President & CEO, Kia Motors
	Han-Woo Park	CEO	(Currently) CEO, Kia Motors, (Formerly) Vice President, Kia Motors
	Chun-Soo Han	Standing director	(Currently) Vice President, Kia Motors, (Formerly) Executive Managing Director, Kia Motors
Non-executive director	Eui-Sun Chung	Member of the Board Nomination Committee	(Currently) Vice Chairman, Hyundai Motor, (Formerly) CEO, Kia Motors
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, Chairman of the Transparent Management Committee	(Currently) Counsel, LKN Legal Research Institute, (Formerly) 61st Minister of Justice of the Republic of Korea
	Won-Joon Kim	Member of the Board Nomination Committee and Transparent Management Committee	(Currently) Counsel, Kim & Chang, (Formerly) Director of Competition Policy Bureau, Fair Trade Commission
	Duk-Joong Kim	Member of the Audit Committee and Transparent Management Committee	(Currently) Counsel, Yoon & Yang, (Formerly) 20th Commissioner of the National Tax Services
	Dong-One 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

Listening to Stakeholders

Close communication with stakeholders and encouraging their engagement is integral to CSR because stakeholders constitute society at large, and they are affected directly by our CSR activities. Kia Motors strives to coordinate the different interests of diverse stakeholder groups by maintaining close communication with them through channels differentiated by the specific needs of each group. The company ensures that its CSR activities fairly benefit all segments and sectors of society.

An Interactive Channel to Communicate with Stakeholders

Kia Motors interacts with its stakeholders through a number of on-line and offline channels for more active communication with them. In addition to a network channel for regular exchanges and cooperation with local stakeholders to address local issues together, a mobile application called Tong, which was launched in 2017, works exclusively for communication with employees. Furthermore, the company takes advantage of social media channels for more interactive communication with its stakeholders, such as showcasing its new models live on social media. As such, Kia Motors will continuously adopt new channels and supplement the existing ones, while connecting these channels to enhance communication with 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)

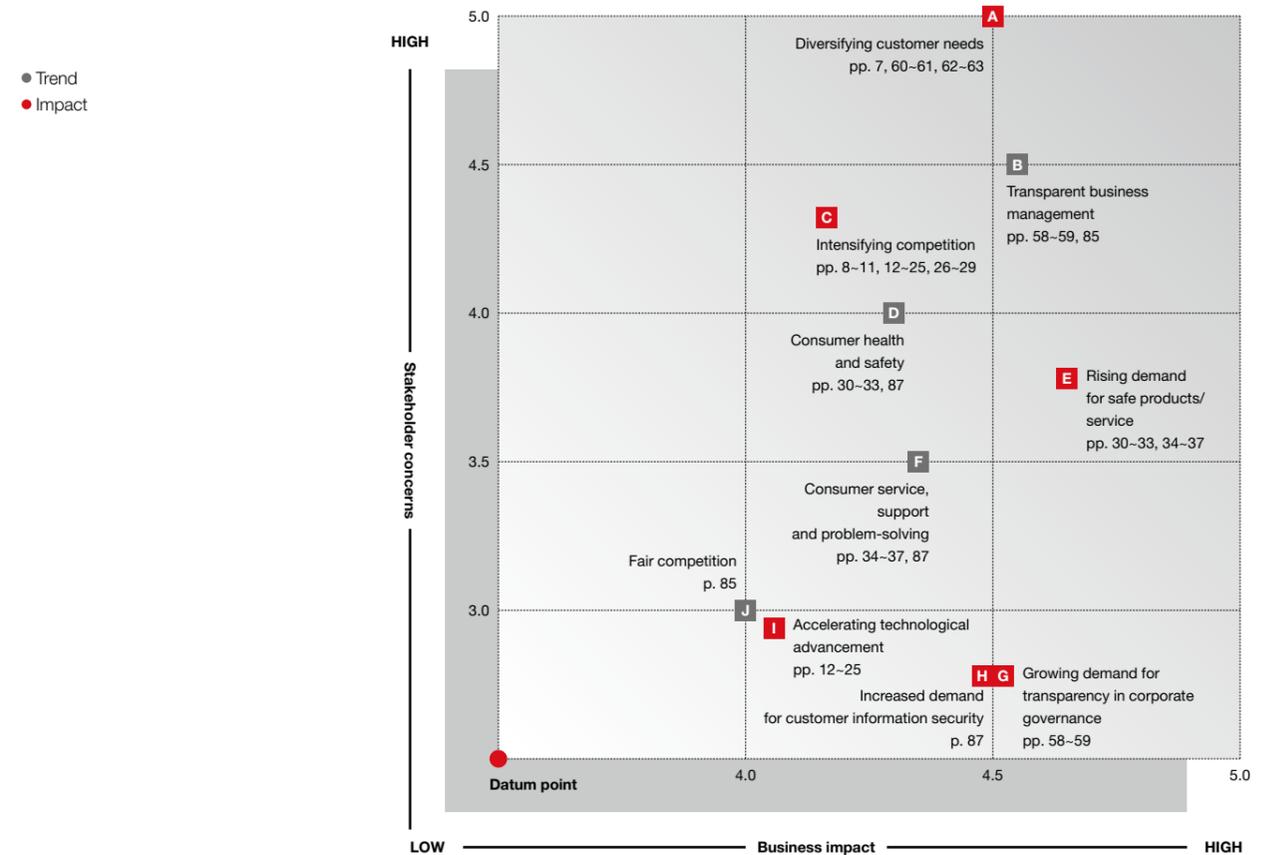
Materiality Tests & Key Issues

This report was compiled against the new GRI Standards reporting guidelines that were issued in 2016. Kia Motors ran an extensive environmental analysis within and outside its organization against the four principles for defining report content as recommended by the GRI—sustainability context, materiality, completeness and stakeholder inclusiveness. Benchmarking the sustainability reports published by Fortune 400 automakers and through media analysis and stakeholder communication, the company identified 34 major concerns of its stakeholders. Of these, 10 key issues were concluded for the report content. Kia Motors tried to go down to the very specific details concerning the selected 10 key issues. The reported pages of each issue are stated below alongside the assessment results. **M**

On-Offline Channels

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

Materiality Test Results



i

Materiality test procedures

- Media analysis on 37,881 news coverage from January to December of 2017
- External stakeholder engagement: interviews with stakeholder experts, based on the Global Standard Management Awards (GSMA) by the Korea Management Registrar in 2017
- Internal stakeholder engagement: employee workshops and brainstorming on 75 relevant issues derived from the media analysis and GSMA research results
- Materiality test: After classifying relevant issues in two aspects of Trend and Impact, 34 relevant issues scoring 2.6 points and above on a scale of five based on their relevance and materiality evaluation results.

A Better Way to Go

Well aware of its responsibility to society as a corporate citizen, Kia Motors is weaving CSR management into all its business management activities in the three arenas of social contribution, environmental management and trust-based management. While remaining sensitive to social needs, the company makes constant efforts to enhance efficiency at its premises and in its products in order to protect the environment. Above all, it makes sure that its entire workforce shares its business ethics. To that end, Kia Motors continues developing frameworks for enhancing its CSR practices.

CSR Management Framework

In 2008, Kia Motors declared its commitment to CSR management and created the CSR Committee, a company-wide organization chaired by the CEO. The CSR Committee comprises the CEO and executives in charge of trust-based management, environmental management and social contribution, with the CSR Management Team functioning as the facilitator. The committee sets the company's CSR directions and establishes a global CSR value scheme while periodically reviewing the CSR performance results.

From 2008 to 2012, Kia Motors laid the foundation for CSR to ensure that every worksite around the world is on the same page when it comes to its CSR goals. Up to 2016, it had developed a CSR framework at its domestic and overseas premises to spread and establish social contribution activities across its global network. In 2016, the CSR Committee discussed and approved the establishment of a CSR framework for overseas subsidiaries and launched the Global CSR Working Council. Starting in 2017, Kia Motors has been advancing the global CSR system in line with its Strategy 2020.



CSR: Corporate Social Responsibility

CSR Progress & Plans by Domain

Social Contribution

Kia Motors developed the global CSR value scheme in 2011, setting out the company's shared CSR value as promoting universal mobility and taking up the challenge for a better quality of life. The following year gave birth to its signature CSR projects at home and abroad, Green Trip and Green Light Project. In 2017, the first two programs of the company's signature global CSR initiative—Green Light Project (GLP)—were successfully transferred to local authorities after completing the final stages of each five-year program. It was also the first year that the GLP expanded beyond the African continent. Domestically, the Green Trip project opened a new center in the eastern Seoul region, and a website was launched to serve as the platform for trips with the disabled while offering useful tips. As Kia's business premises at home and overseas developed CSR schemes and signature CSR projects by 2016, the company established an integrated system that oversees global CSR management and reviewed the CSR schemes and signature CSR projects of domestic plants in 2017. Going forward, Kia Motors plans to develop a strategic framework encompassing the value scheme, project system and management schemes to promote the integration of global CSR systems and the upgrade of CSR projects.

To become a global leader in CSR management practices

Social Contribution Contributing to social development as a responsible corporate citizen

Step-by-step CSR strategies based
on the 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 stakeholder cooperation systems within the premises
- Increasing stakeholder communication

Environmental Management

Following its declaration of environmental management in 2003, Kia Motors set out to emerge as a global leader in eco-friendly business practices. In 2006, Kia Motors became the first Korean company to run a third-party assurance on the GMG emissions of its plants and service centers. The resultant GHG inventory has been the benchmark for monitoring its GHG footprint. This effort went global in 2007, starting with its plants in Slovakia and China (plants 1 and 2) and finishing in 2016 with the latest Mexico plant. Based on this initiative, Kia Motors has been striving to meet its goal of realizing a 30 percent reduction in its per-unit GHG emissions by 2020 compared with 2008. In 2014, Kia Motors formed task forces, including the Safety & Environment Planning Office, directly responsible to the CEO, as part of its proclamation to be a safety and environmental management practitioner. The company also revised its long-term environmental management strategy, setting a new target to increase its green car line-up from the current six models up to 16 by 2025. In 2018, the competitiveness of Kia's electric vehicle line-up will be reinforced with the scheduled addition of the Niro EV and successor to the Soul EV with longer driving range than the current Soul EV. Kia's commitment to improving efficiency of the internal combustion engine bore fruits in 2018, when the next-generation

Smart Stream powertrain, which it developed after five years of extensive R&D, was applied to Forte/Cerato (K3) 2018 models.

Trust-based Management

Kia Motors is building on its trust-based relations with stakeholders and ethical business operations to enhance its long-term competitiveness. It has formed a Transparent Management Committee under the Board of Directors in order to supervise the implementation of trust-based management, and has also instituted an ethics charter and related regulations for compliance by its employees.

Ten years after the adoption of the Compliance Program (CP) in 2002 as behavioral guidelines for its employees' legal compliance, the company introduced a compliance management system as a higher-level concept of the CP in 2012 for company-wide compliance activities. In 2017, the company's first Chief Compliance Officer was appointed to reinforce the compliance support organization and the first self-audits on compliance practices were conducted. In 2018, the company will expand the scope of self-audits and mandate the entire workforce to make compliance pledges. Through these efforts, Kia Motors is establishing itself as a respected global company, thereby ensuring the legitimacy of its internal decision-making and management activities. **M**

CSR Road Map



Creating Sustainable Value

Despite the unfavorable market developments both domestically and overseas, such as setbacks in the U.S. and Chinese markets, that led to a slight decline in overall sales volume, Kia Motors saw a slight rise in its sales revenue for 2017, while net profit plummeted mainly due to the one-off provision following a recent ordinary wages lawsuit ruling against the company. Nevertheless, sales volume continues to rise in the European market, outperforming the industry's demand growth rate, and emerging markets are showing significantly improving sales performance as well. Although the global automotive market in 2018 is forecast to suffer the lowest growth rate since the latest financial crisis, growth in emerging markets—led by India, Russia and Brazil—is expected to offset the reverse growth in the markets of Korea, the U.S. and China. With a focus on improving profitability, Kia Motors set its global sales target for 2018 at 2,879,000 vehicles, up 4.3 percent from 2017. The company also plans to launch many new and facelift models. As part of its market-oriented strategies, the company will serve the growing market demand for SUVs and market-specific models. Additionally, the scheduled launch of the Niro EV and Soul EV successor will reinforce the company's green car lineup. The company will also continue its R&D efforts into self-driving cars and connected cars to realize its future vision of Mobility-ACE as announced at the beginning of 2018. **M**

Business Performance

KRW in millions

	2015	2016	2017
Production Volume (vehicles)	3,040,650	3,024,045	2,728,020
Sales Volume (vehicles)	3,050,834	3,020,052	2,724,226
Sales Revenue	49,521,447	52,712,906	53,535,680
Operating Profit	2,354,273	2,461,480	662,226
Cash Flow	3,375,248	3,275,882	2,594,191
Ordinary Income	3,100,266	3,442,034	1,140,053
Net Profit	2,630,600	2,754,640	968,018

* Combined performance results of headquarters in Korea and overseas subsidiaries under the International Financial Reporting Standards (IFRS)

Financial Standing

KRW in millions

	2015	2016	2017
Assets	45,980,113	50,889,260	52,294,438
Current Assets	18,390,784	20,912,221	21,642,079
Fixed Assets	27,589,329	29,977,039	30,652,359
Liabilities	21,776,082	24,309,836	25,433,261
Current Liabilities	14,579,485	16,246,900	15,323,019
Fixed Liabilities	7,196,597	8,062,936	10,110,242
Equity	24,204,031	26,579,424	26,861,177
Equity Ratio(capital/assets)	52.64%	52.23%	51.37%
Debt-to-Equity Ratio (liabilities/capital)	89.97%	91.46%	94.68%

Value Distributed to Stakeholders

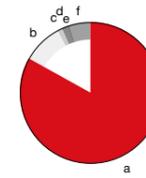
KRW in millions

	Detailed Breakdown	2015	2016	2017
Total Value Generated		48,962,402	52,174,846	52,419,207
Sales Revenue		49,521,447	52,712,906	53,535,680
Other Income	Other income - (other costs + depreciation)	(559,045)	(538,060)	(1,116,473)
Partner Companies	Product & service costs	40,666,452	43,446,035	45,099,349
Value Added Generated		8,295,950	8,728,811	7,319,858
Employees	Wages and benefits	4,809,575	4,768,875	5,607,513
Shareholders	Dividends	441,025	441,024	320,745
Investors	Interest payments	89,060	139,211	220,250
Government	Tax payments (corporate taxes + other taxes)	730,200	754,753	505,199
Local Communities	Donations	28,399	28,751	31,175
Kia Motors	Retained value	2,197,691	2,596,197	634,976

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

Economic Value Generated & Distributed (EVG&D)

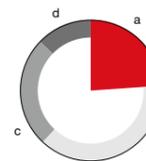
%



Stakeholder	Percentage
a. Partner Companies	86.0
b. Employees	10.7
c. Shareholders & Investors	1.0
d. Government	1.0
e. Local Communities	0.1
f. Kia Motors	1.2

Sales Revenue by Region

%



Region	Percentage
a. Korea	23.4
b. North America	37.5
c. Europe	27.4
d. Others	11.7

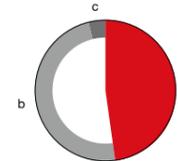
Contribution to Overall Sales Revenue by Region

KRW in millions

	2015	2016	2017
Sales Revenue	49,521,447	52,712,906	53,535,680
Korea	11,640,861	12,580,145	12,545,789
Overseas	37,880,586	40,132,761	40,989,891
North America	18,896,020	20,088,820	20,076,339
Europe	10,889,617	13,343,504	14,646,033
Others	8,094,949	6,700,437	6,267,519

Percentage to Total Production Volume by Product

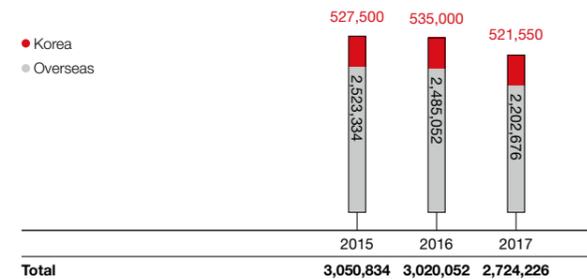
%



Product	Percentage
a. Sedans	48.0
b. RVs	48.3
c. Commercial & Special Vehicles	3.7

Sales Volume by Year

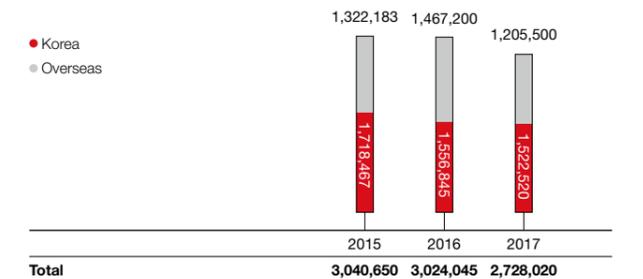
vehicles



* Percentage to sales volume by product and production volume by year figures are based on the shipment volume.

