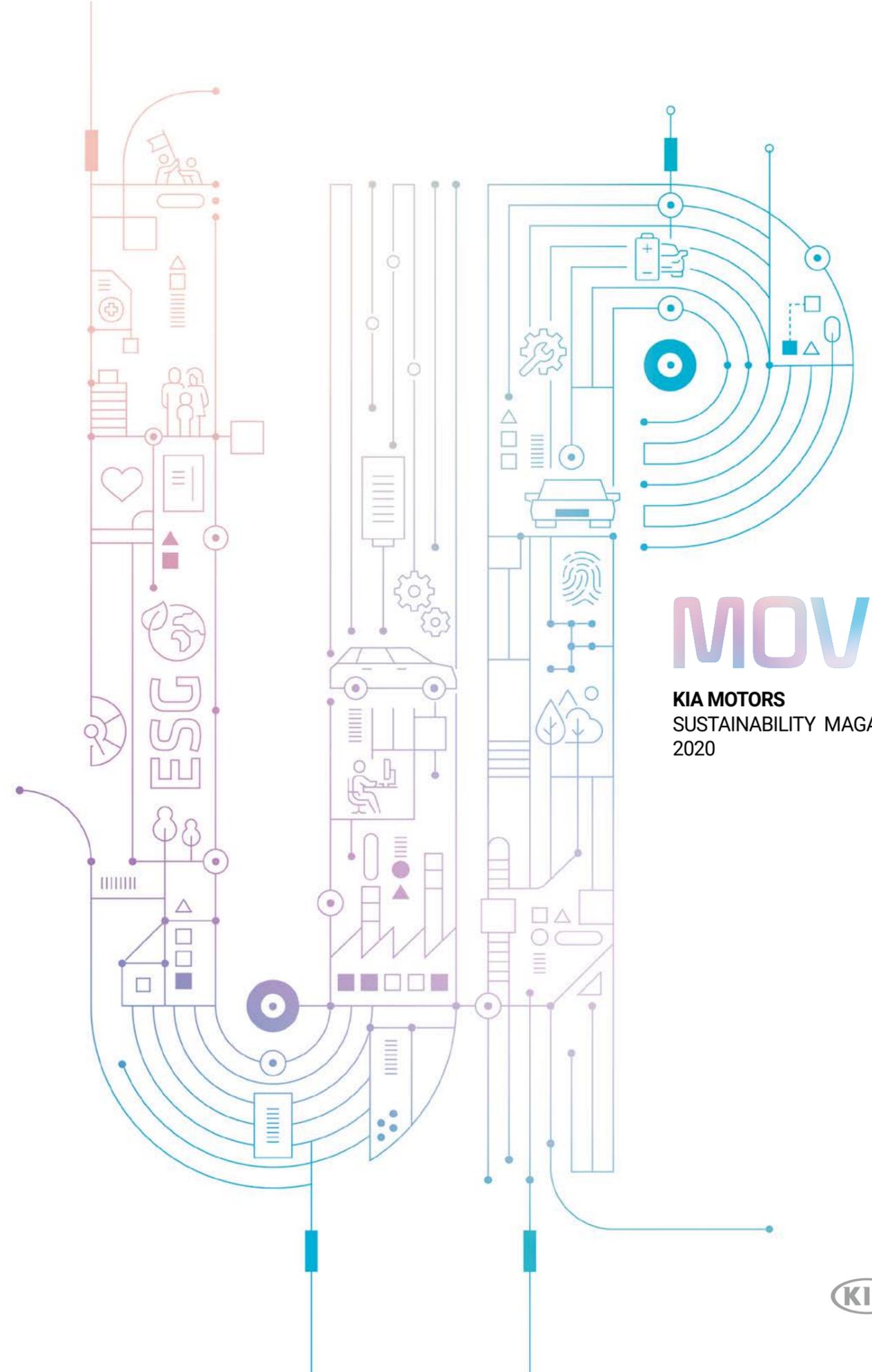




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MOVE

KIA MOTORS
SUSTAINABILITY MAGAZINE
2020



PROFILE

- 01 CSR Management Strategies
- 04 CEO MESSAGE
- 06 Kia around the World
- 08 Stakeholders' Interview

MAGAZINE : MOVE UP

- 12 **SPECIAL FEATURES**
 - MOVE UP IN THE WORLD
 - MOVE UP TO THE NEXT LEVEL
- 16 **FUTURE MOBILITY**
- 18 **AUTONOMOUS DRIVING**
- 20 **CONNECTIVITY**
- 22 **ECO-ELECTRIC**
- 28 **PRODUCT**
- 31 **PEOPLE**
 - Customers
 - Employees
 - Suppliers
 - Community

FACT BOOK : RESPONSIBILITY

- 46 **SUSTAINABILITY MANAGEMENT**
 - Sustainability Management Performance Results
 - Thinking of Tomorrow for the World
 - Corporate Governance
 - Materiality Analysis at Kia Motors
- 54 **ECONOMY**
- 60 **ENVIRONMENT**
- 74 **SOCIETY**
- 82 **KMS**
- 86 **APPENDIX**
 - Third Party's Assurance Statement
 - GRI Content Index
 - About MOVE
 - Contact Information

READER'S GUIDE



"MOVE" is the name of Kia Motors' annual sustainability report, and serves as a reference to the company's ongoing progress toward embracing change for a better world through continuous automobile innovation. Download the PDF on our website, and by clicking on the icons as shown below in the PDF file, you will be led to either the footnotes on the same page or the web page link with more details about the content.

Glossary on footnotes Web page link



2021~2025

2025, Global Sustainability Leading Company



Under a goal titled "2025, Global Sustainability Leading Company," Kia Motors is taking a three-pronged approach to its sustainability management direction as shown below.