Production Volume by Year

vehicles



Despite its growing sales volume, Kia Motors' operating profit performance has been sagging since 2010. Still, there is hope thanks to its market growth in Europe, increased sales of high value-added models, growing quality recognition of by global consumers, and increased investments in R&D and employees. I appreciate the company's commitment and the resultant developments in promoting stakeholder communication and shareholder value as seen by the launch of the Transparent Management Committee. I wish that the company achieves long-term sustainable management performance results.

Kim Jung-Nae, Managing Director at Korea CSR Assessment

Environmental Stewardship

Have you heard of the global warming paradox? CO₂ emissions, which had seemingly remained stagnant for the last few years, soared from 0.2% in 2016 to 2% in 2017. Consequently, the Earth's global surface temperatures in 2017 ranked as the second warmest since 1880 according to an analysis by scientists at NASA's Goddard Institute for Space Studies (GISS). In the same year of a record-hot summer, Seoul also witnessed the Han River freeze over for the first time in seven years, while Canada and the Eastern U.S. saw their thermometers drop to below minus 30 degrees Celsius. The main culprit to these extreme weather phenomena is melting icebergs in the North Pole due to global warming. A large pressure difference helps keep a strong jet stream on a straighter path, which keeps the cold air over the Arctic. However, when the jet stream weakens, it allows the cold air of the North Pole to dip southward in places. In short, colder winters mean more severe global warming. While this fact may not capture some by surprise, the issue of global warming demands our immediate attention. Kia Motors has been aware of the significance of environmental issues and declared its commitment to global environmental management in 2003. Since then, it has been striving to find solutions through across-the-board action plans under the integrated control of an environmental department. Top management reviews the progress and sets targets. Making green cars, raising efficiency of input/output in the production and recycling process, and reusing resources are part of these efforts. While applying IoT technology to its products, the company cooperates with its partners to expand the level and scope of its improvements.



Global CO₂ emissions: 2017 Global Carbon Budget by the Global Carbon Project

Design Phase



A green car originates from an environmentally considerate design. All Kia models eliminate the use of hazardous substances and minimize resource and raw material input from the design stage. Power source performance improves efficiency and a number of methodologies are applied to reduce air resistance and vehicle weight, as well as increase the recyclability of end-of-life vehicles.

Green Design Procedures

Kia Motors has established a digital system for convenient application of its eco-friendly design policy at worksites. A designer selects materials after checking the environmental impact of the materials through a database, which is operated under Kia Motors' eco-friendly design guidelines. Then the designer simplifies the component structure and improves materials to streamline the manufacturing process and devises the assembly mode to ensure easy dismantling. A completed design is processed using virtual 3D modeling to assess the dismantling convenience and recyclability of dismantled parts. According to the results, the drawings are modified or parts with low recyclability are replaced. Once the drawings are finalized, a test vehicle is manufactured and dismantled. This is followed by a dismantling assessment to compare the time required for dismantling and the number of connected parts with existing data. The comparison data is used as reference in the development of follow-up vehicle models.

Chemical Substance Control

Regulations on hazardous substances are being fortified across the world. Today, the restricted use of the four heavy metals of lead, mercury, cadmium and hexavalent chrome—ozone-depleting substances and hazardous chemicals—is universally applied. Kia Motors bans the use of substances restricted by domestic and overseas laws, then develops and applies alternative materials to all products. The parts and material weight information collected through the International Material Data System* (IMDS) is converted into a database under the independently operated e-CMS (e-Chemical Management System). Based on the e-CMS, Kia Motors has been managing the chemical substance information of all components and parts used in all vehicles produced since 2005. It is also used as reference for identifying chemicals subject to future regulations and for finding substitutes beforehand.

At the end of 2016, Kia Motors formed a task force for company-wide management of hazardous substances, enabling swift responses to hazardous substance regulations. In 2017, the company also developed an in-house hazardous chemical management system (HCMS) that can monitor the entire procedure in real-time, from collecting regulation information to responses to legal requirements. Environmental regulations implemented in each country include standards for recyclability of automobile parts. Kia Motors effectively responds to the laws and regulations by utilizing ProdTect, an independently developed system to calculate recyclability, and uses the calculated information as basic data for environmental assessments. Up until now, all vehicles at Kia Motors have met 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 composition of automotive parts.

Parts Procurement Phase



The application of eco-friendly parts to automobiles, which are comprised of around 30,000 parts in total, is indispensable to the sustainability of the auto industry. Kia Motors assists its partner companies in using appropriate substances and considering environmental protection in their manufacturing processes. Providing information and education programs, Kia Motors uses systematic evaluations as a means to encourage its partners to manage and improve their environmental practices, while inducing them to apply the company's internal environmental standards that are stricter than international regulations. It also cooperates with its entire supply chain to ban the use of hazardous substances and substitute them with safer ones.

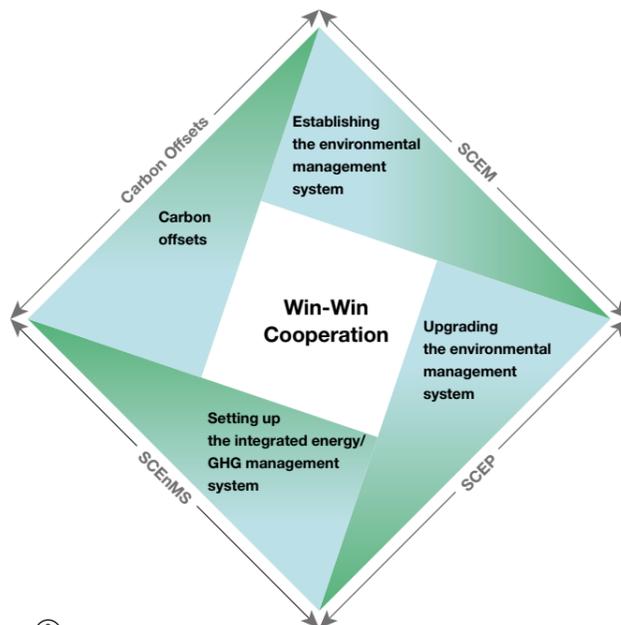
A System for the Supply of Conforming Auto Parts

Kia Motors provides its primary partners with environmental management guidelines under the Agreement on the Supply of Eco-Friendly Automotive Parts as signed in 2007. It also regularly updates and distributes guidelines on global environmental regulations pertaining to automotive parts manufacturing. The company shares information on controlled chemicals with its partners through the IMDS and its own in-house-developed e-CMS. Changes in environmental regulations and industrial trends are updated during regular education sessions held for our partner companies. Random inspections of our partners' production lines are accompanied by corresponding disciplinary measures, or corrective requests are made depending on the seriousness of the use or type of substance. The use of any of the four major heavy metals automatically results in a deduction in a company's quality management score according to the Quality

Five-Star scheme. Any use of IMDS-banned and carcinogenic chemicals is subject to a corrective order as well as mandatory education sessions. Since 2016, Kia Motors has been mandating its partners supplying electric parts to obtain EU End of Life Vehicle (ELV) certification, which previously had been applied to general parts only.

Responses to Climate Change on the Supply Chain

Kia Motors has been assisting partner companies' environmental management practices through the SCEM project since 2003, when it proclaimed its commitment to global environmental management practices. Starting in 2006, the scope of the assistance was extended to include secondary/tertiary partners which had joined the primary partners in the SCEP programs. The company also supported primary partners in developing an integrated GHG management system, after which all its primary partners obtained the ISO 14001 certification by 2012. Currently, Kia Motors is building a supply chain energy management system (SCEnMS) for large, medium and small businesses alike in conjunction with its partners and external experts under its agreement with the government. SCEnMS is aimed at supporting SMEs who lack resources in dealing with global GHG regulations and participating in the carbon emissions trading scheme. Furthermore, Kia Motors shares its energy-saving technologies and success cases with its partners by granting them access to its database while arranging annual case studies and exchange sessions on best practices, energy-efficient plant technology and market trends as well as new technologies for energy conservation.



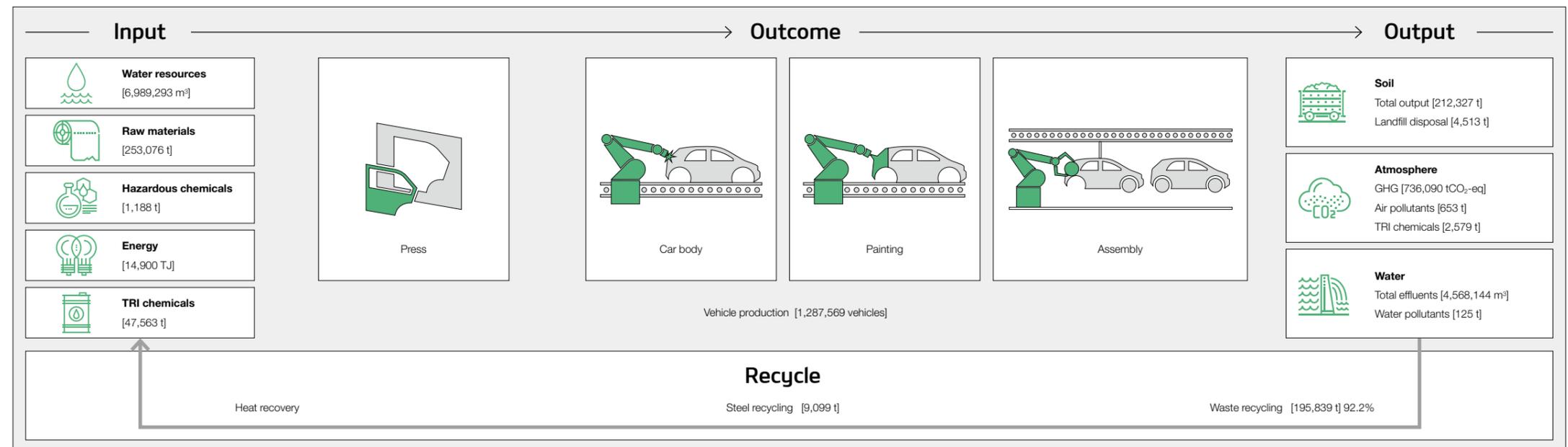
- SCEM: Supply Chain Environmental Management
- SCEP: Supply Chain Eco Partnership
- SCEnMS: Supply Chain Energy Management System

Production Phase



Improvements are oriented to the worksites because that's where failures and troubles usually originate. Kia Motors finds solutions for higher efficiency and savings at its production sites and puts the findings into practice. At all its worksites, the company has completed systems for controlling its input and output, while scrutinizing the procedures to enhance efficiency and upgrading facilities to reduce its emissions, thereby optimizing its processes. It also gives a second thought to its conventional practices to find any neglected losses and then induces employees to change their habits for conservation. At Kia Motors, all thinking and behavior are oriented toward using and emitting less while producing and recycling more.

Input-Outcome-Output Flow



Environmental Management System

Kia Motors has obtained ISO 14001 certification for the environmental management system (EMS) implemented at its domestic and overseas plants. Each year, it identifies and improves its environmental management status and related problems through an internal audit and an inspection by a certified organization. As of 2014, integrated domestic environmental management operational standards have been applied to all domestic premises including the three plants and service business division. Internal auditors who have been trained in the operation of the environmental management system will upgrade EMS operation. The EMS is also being realigned to meet ISO 14001: 2015, which is to be established at all worksites by 2018.

Starting in 2016, Kia Motors is providing special and general education on the environment through a specialist institute in order to improve the job competencies of its staff in charge of environmental management. In 2017, the company prepared education programs for EMS staff at the department-level and a Safety & Environment Academy is slated for 2018 as part of its periodic environmental education program.

- Data collection: Three domestic plants (Sohari, Hwaseong, Gwangju)
- Per-unit input/output amount: Based on production volume; the amount of input/output per vehicle production

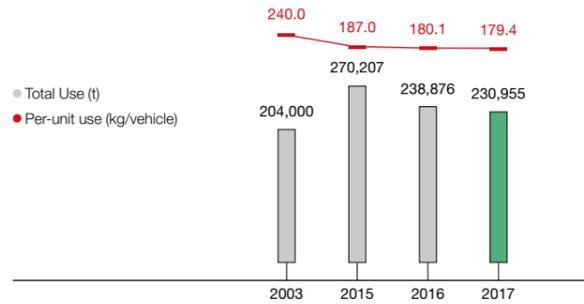
Material Balance in the Auto Manufacturing Process

On the production line, input, outcome and output are basically in proportion to each other. Kia Motors is striving to reduce the total discharge amount by enhancing efficiency in the production process, and thus minimizing per-unit material usage and discharge, by replacing facilities and systems or increasing waste recycling. With set goals for each material based on the discharge amount, the company checks the amounts of inputs, outputs and outcomes over a one-year period and uses the data to devise additional improvement plans. In 2017, Kia Motors' overall production volume decreased by 2.9% from the previous year and, accordingly, the total amount of energy, raw materials and hazardous chemicals use fell by 1.3%, 3.6% and 33.1%, respectively. Air pollutants and waste discharge also declined by 8.8% and 1.1%, respectively. However, water pollutants and TRI emissions increased by 10.6% and 1.7%, respectively, and TRI chemicals use and discharge both rose by 5.1% and 24%, respectively.

The waste recycling rate at Kia Motors has remained above the 90% level for years. In the case of steel, the recycling rate grew by 3.7% from the previous year.

- 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)
- TRI chemical figures are for 2016 because the 2017 data was not yet available as of the reporting period. TRI chemical results are reported in August of the following year.

Steel



Raw Materials

Manufacturing automobiles requires the input of diverse finite resources. Thus, we are borrowing resources from future generations and, therefore, we should take responsibility in our use of resources and leave as much as possible intact for future generations.

At Kia Motors, a number of resources are used for making automobiles. Of these, the main raw materials are steel (sheets), paints, thinners and plastics.

The company is focusing on reducing per-unit raw material consumption to increase the ratio of products to the raw materials used. It is also decreasing the amount of raw materials used by improving the production process and checking the amounts of steel, paint and thinner usage in order to increase the recycling rate, and thus reduce waste generation. Compared to 2003 when data collection started, the efficiency of raw material use has improved. In 2017, total consumption decreased by 3.6% from the previous year, but it was 15.0% higher when compared to 2003. Per-unit usage declined by 0.7% from 2016 and 24.3% compared to 2003.

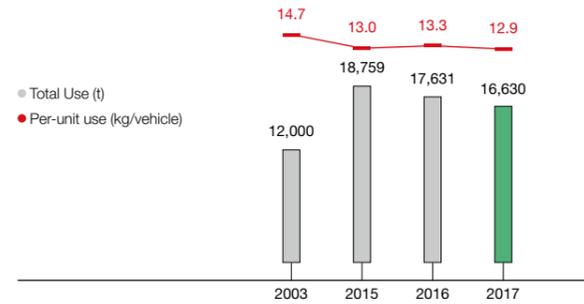
Of all raw materials, total input of steel (not including partner companies' steel usage) decreased by 25.3% from 2003, and both total and per-unit input dropped compared to 2016. The per-unit consumption of paints and thinners also declined by 12.2% and 15.7%, respectively, compared to 2003. Leftover zinc-coated steel is sent to steelmakers and leftover uncoated steel is recycled at the foundry in Gwangju. In 2017, 9,099 tons of uncoated steel were recycled, up 324 tons from the previous year. The Gwangju plant also retrieves unused thinners and outsources its recycling for reuse within the plant.

Change in Total Use of Raw Materials Compared to 2016

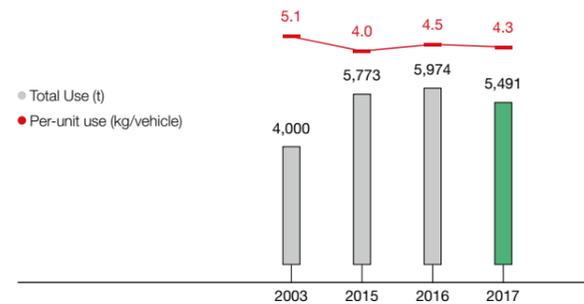
-3.6%



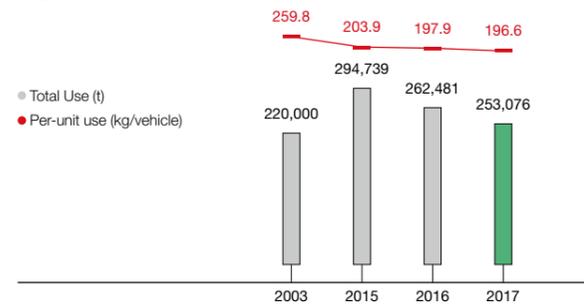
Paints



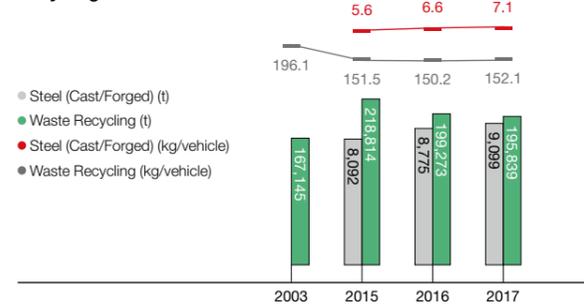
Thinners



Total

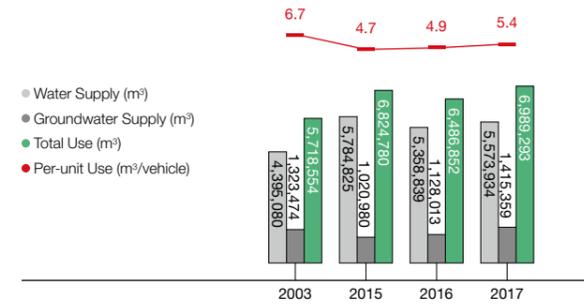


Recycling



• The steel recycling figure for 2016 has been corrected from the previous report (2,097 tons → 8,775 tons).
• Waste recycling represents just a method for treating waste, not for reuse/recycling of waste within the plants.

Water Resource Use



• The water supply figures for 2015 and 2016 reflect corrections made to the water supply at the Sohari plant (2015: 1,126,852m³ → 1,487,700m³, 2016: 914,623m³ → 1,357,577m³)

Waste Recycling in 2017

92.2%

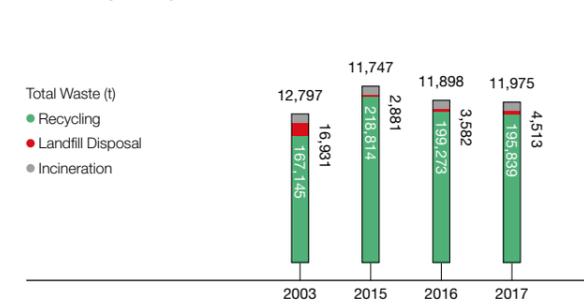


Water Resources

Water is a finite resource. With no substitute available, water is essential to producing necessities for life such as energy sources and food. Exploding population growth and the resultant increase in water demand, coupled with climate change, have meant that water resources are being depleted. It is no surprise that many political disputes throughout the world are over water resources. According to the United Nations, more than one billion people worldwide already lack access to clean water. Korea is also classified as a potentially water-scarce nation, with its annual per-capita potable water amount falling short of requirements.

Keenly aware of the water scarcity issue as early as 2000, Kia Motors has been investing in water use habits and facilities. As a result, per-unit water consumption has been falling each year since 2003 to under five tons since 2013. The company gets its water supply from reservoirs that hold more than 200 million tons of water, such as the Paldang dam for its Sohari and Hwaseong plants and Juam dam for its Gwangju plant. In 2017, total water consumption increased by 7.7% and per-unit consumption was up by 10.2% from the previous year. Compared to 2003, however, total water consumption was 22.2% higher, but per-unit consumption was down 19.4%.

Waste Disposal by Method



Total	196,873	233,442	214,753	212,327
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Total	231.0	161.6	161.9	164.9
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Waste

Recycling is an alternative way of efficiently using limited resources. Among the ways to treat waste, landfill and incineration not only eliminate the value of resources but also generate environmental pollution along with treatment-related expenses.

Kia Motors is making efforts to increase the recycling rate of continuously generated waste and reduce the per-unit discharge, thus lowering the overall waste discharge volume. Its waste recycling rate has hovered over 90% since 2007. As for landfill disposal waste, the company set its goal at zero emissions as landfill can cause soil pollution. Since 2008, the Sohari plant has not discarded any landfill disposal waste. The outsourced landfill disposal waste ratio of Kia Motors' three domestic plants in 2017 was 2.1%. As for the landfill disposal and incineration waste that are inevitably generated as a result of technical and economic limitations, Kia Motors is maximizing the outsourced recycling rate by administering strict waste separation measures. In addition, the company is promoting continuous improvement by developing recycling companies to change its waste treatment method.

In 2017, the three domestic plants (Sohari, Hwaseong, Gwangju) generated a total of 212,000 tons of waste, down 1.1% from the previous year; however, compared to 2003, this was an increase of 7.8%. Of this figure, 196,000 tons, or 92.2%, of waste was recycled to make cement and other materials. In 2017, the per-unit waste output fell by 28.6% from 2003.

Energy & Greenhouse Gases

Of all the environmental issues, energy and greenhouse gas emissions are of particular significance because they are the main culprits of climate change, something which the world has unanimously agreed to address.

Kia Motors is making strenuous efforts to reduce CO₂ emissions from its production process. Since 2006, when all of its domestic plants and service centers were assured by a third party, the company has been monitoring its GHG inventory. 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 retroactively since 2007. Looking at the 12-year trend (line graph at the top of the right page) since 2006, per-unit GHG emissions (red line) showed a moderate downward curve, despite slight ups and downs around 2009, and total GHG emissions (grey line) joined the trend as of 2013.

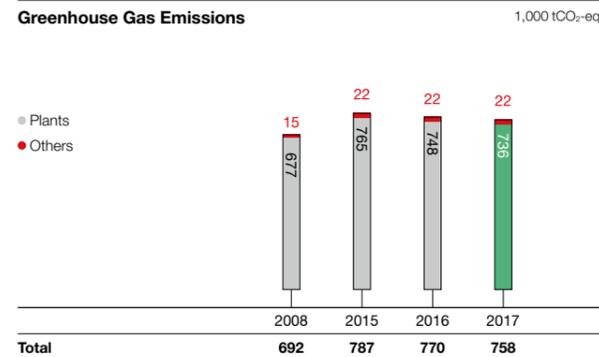
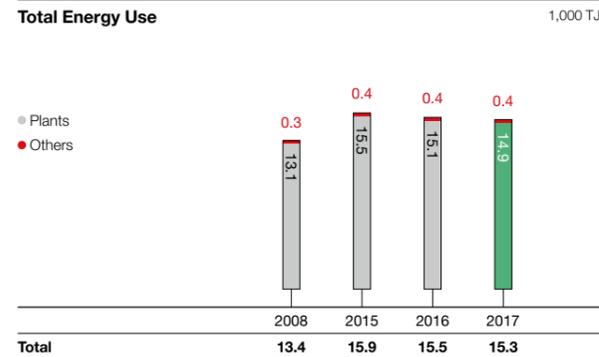
2017 Greenhouse Gas Emissions

In 2017, collective GHG emissions from Kia Motors' domestic plants, service centers, sales offices, shipping offices and training centers totaled 760,000 tons, of which direct emissions from fuel consumption (scope 1) amounted to 270,000 tons and indirect emissions from electricity use (scope 2) totaled 490,000 tons. Specifically, GHG emissions from the Sohari, Hwaseong and Gwangju plants amounted to 740,000 tons, accounting for approximately 97% of total emissions from the company's domestic premises. The emissions declined by 10,000 tons from the previous year. On a per-unit basis, this figure amounts to 24.0% (181kg) less emissions compared to 2008. The reduced emissions amount is equivalent to the amount of CO₂ absorbed by 36 30-year-old pine trees in a year. Multiplied by Kia Motors' domestic production volume, the reduction is equivalent to CO₂ absorption by 4.7 million pine trees.

Meanwhile, Kia's Slovakia plant and China plants 1 and 2 received their first third-party assurance on GHG emissions in 2007. The Georgia plant in the U.S. followed suit in 2010, as did the China plant 3 in 2014 and the Mexico plant in 2016, thus completing the third-party assurance of all Kia Motors' premises at home and abroad. In 2017, the total GHG emissions from Kia Motors' overseas worksites stood at 410,000 tons, which can be broken down into 110,000 tons of scope 1 emissions and 290,000 tons of scope 2 emissions.

①
• CO₂ intake per pine tree: 6.6 kg CO₂/tree/year (Korea Forest Service, 2012)
• Calculation guidelines: ISO 14064-1 (2006), WRI/WBCSD GHG Protocol (2004)
• Scope 3 figures are not calculated according to domestic laws.
• Greenhouse gas emissions can fluctuate slightly through third-party assurance.

Energy Use and Greenhouse Gases at Domestic Worksites

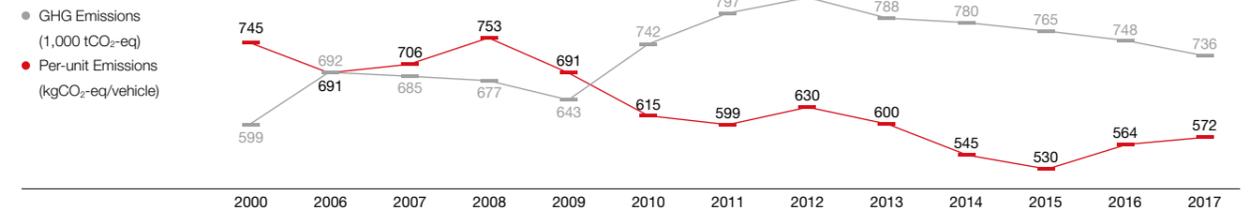


• Energy consumption at all domestic worksites (Figures are in the process of third-party verification and are subject to change according to the results.)
• Plants: Sohari, Hwaseong and Gwangju plants / Others: Corporate headquarters, service centers, sales offices, shipping offices, Osan Training Center and Pyeongtaek Port



①
BAU (Business As Usual): Projected total amount of GHG emissions if no reduction measures are taken

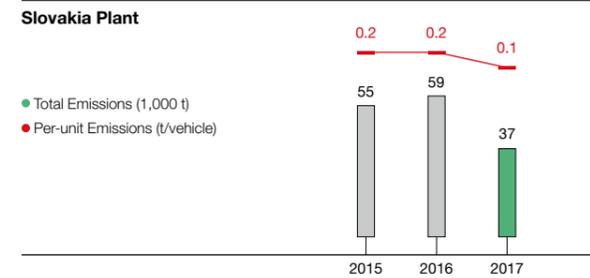
Greenhouse Gas Emissions Trends



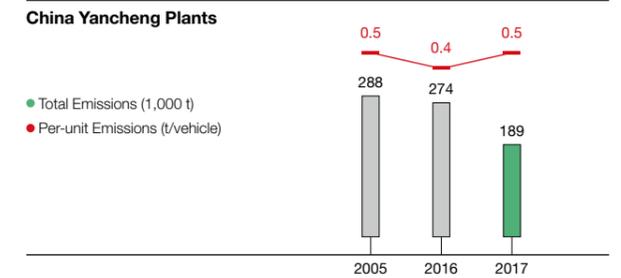
• Scope: Domestic plants (Sohari, Hwaseong, Gwangju)
• Emissions Calculation Formula: Scope 1 & 2 emissions based on lower heating value (2000-2006), Operating Guidelines on Greenhouse Gases and Energy Target Management System (Notification No. 2011-29 from the Ministry of Environment [2007 onwards])

• Calculation guidelines: ISO 14064-1(2006), WRI/WBCSD GHG Protocol (2004)
Local emission factors are applied for electricity and Korean guidelines are applied to the others. Figures are in the process of third-party verification and are subject to change according to the results.

GHG Emissions at Overseas Plants

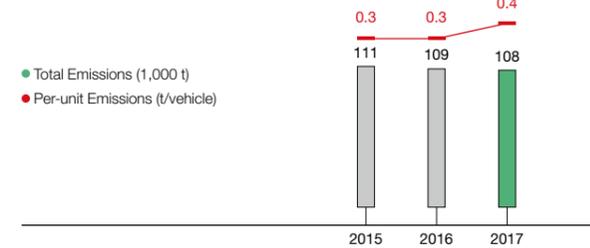


• The Slovakia Plant is powered by electricity generated from renewable energy sources; hence no greenhouse gas emissions from electricity use.