To begin, we have come up with 16 environmental, social and governance (ESG) tasks for 2020. Through stakeholder engagement, we have identified core issues concerning sustainability management and ESG based on which we developed the following key tasks. Going forward, Kia Motors will continue minimizing its principal issue-related risks through a sustainability management framework that secures the company a competitive edge in the future business environment.

Environmental Management

We are taking the lead in addressing environmental issues worldwide.

Trust-based Management

We are enhancing transparency in corporate governance to ensure we listen to stakeholders' opinions and realize higher shareholder value.

Social Outreach

We contribute to social development as a responsible corporate citizen.

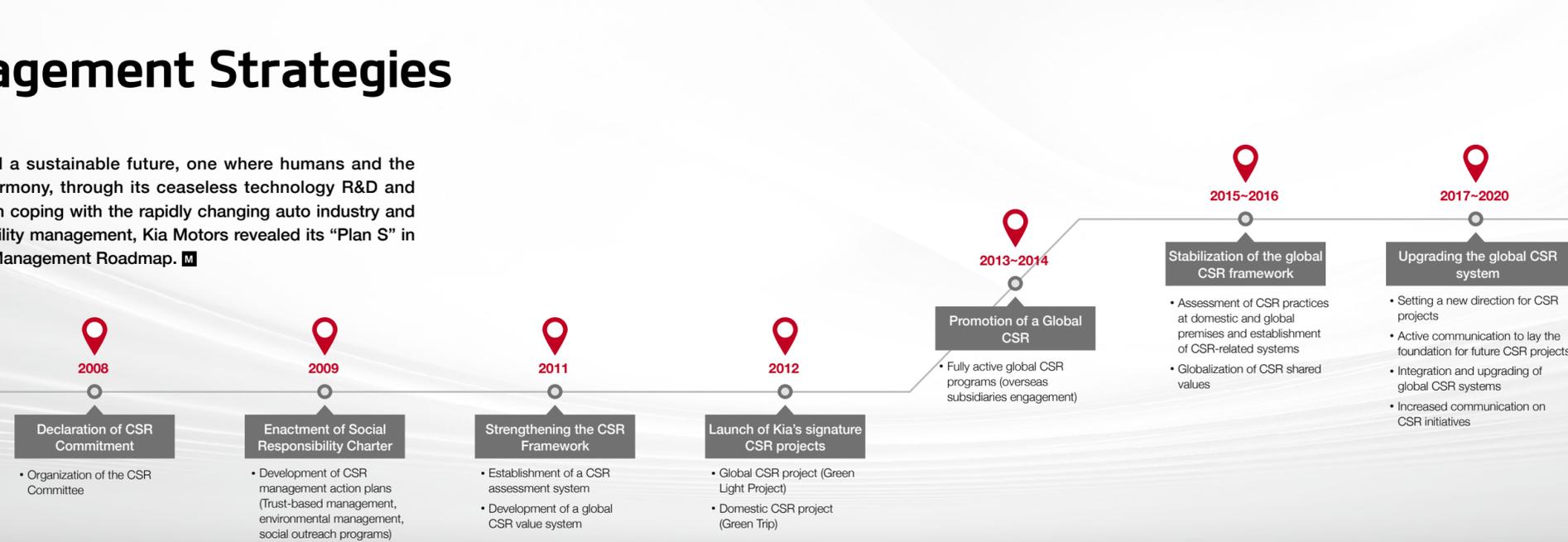
Key Tasks

- 1 Identifying ESG improvement tasks and fully managing performance results
- 2 Establishing an ESG risk-related decision-making process (at least a semi-annual report to top management)
- 3 Establishing an ESG risk management system within the board of directors (annual report to the BOD)
- 4 Working towards online ESG disclosure
- 5 Reinforcing the disclosure of business reports and sustainability reports
- 6 Developing KPI-based performance management
- 7 Developing mid- to long-term environmental management performance improvement plans (reducing GHG emissions by 15 percent from 2015 levels by 2025)
- 8 Developing CSR initiatives by division for protecting local ecosystems (annual)
- 9 Establishing a system for protecting human rights at work (human rights education programs throughout the supply chain)
- 10 Human rights impact assessment (disclosure of results)
- 11 Protecting customer privacy and process innovation (process innovation for inspection requests)
- 12 Enhancing transparency in handling consumer complaints (increasing online disclosures)
- 13 Establishing fair trade principles with competitors (reflecting stakeholder opinions)
- 14 Improving systems to protect shareholder rights (adopting an electronic voting system)
- 15 Improving systems to better organize and operate the board of directors (inviting global experts as board members)
- 16 Reinforcing the auditing organization (strengthening education and process innovation)

CSR Management Strategies

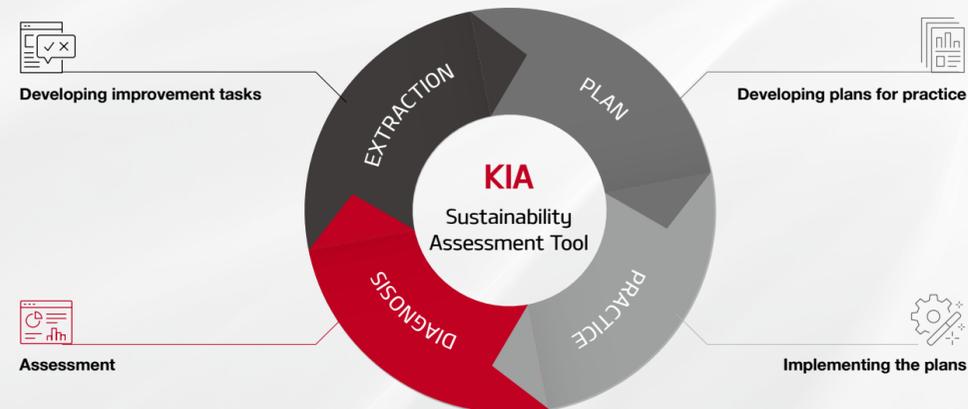
Kia Motors is helping build a sustainable future, one where humans and the environment co-exist in harmony, through its ceaseless technology R&D and mobility innovation drives. In coping with the rapidly changing auto industry and rising demand for sustainability management, Kia Motors revealed its “Plan S” in 2020 and revealed its CSR Management Roadmap. **M**

CSR Management Roadmap



KIA Sustainability Assessment Tool

Kia Motors has its own “KIA Sustainability Assessment Tool” which monitors its sustainability management practices and ensures its practices are up to date. The company has an integrated management model of its sustainability management practices that consists of four phases: plan, practice, diagnosis, and extraction. The scorecard is comprised of 160 indicators in seven categories it has developed against key indicators concerning ESG, using the ISO 26000 as the benchmark.