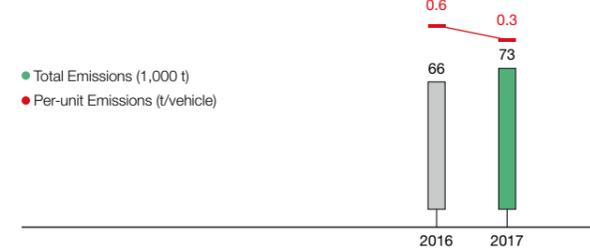


• Combined figures of the three plants

U.S. Georgia Plant



Mexico Plant



• Began operation in 2016

Greenhouse Gas Emissions Reduction Plans and Goals

After signing a voluntary agreement (VA) for energy conservation in 2000, Kia Motors is striving to slash its energy consumption and GHG emissions, and has been submitting progress reports to the Korea Energy Management Corporation (KEMCO). For the systematic management of energy consumption, Kia Motors is working to attain ISO 50001 (energy management systems) certification. The Gwangju plant acquired the certification in 2012, followed by the Sohari and Hwaseong plants in 2015.

As a proponent of the Greenhouse Gas and Energy Target Initiative, Kia Motors has attained the annual reduction goals for its GHG emissions and energy consumption as preset based on the mutual consent of the government since 2011. It is also participating in the Emissions Trading Scheme (ETS) that took effect in 2015. Under the scheme, participants are allotted GHG emissions credits which they can exchange or trade in order to control their emissions within a set cap. Kia Motors implemented reduction initiatives to meet the target set for the first phase (2015-2017). The results are not available as of the printing of this report, so they will be reported in the following year. Over the longer run, however, 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, namely cutting emissions by 7.8 percent compared to the BAU level by 2020.

Business Trips by Means of Transportation

trips

	2015	2016	2017	Year-on-Year Change (%)
Driving	16,827	15,809	15,691	-0.7
Carpooling	4,462	4,988	5,093	+2.1
Public Transportation				
Bus	13,068	15,940	15,793	-0.9
Railway	10,943	10,126	10,705	+5.7
Air	394	317	252	-20.5
Total	45,694	47,180	47,534	+0.8

• The "Bus" category under "Public Transportation" represents express buses, nonstop buses and airport shuttles, while the "Railway" category represents the Express Railway and the Saemaoul Train.

Employee Mobility Emissions

Kia Motors is currently applying a series of measures designated to minimize GHG emissions generated by employee commutes and business trips. Driving to work is discouraged by providing a limited number of parking passes, enforcing a five-day rotation driving shift and offering complimentary shuttle bus services. Today, some 27,000 employees, or 78% of the company's domestic workforce (34,650 persons), are commuting by shuttle buses.

In order to reduce business trip frequencies, Kia Motors 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. Video conferencing is not only CO₂-free but also contributes to efficient meeting practices. Kia Motors' Smart Work Campaign promotes an efficient conferencing culture by distributing personal video conferencing equipment on demand. To promote video conferencing culture across the board, the company constructed a next-generation video conference system called Telepresence at its global headquarters building in December 2016 and in its sales offices in the U.S. and Europe in 2017, setting the stage for precise and swift decision-making and efficient operations with fewer long-distance business trips. In addition to the existing video conference system and facilities, Kia Motors plans to continuously expand its digital conference infrastructure.

Adopted in 2012, the number of carpool business trips surged by 228%, rising from 1,554 trips (2.8% of all business trips) in the first year to 5,093 trips (10.7%) in 2017. Although the total number of business trips remained similar to that of the previous year, the number of business trips by air decreased, indicating the effectiveness of video conference in substituting some business trips.



Telepresence is a next-generation video conference system that takes advantage of virtual reality (digital display) and Internet technologies to make users feel as if they are sitting face-to-face in the same room.

Environmental Pollutants

Living life and producing living necessities inevitably generate environmental pollutants. As a result, efforts to minimize such harm to our surroundings also should be part of life.

Through an established monitoring system, air and water pollutants from Kia's production process are scrupulously controlled according to corporate standards that are 30% stricter than the legal minimum permissible amount. While phasing in environmental facilities to curtail hazardous substance use, a strict preventative system is in place for hazardous chemicals that are inevitably used so that it can minimize the environmental impact within and outside of its worksites.

Air Pollutants

Air pollutants not only negatively affect humans directly through breathing, but also exert considerable impact on the atmospheric environment through their reaction with other chemicals as well as the sunlight. Recently, the issue of air quality has come under the spotlight in proportion to growing concerns over the concentration of particulate matter in the atmosphere. Air pollutants generated from the auto-manufacturing process include paint particles and volatile organic compounds (VOCs) from the painting and coating process. In particular, VOCs are notorious for their toxicity and are one of the main culprits of global warming and ozone depletion. Its stinking odor and reaction with other chemicals also result in a significant negative impact on air quality.

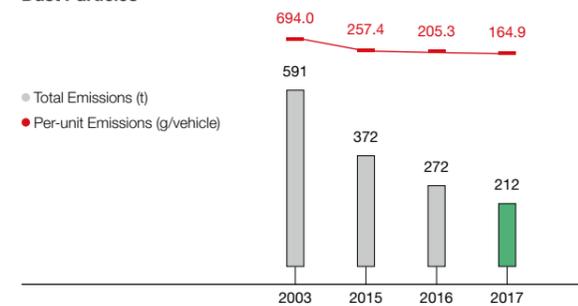
Kia Motors is operating a system to collect and remove air pollutants from its production lines. It is using LNG, a clean fuel, to power the boilers at its domestic plants. In addition, the boilers and other high-polluting facilities at the Sohari and Hwaseong plants are equipped with tele-monitoring systems (TMS) for round-the-clock monitoring. In 2017, total air pollutant emissions declined by 8.8% from 2016 with per-unit emissions also falling 6.0% for the same period. Against the base year 2003, total volume and per-unit emissions dropped by 34.7% and 56.8%, respectively. The per-unit emissions of SOx, NOx and dust particles dropped by 26.5%, 28.6% and 76.2%, respectively, compared to 2003. As for VOCs, which are separately monitored, total emissions rose by 1.7% in 2017 from the previous year, with per-unit emissions also up 5.6% for the same period. Compared to the base year 2005, total emissions declined by 29.4% and per-unit emissions dropped 47.2%.

Total Air Pollutant Emissions
Compared to 2016

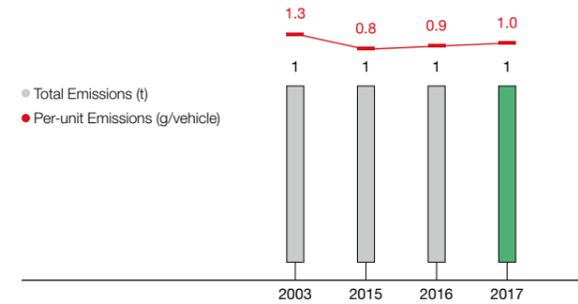
-8.8%



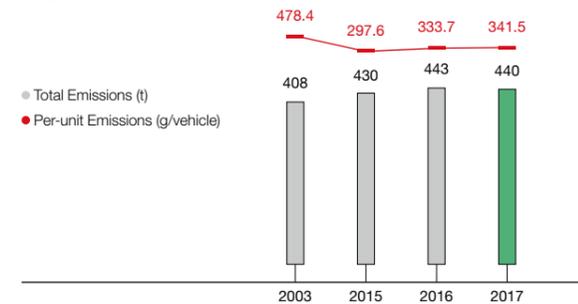
Dust Particles



SOx

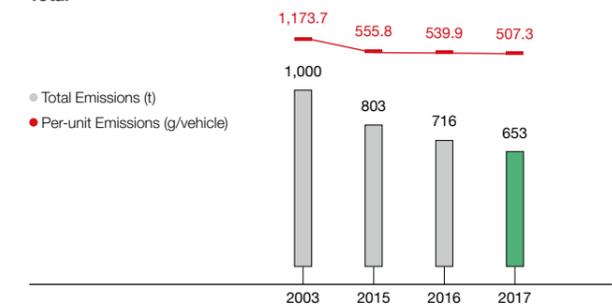


NOx



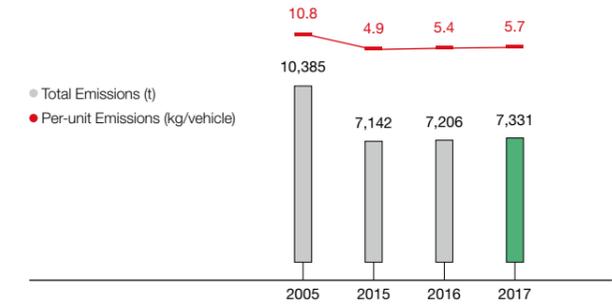
• COD (Chemical Oxygen Demand): The amount of oxygen required for microorganisms to degenerate organic matter in the water. Used as a measure of water pollution, a lower value means a lower level of pollution.
 • SS (Suspended Solids): Concentration of solids suspended in water
 • Others: n-H (normal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

Total



• NOx emissions were amended to 430.0 tons for 2015 (initially reported as 424.0 tons in the 2016 report due to an error in data collection).
 • Per-unit emissions were modified as a result of the correction to the 2015 NOx emissions figure (per-unit emissions for 2015 reported as 293.5 kg/vehicle).

VOCs



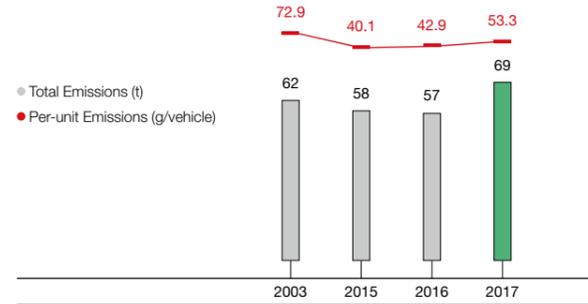
Water Pollutants

Water, along with air, is an essential resource for all life on earth including humans. Fortunately, water is reusable when properly treated at purification facilities. Kia Motors is making various efforts to reduce not only the amount of industrial water it uses, but also water pollutants discharged from its worksites.

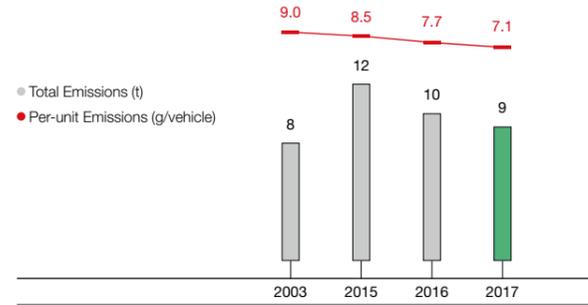
Kia Motors is applying corporate standards that are stricter than the legally mandated discharge standards. In addition, for compliance with corporate standards and water quality stabilization, it is continuously managing and improving treatment facilities. Moreover, to prevent unexpected spill accidents, the company is monitoring the concentration of water pollutants in discharged water on a regular basis.

In 2017, reduced production volume resulted in a slight decrease in wastewater discharge but the total discharge amount of key water pollutants, COD and SS, increased by 16.4% while the per-unit discharge amount grew by 19.4%. Compared to 2003, the total discharge amount, excluding others, grew by 11.4% while the per-unit discharge amount declined by 26.9% for COD and 21.1% for SS.

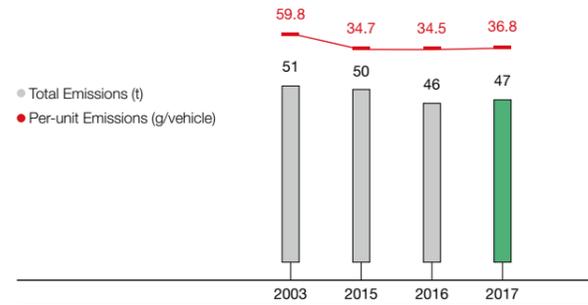
COD



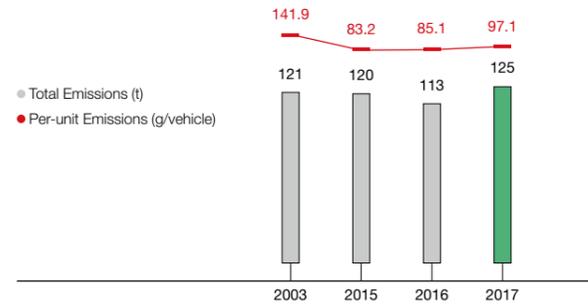
SS



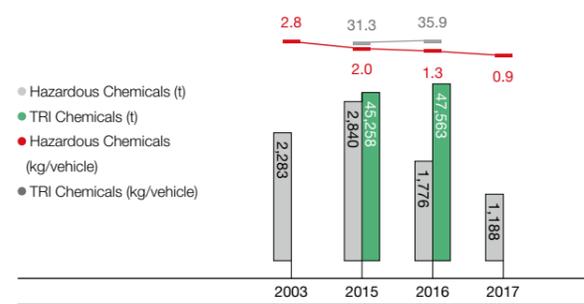
Others



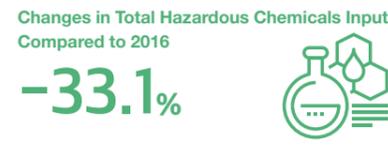
Total



Hazardous Chemicals



* TRI chemical figures are for 2016 performance because the data for 2017 was not yet available as of the reporting period. TRI chemical results are reported at the end of April of the following year.



Hazardous Chemicals

Hazardous chemicals require extensive control over their use and handling as they are harmful to both humans and the environment. Regulations on use of hazardous chemical substance has been strengthened each year worldwide since the EU made the first move in 2007 by imposing the REACH (Registration, Evaluation and Authorization of Chemicals) legislation 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 created a database of all the chemical substances used in the production of its vehicles since 2005 through the group-wide e-CMS (chemical management system). Furthermore, each plant has installed independent systems to monitor their use of hazardous chemicals on a regular basis.

Kia Motors abides by the Ministry of Environment's Toxic Release Inventory (TRI) program, a voluntary reporting scheme for the volume and type of restricted chemicals used and the sources of emissions. The company is also substituting hazardous chemicals with safer materials while continuously investing in the improvement of hazardous chemical handling facilities or conversion to eco-friendly systems.

In 2015, the Hwaseong Plant replaced the ion-exchange type manufacturing technique used in the painting process with the reverse osmosis method, and the Sohari and Gwangju plants followed suit in 2017. As the company plans on adopting this method to all

its worksites by 2019, company-wide use of hazardous chemicals is expected to significantly decrease. As a result of the company's thorough monitoring and preventive measures involving hazardous chemicals, Kia Motors had no cases of accidents or violations of the related laws in 2017. The annual use of hazardous chemicals dropped 33.1% from the previous year in total volume and declined 30.8% in terms of per-unit production. Compared to 2003, total use declined 48.0% and per-unit use was slashed by 67.9%.