Sustainability Management Organization

Kia Motors has made progress in its sustainability management practices under the guidance of its CSR organizations—the CSR Committee and Sustainability Management Team. Since 2008, the CSR committee has been chaired by the CEO and consists of chief officers in charge of trust-based management, environmental management, and social outreach initiatives. The Sustainability Management Team serves as the assistant administrator of all company-wide CSR activities. In fact, the CSR Committee developed Kia's global CSR framework to spell out how best it can fulfill its corporate social responsibility through constant reviews and improvements. In 2016, there were discussions and an approval of efforts towards spreading Kia's CSR activities internationally. This gave birth to the Global CSR Working Council for Sustainability Management and Social Outreach. In 2020, we are planning to further upgrade the global CSR framework to attain our goal of “2025, Global Sustainability Leading Company.”

Sustainability Management Organization



KIA Motor's CSR Management Strategies

Under a goal titled “2025, Global Sustainability Leading Company,” Kia Motors is taking a three-pronged approach to its sustainability management direction as shown below.

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CEO MESSAGE



“Attaining sustainable growth to build a better world for everyone.”

Distinguished stakeholders,

I would like to begin this message by delivering my heartfelt gratitude for your continued trust and support in Kia Motors. As a responsible corporate citizen, Kia Motors has pursued sustainability management activities that meet the highest global standards since its declaration to CSR commitment and it becoming a signatory to the UN Global Compact in 2008.

2019 in Review

In 2019, trade friction between the U.S. and China, as well as slowing economies in emerging markets, collectively led to greater volatility in global markets. Market instability escalated in a prolonged low-growth economy and sagging consumer sentiment. Against this backdrop, each of Kia Motors' 50,000 employees made a concerted effort to turn a crisis into an opportunity for further growth. As a result, Kia Motors successfully launched new models in the U.S. and Europe, achieving growth in sales and operating profit in 2019. Of special relevance was our new plant in India that went into operation as of July 2019, laying a foundation for Kia in the world's fastest-growing automobile market.

Externally, Kia Motors remained on Interbrand's Best Global Brands 2019 at a brand value of USD 6.4 billion, while also topping mass market brands of the 2019 U.S. Initial Quality Study by J.D. Powers for a fifth straight year. Internally, the company articulated its strong commitment to healthy corporate governance by enacting the Corporate Governance Charter to protect shareholder rights and a commitment to practice transparent management. Kia Motors also reinforced its ESG organization to further enhance its exemplary position with respect to sustainability management practices.

2020 Outlook

We were all ushered into a new era in 2020: a new lifestyle and business paradigm because of the COVID-19 global pandemic, which had a devastating effect on global economic activity and consumption. Worse still, the auto industry is now facing the challenge of overcoming greater changes than it has gone through over the past century in the upcoming decade as new norms are emerging due to the shared economy-based mobility service industry and ICT-based autonomous driving that has given rise to ICT firms. As such, Kia Motors is striving to evolve into a mobility service provider that offers innovative customer value.

Strategies for a Sustainable Future

In early 2020, Kia Motors announced its Plan S, which describes how EV transition and mobility solutions are the two key strategies for the company. We plan to reinforce our EV fleet in all segments, up to 11 models in total, within the next five years. We also aim to sell 500,000 EVs and a million eco-friendly vehicles worldwide, not including China, by 2026. Leveraging on our EV fleet, we will lead an eco-friendly mobility service business and enter the purpose-built vehicle (PBV) business in pursuit of expanding our influence in the fast-growing B2B market. Our

product line will also go through some restructuring to increase efficiency and to become more optimized to individual market needs in advanced and emerging markets so as to further our profitability. A future-oriented reorganization and work process innovation will also take place to realize a younger, more dynamic corporate culture at Kia Motors.

Active Communication with Stakeholders

Kia Motors has listened to the voices of stakeholders from a variety of different groups and successfully launched new models reflecting their opinions. Going forward, we will further develop innovative autonomous driving technologies and connectivity to provide customers with unprecedented mobility experiences. Through strategic investments and partnerships based on an open innovation platform, we will reinforce future competitiveness, work towards mutual growth with our suppliers, and create more jobs through value creation programs. At the same time, we will increase our ESG information disclosure and adopt an electronic voting system to enhance transparency of our management for higher stakeholder value.

Higher Social Responsibility as a Global Corporate Citizen

In a bid to fulfill our roles and responsibilities as a respected global corporate citizen, Kia Motors has established an ESG Management Framework and is implementing 16 key tasks. As a strong advocate of the United Nation's Sustainable Development Goals (SDGs), Kia Motors engages in a number of social outreach programs, including the Green Light Project and Green Trip. As we plan to redefine our Global 2030 Social Outreach Mid- and Long-term Strategies, we will continue to work hard towards heightening our social responsibilities and creating greater social value.

Distinguished stakeholders,

In closing, I can ensure everyone that Kia Motors is committed to remaining a responsible global corporate citizen of the highest caliber. We will also remain on a path to becoming a global sustainability leading company that is pursuing sustainable growth for a better world.

I humbly ask for your continued support and encouragement of Kia Motors as we strive to bring happiness and enjoyment to everyone.

Thank you.