2017 Change in Per-unit Input/Output Against Base Year

Item	Year	%
Raw Materials Input	2003	-24.3
Water Resource Input		-19.4
Waste Output		-28.6
Air Pollutant Emissions		-56.8
Water Pollutant Emissions		-31.6
Hazardous Chemicals Input		-67.9
VOC Emissions	2005	-47.2
GHG Emissions	2008	-24.0

Domestic & Overseas Environmental Expenditures

KRW 1,000

Description	2015	2016	2017
Direct Reduction on Environmental Loads	33,509,692	21,754,706	16,892,747
Indirect Reduction on Environmental Loads	831,240	888,906	850,597
Waste Disposal & Recycling	4,148,675	4,345,902	4,682,605
Environmental Risk Management Costs	7,400	-	180
Total	38,497,007	26,989,514	22,426,129

Afforestation Status

m²

	Sohari	Hwaseong	Gwangju	Slovakia (KMS)	China 1 (DYK 1)	China 2 (DYK 2)	China 3 (DYK 3)	Georgia (KMMG)	Mexico (KMM)
Area	498,908	3,199,636	1,014,941	1,898,288	405,258	1,473,120	1,470,000	2,611,380	3,338,843
Building Area	226,539	1,162,072	597,446	288,281	90,415	275,536	223,602	225,048	203,583
Green Area	74,850	663,848	80,007	1,218,314	36,752	310,437	337,581	785,487	1,219,021
Green Ratio (%)	27.5	32.6	19.2	75.7	11.7	25.9	27.1	32.9	38.9

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

Domestic Worksite Targets and Performance by Indicator

%

Subcategory	Basis of Measure (%)	2017		2018			
		Target	Performance	Achievement rate	Target		
Green Growth	Energy (Greenhouse Gas)	tCO ₂ eq	Per-unit reduction from 2008 level	26.0	24.1	92.7	26.0
Eco-friendly	Air	Dust Particles	Per-unit reduction from 2003 level	65.0	76.2	117.2	70.0
Production	SOx			35.0	26.5	75.7	30.0
				40.0	28.6	71.5	30.0
	Water	COD		50.0	26.9	53.8	30.0
		SS		20.0	21.6	108.0	20.0
Resource	Hazardous Chemicals	Amount Used		60.0	67.0	111.7	70.0
		Waste	Recycling Rate	As a percentage of total waste output	93.0	92.2	99.1
Regeneration	Landfill Rate			1.0	2.1	210.0	2.0
				5.0	5.6	112.0	5.0
	VOCs	Amount Discharged	Per-unit reduction from 2005 level	56.0	53.3	95.2	55.0

Logistics Phase



The logistics process of the auto industry is comprised of three domains: procurement which involves supply of auto parts by partner companies; production logistics which entails the standby and movement of auto parts on the production lines; and lastly, sales logistics which covers delivery of finished cars to customers. Of these, procurement is particularly affected by economies of scale. Kia Motors and Hyundai Motor collectively have more than 800 auto part suppliers who supply 30,000 auto parts per unit to manufacture a total of eight million vehicles annually. Kia Motors alone has seven production sites at home and abroad and when take into account Hyundai Motor, the Group's production network literally spans the globe. Meanwhile, 53% of our auto part suppliers are concurrently providing parts to our affiliate companies. Put another way, an innovative and efficient logistics process will have a significant positive impact on the supply chain. In collaboration with the Hyundai Motor Group, Kia Motors launched an innovation drive to help rearrange the Group-wide logistics system in 2017. With the goal of enhancing efficiency and flexibility of the logistics system so as to enhance competitiveness of both Kia Motors and its supply chain, the project succeeded in establishing a supplier-oriented win-win partnership platform, laying the foundation for sustainable development.

IT-Based Win-Win Partnership Platform

When it comes to the auto manufacturing industry, the absence of any single particular part can lead to a stop of the entire production line; therefore, the timely supply of proper parts is critical. In order to eliminate a setback or loss in procurement and production efficiency, Kia Motors, as the client, should keep its production plans and delivery orders in perfect order. That's how the idea of a win-win partnership platform came up.

The Win-Win Partnership Platform has successfully integrated the supplier channels of each individual affiliate and streamlined the overlapping features to develop a standard interface. The user-friendly portal site is accessible with a single account, which allows access to any content provided by all Hyundai Motor Group affiliate companies. By modulating same and similar features, the portal provides integrated classification, glossary and formats.

Moreover, a speedy and organic information networking system has been established. By computerizing supplier information on delivery methods, the information sharing and handling is now more accurate with higher efficiency. Any urgent order-placement or changes to orders are delivered via SMS without logging in to the system.

Future Tasks and Plans

The Win-Win Partnership Platform development project was based on the findings from face-to-face interviews with partner companies, as well as surveys and exchange sessions, to find practical needs and improve any inconveniences. Today, the platform is instrumental for both Kia Motors and its partner companies in lessening workloads and reducing costs while timely sharing and communicating relevant information. The resultant rise in the on-time delivery rate of auto parts helped reduce the shortage of parts and minimize inventory, thereby reinforcing overall production logistics efficiency. Consequently, the platform has freed up time for finished car delivery, reducing sales logistics costs and its environmental load. In the future, Kia Motors plans to further reinforce the platform through close cooperation with its partner companies to develop a system for flexible responses to changing market demands, as well as a quality history management system, through sharing of information on auto parts.



Disposal Phase



Having recognized the benefits of end-of-life vehicle recycling and the associated environmental impacts, countries across the world are actively promoting recycling policies. In Korea, it has become mandatory to recycle more than 95% of vehicle weight since 2015. In fact, 85% of scrapped cars are dismantled and recycled. The other 10% are used in electricity production through thermal power generation. Kia Motors shares its eco-friendly dismantling technology with the scrapping industry and continuously invests in resource circulation technologies.

Automobile Resource Regeneration Center

Kia Motors' Automobile Resource Regeneration Center, which has been in operation since 2005, is equipped with a progressive 7-step dismantling system. It dismantles approximately 4,000 test vehicles annually for research purposes and develops eco-friendly dismantling and recycling technologies. The end-of-life vehicle (ELV) dismantling process is carried out 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. Having successfully developed technology for safe and easy retrieving of remaining liquids and fuels, the center is now concentrating its efforts on improving dismantling efficiency and reusing components. The study results and data are delivered to the vehicle development teams for developing new models in ways that ensure easily dismantling and recycling. Newly developed technologies are also being applied to components in mass production. Every year, the center passes on the dismantling technology to around 100 of Korea's 500 dismantling yards. Recently, the center has distributed new dismantling manuals to help the automotive dismantling yards become versed with EVs and HEVs which have different structures from those of ICEVs. **M**



Lately, the National Pension Fund has been increasing its socially responsible investments. I know that Kia Motors has made great achievements in the development of auto technology since its foundation. Over the long run, I think the company should pay more attention to addressing environmental issues such as climate change, as well as and safety issues, in order to heighten its corporate value and as part of its corporate social responsibility efforts. By meeting the strengthening regulations on vehicle GHG emissions and pollutant discharges from business operations, I hope Kia Motors can be a role model for eco-friendly businesses as a leader in the industry.

Seon Jeonghyeon, Assistant Manager, National Pension Fund

Our Employees Define Us

Equal opportunities, fair compensation and support for self-development are the three principles of human resources management at Kia Motors. While constantly generating secure jobs through continued increase in employment, the company runs diverse systematic programs to help its people balance their work and personal lives by maintaining healthy and safe working conditions. Kia Motors is growing alongside its employees by promoting ethical behavior and duty fulfillment with a clear set of standards and guidelines.



- As of December 31, 2017
- Scope: Domestic premises (excluding the Total Workforce and Global Workforce by Region graphs)
- Target: Full-time employees (excluding outsourced employees and interns)

Employment

As of 2017, non-Koreans made up 33.1% (17,139 employees) of Kia Motors' entire workforce of 51,789 employees. Kia Motors follows the principle of "glocalization" (management centering on local human resources) in order to contribute to local economies and execute management according to local conditions. To that end, the company's overseas subsidiaries hire employees from local communities. As a result, 97.6% of overseas employees were locally hired, with 1,684 employees, or 80% of all Kia employees, at the managerial level and above, being locally hired.

In 2017, 1,091 persons were newly hired domestically. Of the total domestic workforce numbering 34,650 persons in 2017, employees with disabilities accounted for 3.7%. Also 83.5%, or 28,949 employees, were union members with the right to collective bargaining.

Labor-Management Relations

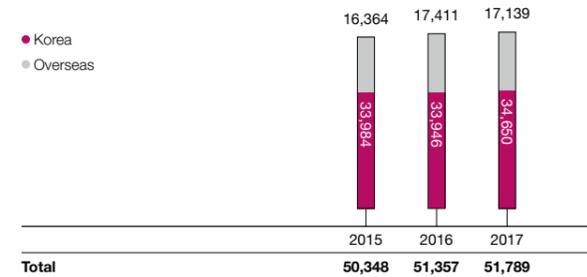
Kia Motors upholds the three labor rights stipulated in the Constitution of the Republic of Korea and guarantees the right to fair and free union activities as per the Collective Agreement. The company consults the labor union concerning major management issues at annual collective bargaining and regular Labor-Management Council meetings.

In compliance with the duty of notification as set forth in Article 17 of the Collective Agreement, the company regularly discloses business results to the labor union and informs the union in written format of

changes in management activities, such as institution and abolishment of regulations that affect the labor union members, appointment and dismissal as well as changes in position of executives, and BOD resolutions. Kia Motors pursues mutually cooperative labor relations based on communication and mutual understanding. As of January 3, 2017, the company and the labor union agreed to an 8+8 shift working system in order to reduce overnight duty. This change helped establish a more stable production system that can secure both the health of employees and production volume. At the moment, the company and labor union are in litigation on whether bonuses fall under the category of ordinary wages. According to the trial court's ruling on August 31, 2017, the company earmarked provisioning for the ruled compensation and appealed the case to a higher court. Following the principle of good faith, the company will abide by the court's final decree. As for future bonuses, the company will find more affordable methods of compensation through constant consultation with the labor union, independently from litigation. In response to the social issue concerning part-time employment, Kia Motors is hiring 1,094 employees from partner companies working at its premises in the form of special employment based on the labor-management agreement. Through the social outreach fund raised during collective bargaining, Kia Motors provides the "Kia Dream Scholarship" to children of families suffering from the aftermath of traffic accidents. Additionally, all Kia Motors worksites are active in joint labor-management social contribution activities.

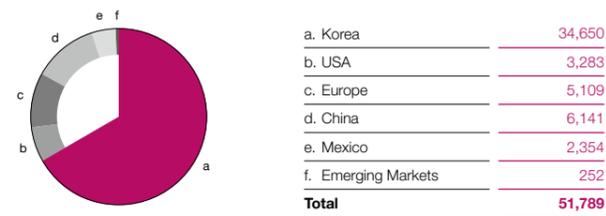
Total Workforce (Korea & Overseas)

Persons



Global Workforce by Region

Persons



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

Domestic to Overseas Employee Ratio

66.9:33.1

Percentage of Locally Hired Employees at Overseas Operations

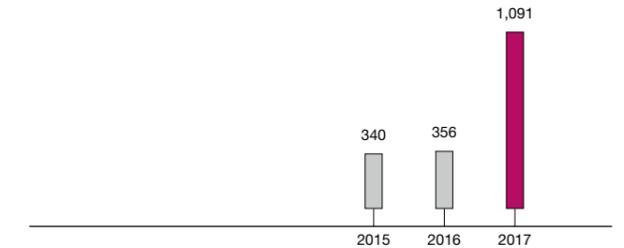
97.6%

New Employment in 2017

1,091 persons

Domestic Recruitment

Persons



Domestic Recruitment by Age/Gender

Persons

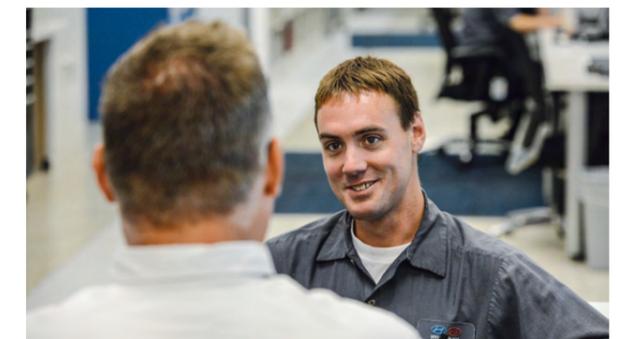
		2017	Percentage (%)
By Age	Ages 20-29	372	34.1
	Ages 30-39	294	27.0
	Ages 40-49	297	27.2
	Ages 50 and above	128	11.7
	Total	1,050	96.2
By Gender	Male	1,050	96.2
	Female	41	3.8

Domestic Recruitment by Region

Persons

	2015	2016	2017
Headquarters	69	85	87
Sohari	120	80	66
Hwaseong	84	69	504
Gwangju	18	37	329
Namyang R&D Center	4	14	11
Others	45	71	94
Total	340	356	1,091

• R&D centers are operated in conjunction with the Hyundai Motor Group; the R&D center figures herein refer to "non-researchers."



Retirement & Resignation by Region

Persons

	2015	2016	2017
Headquarters	34	36	81
Sohari	80	63	85
Hwaseong	47	49	57
Gwangju	56	59	77
Namyang R&D Center	3	1	5
Others	117	150	137
Total	337	358	442

Retirement & Resignation by Age/Gender

Persons

		2017	Percentage
By Age	Ages 20-29	47	10.6
	Ages 30-39	63	14.3
	Ages 40-49	41	9.3
	Ages 50 and above	291	65.8
By Gender	Male	421	95.2
	Female	21	4.8

No. of retirees-to-be who attended the Post-Retirement Life Design Program in 2017**273 persons****Training & Retirement**

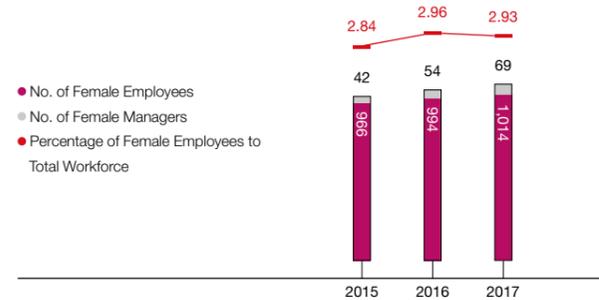
In addition to the training programs for job competency-building and self-development of employees, Kia Motors also supports its employees' future planning with education programs according to their respective stages of employment. Notably, Kia's post-retirement life design program has helped employees leaving the company prepare for their new lives after work since 2004. In 2017, 273 retirees-to-be attended the program, learning how to manage their finances, career and health after leaving Kia.

Female Workforce

Aware of the potential of women in the workforce, Kia Motors continues to raise the percentage of female employees over the long term. With 65.5% of Kia employees working on the production lines, female employees account for only 2.9% of the total workforce, as the majority of female employees are office workers. However, the number of female managers is growing steadily each year and increased by 27.8% in 2017 from the previous year.

No. of Female Employees/Managers

Persons

**Employee Education & Training**

KRW

	2015	2016	2017
Total Education & Training Expenses	14,270,000,000	10,110,000,000	10,830,000,000
Per-employee Education & Training Expenses	470,000	297,000	319,000
Per-employee Education & Training Hours	33	47	49

• Accumulated number of employees who completed training in 2017 stood at 118,231 persons based on the HRD sector's annual performance results.

Change in training hours over the past three years (2015-2017)**+48.5%****Wage & Fringe Benefits**

Kia Motors provides its employees with industry-leading wage and fringe benefits guided by the uncompromising 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.

Kia Motors' fringe benefit system does not discriminate between full-time or temporary (or part-time) employees. On top of the legally mandated fringe benefits, the company provides a variety of benefit programs to contribute to the quality of life and security of its employees, and to boost their morale for trust-based labor-management relations. In 2017, 69 employees were on parental leave, with 31 employees taking maternity leave (including miscarriage/stillbirth leave). Also, 10 pregnant employees used the flexible work hour system for an average of 35.2 days each.

Parental Leave

Persons

		2015	2016	2017
No. of Employees on Parental Leave	Male	20	18	18
	Female	75	68	51
Rate of Return from Parental Leave		100	99	100

- 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.

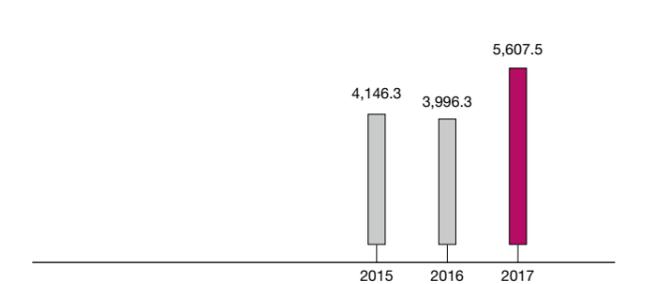
Female Manager Growth Rate over Three-Year Period (2015-2017)**+64%****Rate of Return after Parental Leave****100%****Human Rights**

Kia Motors upholds the basic human rights of its employees. All recruitment procedures are carried out pursuant 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. Employees can vent their grievance(s) through the intranet-based processing system, where the progress and outcome of the handling of received grievance(s) can also be tracked.

Furthermore, in its efforts to prevent sexual harassment and protect human rights, Kia Motors gives its employees semi-annual classes on all the relevant laws, corporate regulations and related punishments. In addition, Kia Motors runs the Sexual Harassment Counseling Center within the Employee Counseling Center to prevent such incidents at the source. Separately, the Committee for Female Employee Counseling assists female employees in resolving any problems.

Wage & Benefits Expenses

KRW in billion



- See the audit report and the business report for more information.
- See the business report for more details concerning the period of continuous service.

A Healthy and Safe Workplace

Placing priority on the health and safety of its employees, Kia Motors constantly works to ensure an eco-friendly and pleasant working environment. Following the enactment of the Safety & Environmental Management Policies in 2016 aimed at fostering a more human-oriented corporate culture, the company proclaimed its Safety & Environmental Management Vision in 2017, setting the guidelines for company-wide efforts towards creating a more safety-oriented corporate culture.

Health, Safety & Environment (HSE) System

All worksites of Kia Motors are operated according to the internal ESH system (i-ESH) as certified Health and Safety Management Systems (KOSHA 18001 for the Sohari and Gwangju plants and OHSAS 18001/KOSHA 18001 for the Hwaseong plant). Furthermore, all works and inspections are commenced at every Kia worksite only under the permission of the i-ESH. All plant workers are provided with relative information and education materials for self-checking of necessary contents whenever needed. 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 made in line with 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 manual for preventing infectious diseases and distributed it company-wide. With the aim of zero severe occupational accidents on site, Kia Motors ensures compliance of standardized safe work processes and provides employees with health & safety education as well as periodic facility checks to prevent occupation accidents at the source. In addition to the prompt response systems in the event of an accident, the company strives to raise the awareness of not only its employees but also its partner companies and local communities.

Preventing and Reacting to Occupational Accidents

Kia Motors maintains safe and healthy working conditions as stipulated by the basic guidelines under Article 79 of the Collective Agreement. Industrial Health & Safety Committees, which are composed of seven members each from labor and management, manage the working conditions at the respective plants. On top of these plant-level committees, a company-wide Industrial Health & Safety Committee convenes labor and management representatives in charge of safety management from each plant to discuss and reach agreements on major health and safety issues according to the Occupational Safety and Health Act. Department-level safety and health working committees apply resolutions of the company-wide Industrial Health & Safety Committee and the committee of each plant to worksites and implement health and safety measures according to the characteristics of each department.

Also, the company conducts regular inspections on risk factors every third year to identify processes with high burdens on musculoskeletal systems and then establishes mid to long-term plans to improve such processes. If any musculoskeletal diseases are reported, Kia researches risk factors and takes appropriate measures to improve the work process. Furthermore, Kia Motors has put in place a program to prevent hearing loss from worksite noise and respiratory damage from hazardous airborne substances. In 2017, the number of occupational accidents at Kia Motors' domestic worksites, including the three plants in Sohari, Hwaseong and Gwangju, sales offices, and service centers, declined by 20.4%, or 52 cases, from 255 cases in 2016 to 203. In fact, the frequency of such accidents has been on the decrease over the past five years.

Employee Health Management

Kia Motors has industrial medical clinics at its worksites where medical specialists are always on standby. Offering physiotherapy treatment and oriental medicine counseling services, the clinics are also open to the employees of partner companies who are working within Kia's premises. All factory and plant workers receive regular health check-ups (ordinary, special, random and pre-deployment) and can consult with doctors when needed, while the results of their health check-ups are inputted into a computerized database for any possible follow-up measures. Those who are diagnosed with abnormal symptoms are subject to check-ups for the risk of cardiovascular disease and receive a doctor's consultation. The company also conducts collective health management training as well as company-wide safety and health training. In the event of occupational accidents, the company covers appropriate treatments, supports rehabilitation training and follows up with employees who are back to work from injuries. The company's group accident insurance policy also covers compensation during hospitalization due to accidents in daily life, injury disability and cancer diagnosis.

In addition to the legally mandated examinations for general physical examinations, Kia Motors subsidizes screening for adult diseases.

Occupational Accidents in 2017 by Worksite

	No. of Accidents (cases)	Accident Rate (%)
Sohari	42	0.72
Hwaseong	89	0.72
Gwangju	53	0.72
Non-plant	19	0.22
Total	203	0.59

* Occupational accident rate formula: Total number of occupational accident workers/total workforce x 100

Occupational Accident Rate Decrease in 2017 from 2015

-33%

Employees working at Kia Motors for 10 years or more, or those aged 40 and above, along with one of their family members are entitled to subsidized comprehensive physical examinations. Beneficiaries can choose from any type of physical examination the company offers. Up to 50% of the cost of additional physician-advised tests such as MRIs is covered by the company. In 2017, a total of 23,972 people (15,944 employees and 8,028 family members) benefited from the company's medical examination subsidies of KRW 4.6 billion. Kia Motors' insurance policy also covers employees' immediate family members with medical allowances and other benefits. In 2017, medical expenditures to employees and their families amounted to KRW 31.2 billion.

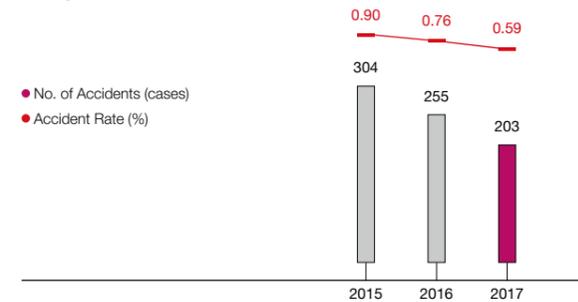
Ethical Management

The ethical management Kia Motors has been striving for is a management system that rectifies wrongful practices or cost structures to develop ethical business relationships with stakeholders, and thereby enhances the company's long-term competitiveness. To successfully implement an ethical management system, Kia Motors has formed a Transparent Management Committee under the BOD, which supervises the actual practices of ethical management to secure its momentum. Kia Motors has also established a Charter of Ethics and detailed regulations as practical guidelines for its employees at their worksites. In addition, Kia Motors has put its own Compliance Program (the "CP") into effect since 2002 to ensure the correct implementation and supervision of ethical management, and adopted a compliance management system since 2012 for the practice of compliance management.

Compliance Management

Kia Motors is establishing a compliance management system with the purpose to set up its own compliance program. Having organized a task force under the control of the Chief Compliance Officer

Occupational Accident Rate



appointed by the BOD in 2012, the company has outlined—to lay out the basis for its compliance management activities—standards of corporate compliance control and enforcement thereof. Kia Motors also developed operation plans for the compliance program ascertaining and categorizing various factors of relevant legal risks. Concerning legal risks that have been significant concerns to Kia Motors since 2013, the company has distributed its own compliance guidelines applicable to both its domestic and overseas worksites. Using the guidelines, the company has also provided compliance training to its employees. Up until 2017, the company has published 39 guidelines containing detailed information of and countermeasures to major legal violation risks. For Kia Motors' overseas worksites, five guidelines have been published and distributed to the company's production and sales network worldwide. General compliance education is provided to new employees and soon-to-be-promoted employees prior to their actual promotions. There are also more professional training programs to employees in charge of compliance management. Regarding issues with high risks and universal application, an online education session is available to the entire workforce.

Additionally, to support compliance activities in a more efficient way, a compliance support computer system and counseling centers offer professional legal advisory services. Compliance newsletters containing reviews of legal issues closely related to employees' undertaking their tasks are issued bimonthly, and the magazine entitled Legal Trend is provided monthly to disseminate information pertaining to the latest trends in laws and regulations. Annual global newsletters are published for overseas subsidiaries as well. In 2017, the head managers of each department were appointed to compliance officers. After receiving related education, they conducted self-initiated investigations on legal compliance practices with respect to (1) the Anti-Corruption Act, (2) the Improper Solicitation and Graft Act, (3) the Personal Information Protection Act, and (4) the Trade Secret Protection Act. In 2018, the company will expand the scope of the investigation and also plans to collect compliance pledges from all its employees to enhance their understanding of the importance of legal compliance.



Compliance Program

The CP (Compliance Program) is an internal compliance scheme that a company operates internally to comply with the laws and regulations on fair trade. Led by top management, Kia Motors strives to establish fair transactions within its corporate culture. To that end, the company has deemed the CP operating regulations as its work standard and checks the status of their implementation through internal audits. It also shares the details of this standard through company-wide notices and reports the implementation performance to the BOD. The Autonomous Compliance Committee, comprising of executives in charge of fair trade and the heads of related departments, discusses and shares operational plans and oversees continuous improvement efforts. Also, the committee and staff in charge of compliance practices report on current status while also receiving internal and external training sessions for updates on the latest trends. In 2017, the CEO proclaimed his commitment to autonomous compliance every month to the entire organization. Fair trade-related news was communicated through newsletters and bulletin boards on the company intranet. For higher effectiveness of fair trade education, the company set up a new online course for newly promoted managers. Following a review of the CP operational status of all departments affiliated with the Fair Trade Compliance Committee, Kia reinforced its internal monitoring system and also awarded departments with excellent performance in autonomous compliance as a way of further motivating voluntary compliance. Externally, Kia Motors guarantees all its partner companies equal opportunities by introducing the principle of competitive bidding for all transactions starting in 2013. In 2017, Kia Motors punished employees who were involved in cases of corruption that were detected through its internal monitoring system, including the Cyber Audit Office, according to the severity of each case. Kia Motors will continue to exert its best efforts to ensure fair competition and transparent work processes by performing strict inspection and prevention activities. **M**

Inspired by Customers

At Kia Motors, products and services are planned and created from the perspective of customers, and their effectiveness is verified by internal and external assessments. The findings from the surveys provide guidelines for future improvements. By responsibly discerning the information it should share with customers from that it should protect, the company develops and puts in place information protection policies. Kia Motors makes constant endeavors for greater customer satisfaction. Since its first acquisition of the consumer centered management (CCM) certification endorsed by the Fair Transaction Commission in 2012, the company qualified for biennale renewal for a third time in 2016.

Customer Satisfaction Assessment

Internal Customer Satisfaction Surveys

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

External Customer Satisfaction Surveys

Organization	Survey	Description
Korea Productivity Center	National Customer Satisfaction Index (NCSI)	Ranked 1st in the micro-compact segment for three years in a row and RV segment for a second straight year
JoongAng Daily	National Brand Awards (NBA)	Recipient of the Automobile Membership Award for the sixth consecutive year
Korea Management Association Consulting	Call Center Quality Index (KSQI)	Ranked 1st in all industries for the fifth straight year; Best call center for the 14th consecutive year
	Korea Sales Satisfaction Index (KSSI)	Ranked 1st in all industries for the fourth straight year

CS Training

Kia Motors provides regular CS training to all its sales and service employees. Sales staff members receive customized training courses (CS consulting) and a CS premium training course for high-quality customer services. Moreover, differentiated CS training has been administered a total of 2,264 times, targeting 30,145 employees to help them strengthen basic customer reception skills through on-site coaching and image-making courses. In 2018, Kia Motors plans to systemize on-site CS training sessions and increase the number of video training sessions in order to maximize effectiveness.

Sales & Service Training

	2015	2016	2017
No. of Annual Trainees (persons)	38,538	27,285	30,145
Total Training Hours	54,723	36,227	41,095
Per-employee Training Hours (person/hours)	1.42	1.33	1.36

•Trainee composition in 2017 can be broken down into 18,108 salespeople (10,167 from regional sales offices, including administrative staff, and 7,941 from dealerships), 10,593 service staff (2,877 from regional service centers and 7,716 from partner companies) as well as 1,444 from other departments.



Customer Information Protection

Kia Motors has been operating the Personal Information Protection Council since 2011 as part of its customer information protection framework, which runs concurrently with the enforcement of the Personal Information Protection Act. In addition, it has established a company-wide cooperation system and is taking measures to ensure security while preparing contingency plans for potential risks. In 2015, Kia Motors obtained the Personal Information Protection Level (PIPL) certification from the Ministry of Government Administration and Home Affairs and built a more systematic management framework. In 2016, it dedicated efforts to strengthening personal information protection by receiving a privacy protection certification follow-up review, which was then integrated into the PIMS (Personal Information Management System). With this accomplishment, Kia Motors has once again proven that it complies thoroughly with all personal information protection laws and regulations. Kia Motors will continue to do its utmost to prevent personal information invasion accidents and protect customers' personal information by introducing updated systems and physical security devices.

Product Labeling

All Kia models are labeled with CO₂ emissions (g/km) and fuel economy information to assist customers in making informed purchase decisions. All new models rolling out since January 2013 have been labeled with their weighted combined fuel economy (55 percent for city driving, 45 percent for highway driving) as per the changes to fuel economy calculation standards.

Customer Marketing Communication

In terms of marketing and corporate external communications, Kia Motors strives to avoid any infringements upon customer privacy, the application of double standards or exercise of undue influence on vulnerable groups. While aligning its marketing communication activities with cultural and ethical norms, Kia Motors also makes sure that its overseas marketing activities conform to local sensibilities through advance research and local canvassing. Kia Motors did not violate any regulations or receive any fines with regard to its marketing communication efforts in 2017. **M**



My first car was a Kia. Since then, Kia has been my favorite car brand for more than a decade.

Of course safety and convenience was the top priority in choosing my car, but I was also deeply impressed by Kia Motors' customer service.

My two favorites were the telediagnosis service of cars and easy-to-access professional consulting services. I should also mention that I like the cozy customer lounges at service shops and friendly staff there.

I look forward to my next stop at a Kia AutoQ Service Shop.

Kim Se-Young, Korea Standards Association

Mutual Respect with Suppliers

Being an assembly business, the auto industry is dependent on its supply chain. Consequently, a competent supply chain is a determinant of Kia Motors' competitiveness. Kia Motors pays particular attention to financial soundness and competency-building of its supply chain. While mending its transaction practices in favor of partners to support their financial stability, Kia induces their competency-building through R&D support programs. Furthermore, it encourages primary partners to improve transaction practices with secondary/tertiary partners to spread win-win partnerships across the entire supply chain.