Ho-Sung Song

President & CEO

Kia Motors

Song, Ho Sung

Kia around the World

Kia Motors' advanced technology and quality have earned it high brand value around the world. It ranked 78th on Interbrand's list of 2019's 100 Best Global Brands, with an international brand value of USD 6.4 billion. Kia's rank has consistently risen in brand value since the company first entered the list in 2012. It is also actively adopting socially responsible management practices to build a sustainable and eco-friendly culture and mobility services. **M**



Sales volume (including CKD)
2.821 million vehicles

Sales
KRW **58.1** trillion

Green cars sales volume
156,277 vehicles

HEV
102,384 vehicles

PHEV
27,225 vehicles

EV
26,668 vehicles
(As of December 31, 2019)

No. of employees Globally

52,448 persons

Initial Quality Study

1st

Mass market brands of the J.D. Power and Associates' 2019 U.S. Initial Quality Study (IQS)

Brand Ranking

78th / USD 6.4 billion



Global Network

As of December 31, 2019; The number of units in parentheses next to each plant represents annual production capacity.

Regional Headquarters

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

Sales & Service

Korea Sales: 19 regional headquarters, 338 regional sales offices, 381 dealerships, 9 shipping offices
Service: 18 regional service centers, 240 comprehensive service providers, 559 service shops

Overseas Sales: 18 sales offices, 135 distributors, 4,739 dealers
Sales Offices: Kia Motors America **7** | Kia Canada Inc. **8** | Kia Motors Deutschland **9** | Kia Motors U.K. **10** | Kia Motors Iberia **11** | Kia Motors France **12** | Kia Motors Italy **13** | Kia Motors Austria **14** | Kia Motors Hungary **15** | Kia Motors Czech **16** | Kia Motors Slovakia **17** | Kia Motors Polska **18** | Kia Motors Belgium **19** | Kia Motors Sweden **20** | Kia Motors Netherlands **21** | Kia Motors Russia **22** | Kia Motors Australia **23** | Kia Motors New Zealand **24**

Production

Korea Sohari plant (320,000 units), Hwaseong plant (540,000 units), Gwangju plant (480,000 units), OEM (250,000 units)
Headquartered in Seoul (3 plants, 3 R&D centers, 18 regional service centers, 338 dealerships) **25**

Overseas China plant (Yancheng, 750,000 units) **26** | Slovakia plant (Žilina, 330,000 units) **27** | USA (Georgia, 340,000 units) **28** | Mexico (Pesqueria, 400,000 units) **29** | India (Andhra Pradesh, 300,000 units) **30**

R&D

Korea Hyundai Motor Group Technology Research Institute (Hwaseong, Gyeonggi-do), Eco-Technology Research Institute (Yongin, Gyeonggi-do), Uiwang Technology Research Institute (Uiwang, Gyeonggi-do)

Overseas Technology & design Centers

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

Design Centers USA (Irvine) **36** | Europe (Frankfurt, Germany) **37**

Business Domains

Passenger Cars Picanto (Morning), Ray, Cee'd, Rio (Pride, K2 (Pegas), Cerato/Forte (K3), K4, Optima (K5), Cadenza (K7), K900 (K9), Stinger

RVs Venga, Soul, KX1, KX3, Stonic, Seltos, Sportage, KX5, Sorento, KX7, Mohave, Carnival/Sedona (Carnival), Telluride

Hybrid Vehicles Cerato/Forte (K3) Hybrid, Optima (K5) Hybrid, Cadenza (K7) Hybrid, Niro

Plug-in Hybrid Vehicles Optima (K5) Hybrid, Niro Plug-in Hybrid, Cerato/Forte (K3) Plug-in Hybrid, Cee'd Plug-in Hybrid, cee'd CUV Plug-in Hybrid

Electric Vehicles Cerato/Forte (K3) EV, Soul EV, Niro EV, KX3 EV, Cerato EV, K-Series Trucks (Bongo III) EV

Commercial Vehicles K-Series Trucks (Bongo III), New Grandbird commercial bus

CKD (Complete Knock Down) Automobile parts (including engines)

Stakeholders' Interview

156,277 vehicles

No. of eco-friendly vehicles sales

Combined number of electric vehicles (HEVs, PHEVs, and EVs) sold



A leading global mobility corporate citizen

The National Pension Service Investment Management (NPS) revised its investment principles in 2018, adding sustainability as a new principle to the existing five principles of profitability, security, public benefits, liquidity, and independence. Starting in 2019, the NPS will take action through its Fund Management Committee's resolution to protect shareholder value against companies whose environment, social, and governance (ESG) rating falls by over two grades, to below a C grade, or in the event of an unexpected loss in corporate value and infringement of shareholder rights. In meeting current changes to ESG investment guidelines, Kia Motors stands out as a leading global mobility company with its sustainability management performance results firmly based on transparent information disclosure and interactive communication with stakeholders. I am specifically interested in the "YOUTH: Challenge your Dreams" project, which takes full advantage of its mobility specialty to create shared value with younger people in social and economic aspects. I think this program can also expand into a shared value creation program for seniors. With my whole-hearted support for the company, I am looking forward to accompanying Kia Motors in its fulfillment of its social responsibility.

Seon Jeonghyeon

National Pension Service Investment Management

4,000 vehicles

Annual capacity of processing vehicles at the Automobile Resource Regeneration Center



Committed to protecting the environment: Eco-friendly car lifecycle management

Kia Motors has an established system for managing the eco-friendly lifecycle of vehicles, ranging from product design to disposal of end-of-life-vehicles. In addition, the company runs an eco-friendly production process that minimizes greenhouse gases (GHG) and pollutant emissions. I am so proud of Kia in that regard. More specifically, the company has consistently enhanced its vehicles' recyclability since 2005, the year it completed the Automobile Resource Regeneration Center. I find its responsiveness to environmental issues, such as reducing energy consumption and GHG emissions, responsible on a global level. More recently, I've found that Kia continued to look for new and proactive solutions to environmental issues in 2019. The company completed a state-of-the-art VR Design Review process in March 2019. The new process skips the prototype design modeling process, while reducing resource inputs, elapsed time, and the cost of manufacturing with its latest eco-friendly manufacturing system. In 2020, Kia invested in the "skateboard" EV platform technology of Arrival, a U.K.-based commercial EV manufacturer. As such, I expect Kia Motors will be capable of taking the lead in the EV market through its consistent technology R&D and process innovation.

Kim Jung-Nae

Korea CSR Assessment

No.1

The Korea Management Association Consulting's Korea Sales & Service Satisfaction Index (KSSI)

Ranked No. 1 for a 6th consecutive year



Leading future mobility technology

You may say I'm a loyal customer to Kia Motors because I have been driving a Kia for the last 13 years—and Kia was my very first car. Expectations change with time and the same goes with cars. For me, however, safety and convenience are my biggest concerns when it comes to my car. I recently visited a Kia dealer to buy a new car. I was fascinated by the cutting-edge Drive Wise function at the showroom. Technology varies with vehicle models and types, but I was surprised to see the 20 cutting-edge technologies firsthand, such as Forward Collision-Avoidance Assist (FCA), Lane-Keeping Assist (LKA), Smart Cruise Control (SCC), Blind-Spot Collision Warning (BCW), and High Beam Assist (HBA). I know I can now drive safely with the DRIVENiSE system, which features all these fancy technologies! In the future, I hope Kia will invest more in its online and mobile channels to attract new customers, while keeping a competitive edge through efficient operations of these channels. I truly believe that Kia Motors will continue to reinforce its competitiveness and play a leading role in future mobility technology.

Kim Se-Young

Kia owner

54,520

Total number of Green Trip beneficiaries (persons)



A disabled traveling platform based on innovative partnerships across sectors

There is nothing that speaks more about a company than consistent policies and faithful fulfillment to these policies. This is what I see in Kia Motors. The company initiated its Green Trip program with five vehicles in Seoul back in 2012. Over the past eight years, the project has served 10,000 families that have disabled family members, traveling a total of 3.55 million km for over 54,000 people in all. For consistency, you have to embrace change and innovation—and Kia Motors has done exactly that. In fact, it has constantly carried out its commitment to mobility support for disabled people and their families over the years through innovative partnerships that cross all fields, from government agencies and public organizations to disabled-related associations. As a result, the Green Trip project has established itself as a traveling platform for the disabled. I find it notable that disabled people and their families were both the beneficiaries and contributors to the platform. This would have not happened without hard work and commitment. I hope this platform, which has been built upon selfless effort and assets from so many different circles, will inspire other companies to take part in promoting the rights of disabled people elsewhere.

Kim Yong-Ku

Human Rights Forum for Persons with Disabilities in Korea

As part of its consistent communication with stakeholders, Kia Motors interviews the same stakeholders every year for their opinions on its changes from the previous year.

MAGAZINE :

MOVE UP

SPECIAL FEATURES **12**

FUTURE MOBILITY



16

FUTURE MOBILITY

AUTONOMOUS

18

AUTONOMOUS DRIVING

CONNECTIVITY

20

CONNECTIVITY

ECO-ELECTRIC



22

ECO-ELECTRIC

PRODUCT

28

PRODUCT

PEOPLE

31

PEOPLE



MOVE UP

IN THE WORLD

Capturing the Attention of North America: The World's Largest Auto Market

The Kia Telluride culminated its triple crown when it received the 2020 North American Utility Vehicle of the Year distinction from the North American Car, Utility and Truck of the Year (NACTOY) awards in January 2020. Previously, in November 2019, the same model learned two of the three top awards in the North American market, one from the prominent auto magazine MotorTrend as 2020 SUV of the Year, and the other from Car and Driver as one of 2020 Best 10.

Since going on sale in February 2019, nearly 60,000 Tellurides have been sold globally, propping up Kia's sales in the U.S. to 610,000 vehicles, up 3.9 percent over the previous year, despite the slight decrease in demand in the U.S. auto market. Its luxurious interior/exterior designs, stable driving performance, glamorous and spacious cabin, and cutting-edge technologies have earned the model top scores in several auto magazine evaluations and awards. In April 2020, the Kia Telluride became the first Korean automobile brand to win the World Car of the Year at the 2020 World Car Awards (WCA) in April 2020. With the Soul EV winning the 2020 World Urban Car prize at the same awards, Kia Motors ended up bringing home awards in two of the WCA's five categories.

Solidifying a Foothold in Europe: The Birthplace of Automobiles

In 2019, Kia Motors' sales volume in Europe surpassed the 500,000-vehicle mark for the first time ever. With its eye on the European market as a whole, Kia Motors made a swift move to establish a production base in Slovakia, a strategic economic point to both access the European market, but also to embrace the Eastern European market. It began by marketing the Kia Ceed, a model that responded to local needs for a top hatchback model. On the strength of stable production capacity, the Ceed's European-influenced style design allowed the model to successfully establish itself in the European market. Buoyed by this success, Kia Motors is now expanding its brand portfolio into the company's high-performance grand touring (GT) sport compact sedans, crossover SUVs, and eco-friendly vehicles. In fact, the Sportage, which is now very popular in Europe, added a 48V mild hybrid model to its family, thereby reinforcing its crossover SUV lineup. As for the GT line, its flagship model, the Stinger GT, also had a successful launch because of its high-performance automobile brand image, along with the Ceed GT and the Pro Ceed GT. Going forward, Kia's eco-friendly lineup will ensure that it meets Europe's high standards of environmental regulations. **M**

MOVE UP

TO THE NEXT LEVEL

Innovative New Models: Strengthening the Corporate Image

In 2019, Kia Motors' years of devotion to innovative technology R&D and quality improvement earned wide recognition. This included numerous high scores and excellent reviews for many of its new models, thereby enhancing its brand image. The Kia Seltos earned particularly impressive support and scores from consumers in Korea and overseas. Its upgraded design, high-end quality, and cutting-edge technologies have received significant recognition by the media and consumers. Its mid-size SUV spacious cabin and ample storage area did not compromise the class-leading safety and convenience of the driving experience thanks to ten safety technologies that assist the driver. As it turned out, its bold design appealed to young drivers. On top of that, Kia's powertrain technology guarantees industry-leading performance and efficiency.