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 2017, a total of 10,122 (4,259 from secondary partners) trainees attended Technical School, Quality School and Production Management Training courses. While offering primary/secondary partners quality control education by business type, Kia Motors helps them improve working conditions and production processes through technology innovation under the Industrial Innova-

Support & Assistance through the Promotion of the Foundation of Korea Automotive Parts Industry

	Type	Primary Partners	Secondary Partners
In-House Technical Assistance (Quality/Technology Volunteer Corps)	12 business types	15 companies	92 companies
Business Consulting (Partner Support Corps)	6 business areas	34 companies	14 companies
Technical School	8 courses	1,052 persons	308 persons
Quality School	10 courses	3,304 persons	1,277 persons
General Management Training	2 courses	259 persons	101 persons
Seminars by Business Type	11 business types	1,158 persons	2,282 persons
Production Management Training	11 business types	90 persons	291 persons

Education/Training Programs for Partner Companies

Type	Program	No. of Sessions	Trainees (persons)
Executive/Working-level Staff	Quality awareness and transparency/ethics education	420+	55,000+
	Quality Competency	570+	139,000+
	Technical/Job Competency	500+	23,000+
Total (including overseas worksites)		1,490+	217,000+

tion Campaign. Hyundai Motor Group's automotive affiliates have made a commitment of KRW 23.5 billion in total over the course of five years from 2013 to 2017, with primary partners and related experts to provide any required assistance. From August 2016 to July 2017, 120 of these partners benefited from this program. Additionally, Kia Motors' technicians visit the production lines of secondary/tertiary partners to provide advice on quality control. A total of 4,000 partner companies, including 200 from overseas operations, have received this support to date. Also, a monthly average of 489 engineers from 44 Kia partners participated in Kia Motors' R&D activities to develop new models under the Guest Engineer Program.

Supporting Financial Stability

Kia Motors pays all its bills and invoices to SME partners in cash. Leveraging its negotiating power arising from massive purchase volumes, Kia Motors either negotiates raw materials prices in its favor or arranges bulk purchases for its partners. In addition, seven funding programs are available for partner companies according to their needs. Since 2013, the scope of beneficiaries for the Mutual Growth Fund and Win-Win Molding Facilities Fund has expanded to secondary and tertiary partners. In 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 ME partners. In January 2018, Kia Motors signed a three-party agreement with the Ministry of SMEs and Startups and the Corporate Partnership Foundation

Payments for Goods & Services

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

to support secondary/tertiary partners in raising the minimum wage and established a KRW 100 billion Mutual Growth Fund exclusively for secondary/tertiary partners and a KRW 50 billion Mutual Partnership Fund to finance wages of secondary/tertiary partner employees.

A System for Mutual Growth

Kia Motors has also 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. Since 2010, Kia Motors' top manage-

ment walks around the worksites of partner companies every year to listen to their voices and swiftly address their complaints. Visits to secondary partners are conducted by representatives from related primary partner companies and Kia Motors' executives in charge of quality, R&D and procurement to effectively address quality and technical issues. Moreover, council meetings are designed to help primary partners build cordial partnerships while their independent councils are also encouraged. In addition, the company is increasing the scope of all mutual growth programs to reach the furthest end of its supply chain. **M**



Community Engagement

Social Contribution Expenditures

KRW

	2015	2016	2017	Total by Sector
Social Welfare	11,904,885,000	10,504,828,455	10,837,917,910	33,247,631,365
Medical Care, Public Health	177,000,000	190,800,000	16,600,000	384,400,000
Education/Schools-Academic Research	7,482,683,060	8,552,977,564	7,158,685,200	23,194,345,824
Arts & Culture/Sports	4,151,490,410	5,357,943,388	14,832,389,890	24,341,823,688
Environment	532,460,000	66,000,000	71,364,898	669,824,898
Emergency/Disaster Relief	-	993,835,400	649,053,000	1,642,888,400
International Programs and Activities	3,709,434,380	4,427,897,528	2,727,812,000	10,865,143,908
Others	499,335,856	100,500,181	40,809,760	640,645,797
Total	28,457,288,706	30,194,782,516	36,334,632,658	94,986,703,880

* Scope: Domestic worksites, Data collection standards: Expenses qualifying as donations as per the relevant tax laws, cause marketing expenses and sponsorships classified as academic, arts & culture and sporting events.

Employee Volunteerism

	2015	2016	2017
Annual Participation (persons)	11,548	11,270	15,675
Total Volunteer Hours	35,590	36,032	58,070
Per-employee Volunteer Hours	1.05	1.06	1.68

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



Among a number of Kia Motors' social contribution projects, I am particularly interested in the Green Trip project because it significantly promotes the human rights of the disabled.

I think this is the perfect case of a company lending its business acumen to social contribution.

I am also impressed by the company's excellent performance in taking advantage of its vast resources and network in implementing CSR strategies.

I hope Kia Motors continues to grow through its consistent CSR commitments.

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

A Responsible Corporate Citizen from Slovakia

As part of Hyundai Motor Group, Kia Motors Slovakia strives to fulfill the company's vision and become a "lifetime partner in automobiles and beyond," while also working hard for a better future. At the same time, Kia Motors Slovakia is determined to be a responsible corporate citizen. Achieving this goal is beneficial not only for the Zilina region, where Kia Motors built its first European factory, but for all of Slovakia, whether looked at from an economic or social perspective. Thus, a great deal of attention is paid to human resources, education, health, environment and safety, fair and ethical business practices, and customer and supplier care. Because of such approach to social responsibility, Kia Motors Slovakia was on April 4, 2017, awarded the most prestigious CSR award in Slovakia for its activities in 2016 – Via Bona 2016 in the main category Large Responsible Company.

Human Resources

As of December 31, 2017, the plant employed 3,755 people, while the average age reached 35.6 years. The human resources policy at Kia Motors Slovakia stands on the following basic pillars: employee care, transparent communication with employees on horizontal level, highly competitive remuneration system, and wide range of benefits usable in free time as well as improvement of conditions for employees. Since 2005, a unique concept of counselling rooms so-called Harmony rooms has been utilized. Harmony rooms are located directly in production shops, through which employees have an opportunity to actively participate in improvement of the working environment and relationships in the workplace. Every year the company organizes events for its employees and their family members;

the most significant ones being Kia Open Day and Parents' Day. In order to increase the level of care for its employees and offer assistance in overcoming personal difficulties, the company support the new program of psychological counselling available from December 2016. The idea behind the concept is to help employees conquer any stress related to their person and achieve harmony.

In 2017, KMS in cooperation with the consulting firm PricewaterhouseCoopers Slovensko implemented a project that set up a new salary system for administration and production.

Education

Kia Motors Slovakia has, since its inception, focused on the personal and professional growth of its employees, which the company considers a key to its success. In 2017, production and administrative employees attended 1,274 different types of trainings, including trainings required by law. The goal of all trainings was to improve their skills and increase their expertise as well as strengthen the work and management competencies. Throughout the last year, 9,914 Kia Motors Slovakia's employees were trained for 59,380 hours altogether.

No. of Training Programs Offered in 2017

1,274 courses



No. of Employees Who Completed Training Course in 2017

9,914 trainees

Annual Training Hours of KMS Employees in 2017

59,380 hours



Kia Motors Slovakia also organizes trainings in cooperation with the parent company Kia Motors Corporation. The main objective is to acquire necessary skills and technical knowledge required for production of new models. In 2017, 288 employees attended trainings in South Korea. For employees with best work results Kia organizes a motivational program Kia Spirit Up! every year in South Korea; last year, 60 of them participated in the program. Kia Motors Slovakia has its own Training Centre in the village of Gbelany.

Safety at Work

In 2017, several activities in the field of occupational health were carried out focusing on prevention against health damage of employees, especially through medical exams, field evaluation factors of work and workplaces as well as ergonomics. The company participated in the "Safety Culture Award" competition in 2017, focusing on the overall state of Safety and Health at Work ("OSH") in the company. Among the top Czech and Slovak companies, Kia Motors Slovakia was at the forefront. From the prevention of injuries, "Golden Kia Rules of Safety" were created to eliminate the most common risks in production. This way, Kia Motors Slovakia strives to enrich employees with basic safety principles during work.

Improving Working Conditions

This year, Kia Motors Slovakia created and launched internal HSE (Health, Safety, Environment) portal for leading employees which provides them with all the necessary information in fields of safety, chemistry, health protection, first aid, and to solve various issues online. Regarding the working environment and microclimate conditions in working place, Kia Motors Slovakia invested 700,000 EUR in the first phase of the project that were used for the installation of air conditioning units in the production shops. This installation significantly improved working conditions of working employees during the summer days. In 2018, the project will continue with the second phase. In field of ergonomics Kia Motors Slovakia focused

on specification of unified rotation of positions on production lines and work places for all shifts so the work load from the point of affecting work factors and workplace was distributed equally and healthiest for the employees and simultaneously will prevent work that would exceed the legislation limits. Leading employees and their subordinates labelled difficultness from the point of production. By those measures we decreased the number of potentially difficult positions in Assembly to 35 from 107. The results were presented within the Czech-Slovak conference Ergonomics 2017 organized by the Slovak Ergonomic Company which granted award in the field of ergonomics for the year 2017 to Kia Motors Slovakia. In 2017, a significant investment was approved for the construction of health and rehabilitation centre that will focus on strengthening of loadbearing and movement with help of physiotherapy exercises or by use of modern curative procedures.

Environment

Environmental policy of Kia Motors Slovakia is based on the principles of corporate social responsibility valid for the whole Hyundai Motor Group and it is divided into economic, social and environmental responsibility. Environmental Strategy 2020 for Kia Motors Slovakia was created and accepted based on it. It consists of three basic fields the company will mainly focus on in the near future.

Environmental awareness, managing and cooperation – The goal is to improve the awareness and knowledge about environmental protection of all employees to realize how can they protect and improve the environment during their everyday work. Cooperation with all involved parties and transparent presentation of environmental performance.

Action for Environmental Protection

Energy savings and reduction of emissions – The target is reducing of greenhouse gases and fugitive organic substances. Use of higher amount of green technologies and improvement of management system.

Waste as new source – Waste is a material and energy of the future, therefore it is our priority not only to dispose it but also find ways how to re-use it, recycle, or energetically use. We support the so-called circular economy to preserve the value of the products and materials as long as possible and minimize the amount of waste. The core of the environmental policy is an established certified system of environmental management according to ISO 14001 standard which has been continuously improved by the company and in 2017 it was successfully certified to new version of the regulation. The system of environmental management hereby undertakes the company to follow the legal requirements, continuous improvement of environmental protection, regular evaluation of environmental performance, and to increase the environmental awareness of all employees. Regular monitoring and evaluation of water, energies and material consumption is an important part of the system together with the amount of produced waste, waste water and emissions calculated per produced car and acceptance of environmental targets to improve these indicators.

Environmental Management System

Kia Motors Slovakia is minimizing the impact of its activities on the environment not only throughout the production process but also within production and development of cars. The use of state-of-the-art technologies is a proof supplemented by systematic monitoring of the impact of production on the environment and certificates for the models produced in our factory such as LCA – Lifecycle Considering According to ISO 14040 and Integration of Environmental Aspects into the proposal and development of product according to ISO 14062.

The company is a member of various national and international environmental groups such as Legislation Committee of Automotive Industry Association of the Slovak Republic, membership in working groups of ACEA (industry emissions, process chemicals, REACH), and others. Active participation in those groups gives us the possibility to object prepared legislation and simultaneously prepare for the most important changes.



One example of successful cooperation with involved parties was the conference “Research and Protection of Mala Fatra”. The event was organized on the occasion of the 50th anniversary of Mala Fatra protection and took place in the Education Centre of Kia Motors Slovakia, which was also a partner of the conference.

The goal of Kia Motors Slovakia is permanent improvement of environmental management of the factory, because environmental protection is one of the keys to successful entrepreneurship.

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. Also, Kia Motors Slovakia is fiscally responsible in terms of payment discipline. In fact, the company is adamant about paying suppliers on time and within the agreed upon contract period, general terms and 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 2017, 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. The company supported 132 projects via Kia Motors Slovakia Foundation in the total amount of 1.8 million EUR. The company also donated a financial amount of 366,000 EUR for direct realization of projects. The primary fields of support in 2017 were education, sport, development of cycling in the region, revitalization of greenery, reconstruction of the hospital. Support of mobility, development of education and sports with focus on children and youth remain as targets of the foundation in 2018.

A significant part of the corporate responsibility of Kia Motors Slovakia is the company's volunteering program: blood donation and support of 20 non-profit organizations via volunteering. In 2017, Kia volunteers worked for 2,537 hours altogether. In the same year, 70 of our employees participated in the largest volunteering event in Slovakia titled Our City, which benefited various organizations in the Zilina region in one day. In 2017, Kia Motors Slovakia Foundation in cooperation with the National Blood Transfusion Service organized three blood donations for administrative employees. Voluntary blood donations have been organized in Kia Motors Slovakia since 2007.



Cooperation with Schools

Kia Motors Slovakia has cooperated actively with secondary vocational schools in the Zilina region since 2007. Since then it has enabled more than 700 students to obtain practical experience in its production facilities. In the 2017/2018 school year, 41 students finished vocational practical training in the Kia plant. In the 2017/2018 school year, Kia continues in the dual education system. In total, 45 students from the Secondary Vocational Engineering School in Kysucke Nove Mesto will graduate in the following specializations: Mechanical specialist of car production, Programmer of machining and welding tools and devices, and Mechanic - mechatronic. The students have not only been receiving practical experience with the most attractive employer in the Zilina region, they are also going to be guaranteed a working position after their graduation.

Four secondary school students and two university students have joined the scholarship program at Kia Motors Slovakia in the 2017/2018 school year. Conditions for obtaining scholarships were excellent study results and practical vocational training during their studies.

Due Fulfillment 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 the 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 all state authorities by December 31, 2017. **M**

Community Engagement Projects

132 projects

2017 Employee Volunteer Hours

2,537 hours

Total No. of Beneficiaries from Practical Training on Kia's Production Line Since 2007

700+ students

Third Party's Assurance Statement

To the Readers of Kia Motors Sustainability Magazine 2018:

Foreword

Korea Management Registrar Inc.(hereinafter "KMR") has been requested by of Kia Motors to verify the contents of its Sustainability Magazine 2018(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.

- GRI Standard 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, 203-2
 - 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, 305-6, 305-7
 - Effluents and Waste: 306-1, 306-2, 306-3, 306-4
 - Environmental Compliance: 307-1
 - Supplier Environmental Assessment: 308-1, 308-2
 - 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, 412-3r
- Local Communities: 413-1
- Supplier Social Assessment: 414-1, 414-2
- Customer Health and Safety: 416-1
- Customer Privacy: 418-1
- Socioeconomic Compliance: 419-1

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's 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.

• Integration of Sustainability Management Control Systems and Management Control System Organizations:

It is important to establish sufficient interaction and communication platforms among the members of the organization to integrate sustainability into the management system. Collective awareness of sustainability provides the opportunity to integrate the two departments' systems and to interact and communicate with other departments. It is recommended to integrate Sustainability Management Control Systems and management systems through this opportunity.