Recently, Kia's high marketability has also been proven throughout India, the world's highest growth potential market, and somewhere the company has made great strides only after half a year of entering the country. As of the end of 2019, its market share began at ninth largest and jumped to third place by February 2020 in terms of accumulated sales volume. Launched in December 2019, the third-generation Optima capped Kia's innovation drive. It gained widespread attention for the harmony of its design, performance, and AI-based connectivity. This came on top of its aesthetic appeal, pleasant ride, and speech-based interactive functions. There was also the signature Tiger Nose, which eventually became its Tiger Face-shaped grille that was modeled after the texture of shark skin, showcasing the bold visual look and speed of the car. The upgraded powertrain technology features a 1.6 liter gasoline turbo engine and 8-speed automatic transmission, allowing for a stable driving performance and with 7.8 percent higher fuel economy. The new Optima's innovative design and performance earned the model the 2020 Car of the Year and Design of the Year awards from the Korea Automobile Journalists Association. These back-to-back successes of new models have further upgraded Kia's corporate image.



Setting a New Brand Identity in the Paradigm Shift to Future Mobility

In 2019, Kia Motors released its innovation goals and strategies encompassing design direction, brand identity, and corporate culture. This not only suggests our goal of paving the way into a future direction, but also sets the path forward for both our employees and suppliers, while delivering the company's clear message to consumers around the world.

The new brand identity articulates Kia's commitment to overcoming challenges and spearheading innovation to be a leader in the EV era as it brings about a brand-new customer experience that provides the highest value.

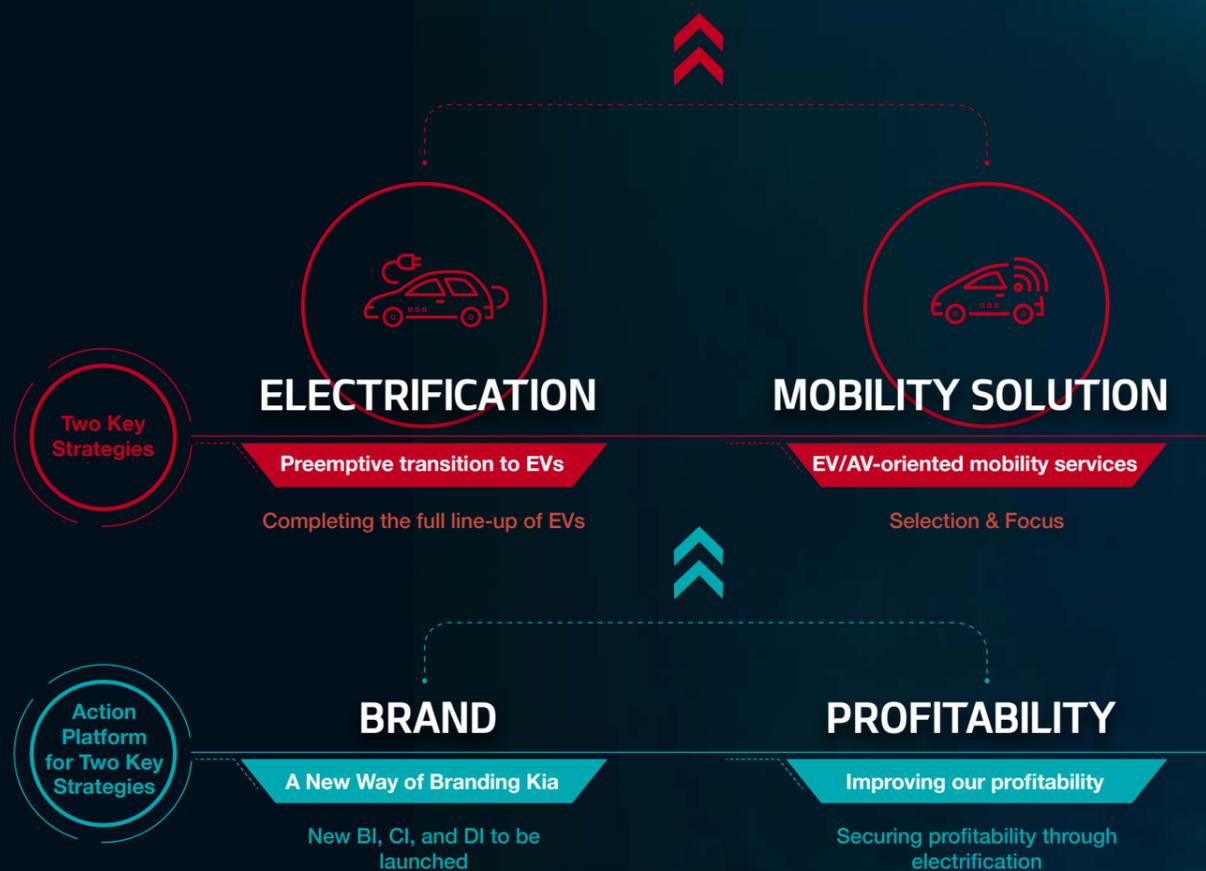
Accordingly, the brand identity, corporate identity, design direction, user experience, and various other customer experience factors will be renewed. Buoyed by the praise for its 2019 models, Kia Motors has gained significant momentum for innovation. This starts with a new emblem, which is currently under development based on the EV concept car it recently revealed. Furthermore, even with all the underlying services related to work/school commutes, leisure, logistics, and delivery, the mobility service is expected to become more diversified based on the strength of Kia's technology innovation. At the beginning of this paradigm shift, Kia Motors is redefining mobility service to develop special-purpose vehicles and business solutions, while preparing for the future with a customer experience platform that will add a new way of being pleasantly surprised on the go. Prepared for the imminent paradigm shift in the auto industry, Kia Motors is striding confidently into the future.

M

FUTURE MOBILITY

The ongoing sea change in mobility service calls for innovation in traditional business models. Integrating complicated digital and mobile communication systems into automobiles presents both risks and opportunities to the industry. Kia Motors is taking advantage of this time in the industry's history to adopt an integrated mobility service as it embraces change and innovation for the future. The company will bring forward a mobility service that is environmentally friendly and user-friendly so that it becomes a true leader in the EV era, a trusted brand by both present and future generations. As a leader of future mobility service, which can be characterized by networks and digitalization, Kia Motors is making innovative changes right across the company.

Plan S



Preparing for the Future with Plan S

The auto industry is challenged by the growing mobility service field, the development of autonomous driving technology, and the emergence of information and communications technology (ICT) ventures. In response, Kia Motors has come up with something it calls Plan S, which focuses on innovative technologies and concepts. The two-track strategy is designed to facilitate Kia's brand innovation and enhance profitability to achieve a preemptive transition to EVs and EV/AV-based mobility solutions. As the paradigm shift to EVs is predicted to take place at different speeds depending on different markets and their environmental regulations, purchase power, infrastructure, and subsidies, Kia will flexibly respond to individual market demand, adjusting its EV transition to local demand for these vehicles. By 2026, when EV models are expected to be fully established in the market, Kia aims to sell 500,000 EVs and one million eco-friendly vehicles around the world (not counting China). It is also pursuing new business opportunities in EVs and autonomous vehicle-based mobility service that will address urban issues around the world, one of which is pollution. Kia's mobility solution strategy will make use of its EVs for eco-friendly mobility-as-a-service (MaaS) and its

purpose-built vehicle (PBV) businesses in order to expand its customer base for B2B operations.

As part of MaaS, Kia will offer EV-based mobility service in cities where strict environmental regulations are applied while also preemptively securing a base in urban areas in preparation for the upcoming autonomous driving era. In the PBV business area, the company will operate PBVs tailored to unique trims and customer demands in the short term, and flexibly customize its fleet to different B2B needs in the long term.

To that end, Kia Motors plans to invest KRW 2.9 trillion to increase the number of its EVs and diversify its business areas by 2025. In a bid to raise the necessary funds for its investment and maximize shareholder value, the company set its goal at 6 percent in operating profit to sales ratio and 10.6 percent in return on equity (ROE).

Kia Motors' Plan S blueprint is bold and a preemptive shift to future business that is firmly backed by the two pillars of EVs and mobility solutions. At the same time, the company will deliver a new experience through its products and services to become the brand name of innovation.

Commercializing Sustainable, Eco-friendly Mobility Solutions

Kia Motors pursues strategic investments and partnerships with key companies from different areas. It also establishes mobility business subsidiaries based on a Group-wide collaboration platform at home and abroad to offer efficient and eco-friendly smart mobility solutions. In Korea, the Group's mobility subsidiary, Mocean, was established in 2019. A name combining the words "mobility" and "ocean," the corporate name implies our dedication to a mobility ecosystem that is flexible and crosses boundaries. Mocean uses its in-house developed integrated fleet management system, Mocean Smart Solution, to offer extensive information and services required for car rental services, such as car conditions, remote door locking and unlocking, wireless updates, fuel (or battery) check, tire air pressure gauges, as well as basic facts like car location and nearby travel paths. Its greatest strength lies in its application and platform that allows hourly car rental services for traditional rent-a-car companies, which could lead to further business opportunities.

diverse future transportation, like self-driving cars, drones, and delivery robots, in order to encompass every part of mobility service with its integrated platform. Kia Motors is closely working with CODE42 to offer new user experiences through its car infotainment system and will seek more partnerships in various other mobility services.

Additionally, Kia signed a partnership with a mobility startup called CODE42 to develop a platform that can integrate future urban mobility through autonomous driving technologies. The partnership will utilize CODE42's key technology R&D in its Urban Mobility Operating System (UMOS) platform to integrate

Kia Motors also recently invested in KST Mobility, a smart mobility company that represents Korea's National Joint Conference of Taxi Associations, to support the diverse mobility service innovation of taxis. The investment was part of Kia's commitment to supporting the domestic taxi industry for mutual growth, and in response to the government's policy to popularize electric-powered taxis. Going forward, Kia will pursue numerous R&D collaborations in mobility service and through its mobility platform to develop a taxi-based mobility service area. Kia Motors is also diversifying its service portfolio in India's mobility market to enter that country's large fleet management market. This is part of Kia's effort to expand business areas right across the mobility value chain, from vehicle development and sales to fleet management and mobility service. Furthermore, the company is actively seeking strategic collaboration with global partners to shift into a mobility solution provider. **M**

AUTONOMOUS DRIVING

Today, the automobile market is witnessing a growing demand for autonomous vehicles. In response, there are many R&D initiatives related to autonomous vehicles and mobility infrastructure in the auto industry. However, very complicated engineering solutions are required to secure safety and reliability with autonomous driving technology because it involves the life of a user. Therefore, it needs to be user-friendly without compromising the safety and dependability of the vehicle. Kia Motors is preemptively responding to innovations in the market by advancing its autonomous driving technology for safer and more convenient self-driving vehicles.