• Sustainability management centered on stakeholders:

In the absence of a systematic approach to quantification, it could be an option to strengthen qualitative analysis through communication with stakeholders. The evaluation criteria for good reports are based on evaluation of the reports centered on stakeholders. It is recommended Kia Motors to record the management approach (MA) for each GRI item and how it manages aspects of the company's positive or negative impacts, link with sustainability management strategies and formalize stakeholder engagement channels in the future.

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 20th, 2018

CEO **Eun Ju Hwang**



GRI Standards

● Fully reported ● Partially reported ○ Not reported

Performance Indicator	Description	Status	Page	Reasons for Omission	
GRI 100: Universal Standards					
GRI 101: Foundation	101-1	Reporting principles	●	100	
	101-2	Using the GRI Standards for Sustainability reporting	●	100	
	101-3	Making claims related to the use of the GRI Standards	●	100	
	101-4	Reasons for omission	●	96-99	
	101-5	Using selected Standards with a GRI-referenced claim	●	96-99	
	101-6	Notifying GRI of the use of the Standards	○	-	To directly report to the GRI after publication
GRI 102: General Disclosures	1. Organizational profile				
	Disclosure 102-1	Name of the organization	●	4-5	
	Disclosure 102-2	Activities, brands, products, and services	●	4-5	
	Disclosure 102-3	Location of headquarters	●	4-5	
	Disclosure 102-4	Location of operations	●	4-5	
	Disclosure 102-5	Ownership and legal form	●	58-59	
	Disclosure 102-6	Markets served	●	4-5	
	Disclosure 102-7	Scale of the organization	●	4-5	
	Disclosure 102-8	Information on employees and other workers	●	38-41, 52, 80-85	
	Disclosure 102-9	Supply chain	●	42-43, 53, 88-89	
	Disclosure 102-10	Significant changes to the organization and its supply chain	●	4-5	
	Disclosure 102-11	Precautionary Principle or approach	●	8-11	
	Disclosure 102-12	External initiatives	●	7, 48, 57	
	Disclosure 102-13	Membership of associations	●	57	
	2. Strategy				
	Disclosure 102-14	Statement from senior decision-maker	●	6-7	
	Disclosure 102-15	Key impacts, risks, and opportunities	●	8-13, 62, 63	
	3. Ethics and integrity				
	Disclosure 102-16	Values, principles, standards, and norms of behavior	●	62-63, 84-85	
	Disclosure 102-17	Mechanisms for advice and concerns about ethics	●	62-63, 84-85	
	4. Governance				
	Disclosure 102-18	Governance structure	●	58-59	
	Disclosure 102-19	Delegating authority	●	58-59	
	Disclosure 102-20	Executive-level responsibility for economic, environmental, and social topics	●	58-59	
	Disclosure 102-21	Consulting stakeholders on economic, environmental, and social topics	●	58-59	
	Disclosure 102-22	Composition of the highest governance body and its committees	●	58-59	
	Disclosure 102-23	Chair of the highest governance body	●	58-59	
	Disclosure 102-24	Nominating and selecting the highest governance body	●	58-59	
	Disclosure 102-25	Conflicts of interest	●	58-59	
	Disclosure 102-26	Role of highest governance body in setting purpose, values, and strategy	●	58-59	
	Disclosure 102-27	Collective knowledge of highest governance body	●	58-59	
	Disclosure 102-28	Evaluating the highest governance body's performance	●	58-59	
	Disclosure 102-29	Identifying and managing economic, environmental, and social impacts	●	58-59	
	Disclosure 102-30	Effectiveness of risk management processes	●	58-59	
	Disclosure 102-31	Review of economic, environmental, and social topics	●	58-59	
	Disclosure 102-32	Highest governance body's role in sustainability reporting	●	58-59	
	Disclosure 102-33	Communicating critical concerns	●	58-59	
	Disclosure 102-34	Nature and total number of critical concerns	●	58-59	
	Disclosure 102-35	Remuneration policies	●	58-59	
Disclosure 102-36	Process for determining remuneration	●	58-59		
Disclosure 102-37	Stakeholders' involvement in remuneration	●	64-65		
Disclosure 102-38	Annual total compensation ratio	●	58-59		
Disclosure 102-39	Percentage increase in annual total compensation ratio	●	58-59		

● Fully reported ● Partially reported ○ Not reported

Performance Indicator	Description	Status	Page	Reasons for Omission
5. Stakeholder engagement				
Disclosure 102-40	List of stakeholder groups	●	60-61	
Disclosure 102-41	Collective bargaining agreements	●	80-81	
Disclosure 102-42	Identifying and selecting stakeholders	●	60-61	
Disclosure 102-43	Approach to stakeholder engagement	●	60-61	
Disclosure 102-44	Key topics and concerns raised	●	60-61	
6. Reporting practice				
Disclosure 102-45	Entities included in the consolidated financial statements	●	100	
Disclosure 102-46	Defining report content and topic Boundaries	●	100	
Disclosure 102-47	List of material topics	●	61	
Disclosure 102-48	Restatements of information	●	100, Footnotes	
Disclosure 102-49	Changes in reporting	●	100, Footnotes	
Disclosure 102-50	Reporting period	●	100	
Disclosure 102-51	Date of most recent report	●	100	
Disclosure 102-52	Reporting cycle	●	100	
Disclosure 102-53	Contact point for questions regarding the report	●	101, Back cover	
Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	●	96-100	
Disclosure 102-55	GRI Content Index	●	96-99	
Disclosure 102-56	External assurance	●	94-95	
GRI 103: Management Approach				
General requirements for reporting the management approach				
Disclosure 103-1	Explanation of the material topic and its Boundary	●	Introduction page of each section	
Disclosure 103-2	The management approach and its components	●	Introduction page of each section	
Disclosure 103-3	Evaluation of the management approach	●	Introduction page of each section	
GRI 200: Economic				
GRI 201: Economic Performance				
Management approach disclosures				
201-1	Direct economic value generated and distributed	●	64-65	
201-2	Financial implications and other risks and opportunities due to climate change	●	22-29, 63, 66-79	
201-3	Defined benefit plan obligations and other retirement plans	○	-	See our business report (Retirement Pension Plan)
201-4	Financial assistance received from government	○	-	Not applicable
GRI 202: Market Presence				
Management approach disclosures				
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	●	80-81	
GRI 203: Indirect Economic Impacts				
Management approach disclosures				
203-1	Infrastructure investments and services supported	●	10, 11, 44-48, 57	
203-2	Significant indirect economic impacts	●	44-49	
GRI 204: Procurement Practices				
Management approach disclosures				
204-1	Proportion of spending on local suppliers	●	42-43	
GRI 205: Anti-corruption				
Management approach disclosures				
205-1	Operations assessed for risks related to corruption	●	84-85	
205-2	Communication and training about anti-corruption policies and procedures	●	84-85	
205-3	Confirmed incidents of corruption and actions taken	●	84-85	
GRI 206: Anti-competitive Behavior				
Management approach disclosures				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	○	-	Not applicable
GRI 300: Environmental				
GRI 301: Materials				
Management approach disclosures				
301-1	Materials used by weight or volume	●	66-79	
301-2	Recycled input materials used	●	66-79	
301-3	Reclaimed products and their packaging materials	●	66-79	
GRI 302: Energy				
Management approach disclosures				
302-1	Energy consumption within the organization	●	66-79	

● Fully reported ● Partially reported ○ Not reported

	Performance Indicator	Description	Status	Page	Reasons for Omission
	302-2	Energy consumption outside of the organization	●	66-79	
	302-3	Energy intensity	●	66-79	
	302-4	Reduction of energy consumption	●	66-79	
	302-5	Reductions in energy requirements of products and services	●	12-29, 66-79	
GRI 303: Water	Management approach disclosures				
	303-1	Water withdrawal by source	●	71	
	303-2	Water sources significantly affected by withdrawal of water	●	71	
	303-3	Water recycled and reused	○	-	No reuse/recycling of water resources
GRI 304: Biodiversity	Management approach disclosures				
	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
GRI 305: Emissions	Management approach disclosures				
	305-1	Direct (Scope 1) GHG emissions	●	72-73	
	305-2	Energy indirect (Scope 2) GHG emissions	●	72-73	
	305-3	Other indirect (Scope 3) GHG emissions	○	-	No data available
	305-4	GHG emissions intensity	●	72-73	
	305-5	Reduction of GHG emissions	●	72-73	
	305-6	Emissions of ozone-depleting substances (ODS)	●	74-76	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	●	74-76	
GRI 306: Effluents and Waste	Management approach disclosures				
	306-1	Water discharge by quality and destination	●	75-76	
	306-2	Waste by type and disposal method	●	74-77	
	306-3	Significant spills	●	74-77	
	306-4	Transport of hazardous waste	●	74-77	
	306-5	Water bodies affected by water discharges and/or runoff	○	-	Not applicable
GRI 307: Environmental Compliance	Management approach disclosures				
	307-1	Non-compliance with environmental laws and regulations	●	77	
GRI 308: Supplier Environmental Assessment	Management approach disclosures				
	308-1	New suppliers that were screened using environmental criteria	●	43	Applied to the entire supply chain
	308-2	Negative environmental impacts in the supply chain and actions taken	●	43	Sanctions taken in the event of negative environmental impact
GRI 400: Social					
GRI 401: Employment	Management approach disclosures				
	401-1	New employee hires and employee turnover	●	80-82	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	●	38-41, 80-84	
	401-3	Parental leave	●	82-83	
GRI 402: Labor/ Management Relations	Management approach disclosures				
	402-1	Minimum notice periods regarding operational changes	●	80	
GRI 403: Occupational Health and Safety	Management approach disclosures				
	403-1	Workers representation in formal joint management-worker health and safety committees	●	83-84	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	●	83-84	
	403-3	Workers with high incidence or high risk of diseases related to their occupation	●	83-84	
	403-4	Health and safety topics covered in formal agreements with trade unions	●	83-84	
GRI 404: Training and Education	Management approach disclosures				
	404-1	Average hours of training per year per employee	●	82, 86	

	Performance Indicator	Description	Status	Page	Reasons for Omission
	404-2	Programs for upgrading employee skills and transition assistance programs	●	82	
	404-3	Percentage of employees receiving regular performance and career development reviews	○	-	Conducted for all employees subject to performance reviews
GRI 405: Diversity and Equal Opportunity	Management approach disclosures				
	405-1	Diversity of governance bodies and employees	●	80-82	
	405-2	Ratio of basic salary and remuneration of women to men	●	82	See our business report
GRI 406: Non-discrimination	Management approach disclosures				
	406-1	Incidents of discrimination and corrective actions taken	●	83	
GRI 407: Freedom of Association and Collective Bargaining	Management approach disclosures				
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	●	43, 80	
GRI 408: Child Labor	Management approach disclosures				
	408-1	Operations and suppliers at significant risk for incidents of child labor	○	-	Prohibition of child labor
GRI 409: Forced or Compulsory Labor	Management approach disclosures				
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	○	-	Prohibition of compulsory labor
GRI 410: Security Practices	Management approach disclosures				
	410-1	Security personnel trained in human rights policies or procedures	●	83-85	
GRI 411: Rights of Indigenous Peoples	Management approach disclosures				
	411-1	Incidents of violations involving rights of indigenous peoples	○	-	Not applicable
GRI 412: Human Rights Assessment	Management approach disclosures				
	412-1	Operations that have been subject to human rights reviews or impact assessments	●	83-85	
	412-2	Employee training on human rights policies or procedures	●	83-85	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	●	43	
GRI 413: Local Communities	Management approach disclosures				
	413-1	Operations with local community engagement, impact assessments, and development programs	●	44-48, 57	
	413-2	Operations with significant actual and potential negative impacts on local communities	○	-	Not applicable
GRI 414: Supplier Social Assessment	Management approach disclosures				
	414-1	New suppliers that were screened using social criteria	●	42-43	Applied to the entire supply chain
	414-2	Negative social impacts in the supply chain and actions taken	●	42-43	Sanctions taken in the event of negative impact
GRI 415: Public Policy	Management approach disclosures				
	415-1	Political contributions	○	-	Not applicable
GRI 416: Customer Health and Safety	Management approach disclosures				
	416-1	Assessment of the health and safety impacts of product and service categories	●	30-37	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	○	-	
GRI 417: Marketing and Labeling	Management approach disclosures				
	417-1	Requirements for product and service information and labeling	●	86-87	
	417-2	Incidents of non-compliance concerning product and service information and labeling	○	-	Not applicable
	417-3	Incidents of non-compliance concerning marketing communications	●	87	
GRI 418: Customer Privacy	Management approach disclosures				
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	●	87	
GRI 419: Socioeconomic Compliance	Management approach disclosures				
	419-1	Non-compliance with laws and regulations in the social and economic area	●	77, 87	

About MOVE

Kia Motors has been publishing a sustainability report called *MOVE* every year since 2003, disclosing its efforts and progress in sustainability management and reminding stakeholders of its commitment to proactively making improvements by reflecting their feedback. *MOVE* is a reader-friendly report. Structured in a magazine format, this year's report is comprised of two sections—an Issue Book and a Fact Book—in order to bring readers' attention to its material issue report section with easier accessibility and easier-to-understand content. The report content was finalized following extensive research and analysis of international standards, peer group benchmarks, and media analysis to cover all information of major stakeholder concerns. Under the theme of “Challenge”, the 2018 *MOVE* edition shares the company's view of the rapidly transforming future of the auto industry and reports on what the company intends to offer its customers through its never-ending spirit of challenge.

Reporting Standards

Kia Motors' 2018 *MOVE* was compiled following GRI Sustainability Reporting Guidelines Standards. Item-for-item coverage ratings and the relevant pages can be found in the GRI Index page of the Fact Book section.

· GRI: Global Reporting Initiative

Reporting & Assurance

All the information disclosed herein is based on verified materials gathered by the relevant departments of Kia Motors. The reliability of report content was verified by a third party, Korea Management Registrar. The assurance statement is provided on pages 94 and 95 of this report.

Reporting Scope & Period

The reporting period covers 2015 to 2017. Qualitative performance data covers trends over the past three years for a comprehensive overview of all positive and/or negative progress. The base year is listed for systems whose year of adoption is clear. Data whose point of adoption is between 2016 and 2017 is available mainly for the year in question. The qualitative performance data covered mainly 2017 activities and initiatives. 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 January 1 to December 31. There were no significant changes during the reporting period of the Kia Motors 2018 Sustainability Report.

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 of this report.

Reporting Scope

This report covers those of Kia Motors' subsidiaries that are joint stock companies in which it owns 50 percent or more shares, and those overseas offices which are joint venture corporations. The subjects of the report include domestic worksites (headquarters; Sohari, Hwaseong, and Gwangju plants; technical centers; and service centers) as well as overseas plants such as Dongfeng Yueda Kia (China), Georgia (USA), Slovakia and Mexico plants, and the technical centers and worksites of all overseas offices. As the data collection schemes are being phased in starting from our Korean worksites followed by overseas worksites, some of the coverage in this report is confined only to domestic worksites, and is footnoted or noted accordingly in the main text.

Reporting Cycle

The Korean version of 2018 *MOVE* was published on March 9, 2018 and distributed at the general shareholders' meeting. The English version was published on April 27, 2018. This is the 16th 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 PR website

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

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