FCA (Forward Collision-Avoidance Assist)



LKA (Lane Keeping Assist)



RCCA (Rear Cross-Traffic Collision-Avoidance Assist)



The Popularization of Autonomous Driving Technology

Kia Motors applies universal safety functions to all its vehicles to ensure safety in both driving and parking situations for all its customers, passengers, pedestrians, and other drivers. Its advanced driving assist technologies apply to all Kia models, such as Forward Collision-Avoidance Assist (FCA), Lane-Keeping Assist (LKA), Blind-Spot Collision-Avoidance Assist (BCA), and driver alarms. Also, Rear Cross-Traffic Collision-Avoidance Assist (RCCA), Reverse Parking Collision-Avoidance Assist (PCA), and other driver alarms assist the safe parking of all Kia models. What is more is that Kia Motors is developing cutting-edge self-driving technologies that meet people's needs in order to increase customer convenience in various fields. For example, smart cruise control takes advantage of camera and radar sensors to assist the driver. Another convenient feature for drivers is the Highway Driving Assist (HDA), which uses high-precision navigation information. Furthermore, parking has become easier and more convenient with the Remote Smart Parking Assist (RSPA) function that uses ultrasonic sensors to remotely control the maneuvering of the vehicle in and out of a parking spot while the driver stands outside of the vehicle.

The World's First Machine Learning-based Cruise Control System

In 2019, Kia Motors became the world's first automaker to develop a Smart Cruise Control-Machine Learning (SCC-ML), which incorporates the driver's patterns into its self-driving behavior. Smart Cruise Control (SCC) is an essential self-driving feature to maintain a preset distance from the vehicle ahead of it while traveling at the desired speed set by the driver.

SCC-ML combines AI and SCC into a system that learns the driver's patterns and habits on its own, allowing the vehicle to drive itself in an identical pattern as that of a human driver. The SCC-ML technology collects driving data from the vehicle's front camera and radar. This includes the distance to the vehicle directly in front, its acceleration patterns, and reaction patterns. The information is then sent to a centralized processor. The machine algorithm is applied during this process to learn the driver's behavior. Closely mirroring a human driver's pattern, this is an advancement from the SCC's conventional nuisance of maneuvering the distance with front vehicle and acceleration.

For instance, the technology can control the distance with the vehicle ahead on the road according to a vehicle's speed, as well as the short distance at a low speed and the long distance at a high speed. The SCC-ML applies diverse scenarios to distinguish over 10,000 driver patterns so as to adapt to any driver's patterns.

The minimal time required for this pattern learning is about an hour's drive, but it may vary depending on different factors. The database is later built upon by constantly updating new driving data to reflect a person's most recent driving characteristics. Even though the driving data is updated, old data is not deleted because the machine learning does not follow a brand-new driving pattern other than the patterns first recorded. In other words, it is programmed to learn only safety-proven patterns without exception.

As SCC-ML employs Highway Driving Assist 2 and exceeds the autonomous driving level 2 requirements, Kia Motors has secured a competitive edge in the AI technology that is imperative to advancing its autonomous driving technology. **M**



RSPA (Remote Smart Parking Assist)

First application to Optima model as of December 2019



CONNECTIVITY

Connected Car technology is available for innovative services both inside and outside a vehicle. This connectivity will play a pivotal role in future automobiles and mobility services. In the future, this Connected Car service is likely to generate brand-new consumer value, something that lies at the heart of premium cars. Offering innovative Connected Car services, Kia Motors is leading the Connected Car market, which has evolved remarkably over a short period of time.

Intelligent infotainment system



Digital keys on smartphones



“KaKao i”: a Korean voice recognition system



An Interaction Technology-based intelligent Infotainment System

Kia Motors' infotainment system features cutting-edge interaction technology to offer various CS services. On top of a safe and convenient driving experience, these extensive lifestyle services give drivers and passengers a brand-new user experience. For instance, Kia vehicles are the first in the industry to apply thematic clusters, which customize graphic displays to real-time weather conditions. By delivering an exceptional user experience in terms of both information and entertainment, this is how Kia Motors' infotainment system lives true to its highly respected reputation. Furthermore, Kia's UVO services go past more than just navigating a vehicle through to the final destination. After the vehicle parks at the destination, the UVO AR map on the user's smartphone guides the remaining route on foot.



A Server-based Voice Recognition Technology

Through a partnership with KaKao, the leading IT service provider, Kia Motors' vehicles employ the KaKao i service—a voice recognition service that processes your spoken words into action—for its infotainment system, offering a wide array of information from real-time news coverage, stock market updates, and everyday inquiries. As the service is operated by a person's words, you don't need to push the button or input command to operate infotainment system. Voice recognition extends beyond navigation searches and even takes commands such as “open” or “close the car windows”, “heat up the steering wheel” and many more useful functions without touching the display panel. As such, voice recognition can assist drivers to keep focused on driving without being distracted, allowing for a safer and more convenient driving. Moreover, the Car-to-Home function allows users to check and control IoT devices at home from a vehicle. This allows people to easily control the lights, temperature, stovetop, and door lock

of your home from their car.

Digital Keys on Smartphones

From 2019, Kia Motors applied smartphone-based Digital Key technology to its vehicles. The Digital Key will be essential feature in the upcoming car-sharing era. Even without a car key, users can open doors, start the ignition, and remotely control Kia vehicles using the Digital Key app. This is made possible because it uses Near Field Communication (NFC) technology and Bluetooth Low Energy (BLE) communication to connect smartphones and vehicles to function the same as the smart key. This technology is specifically useful when you want to share the car key with someone else, as it can register up to four users, include driver, to concurrently share a single vehicle. After downloading the app, a single touch is all it takes to share the car. Each user can even personalize the various driving conditions and save this setting to the Digital Key app. You can also adjust the seat position and the angles of the steering wheel, side mirrors and head-up display (HUD) according to your posture. The vehicle automatically switches between the preset settings according to the user. Digital Key uses BLE communication to communicate with the vehicle within a 10m range and it can start ignition, remotely open/close doors and trunks, and set the car alarm.

Technologies for a More Seamless Life

Automobiles have evolved into digital devices—just like a smartphone—inseparable from our daily lives. The higher the reliance to software becomes, the more important it has become to keep it up to date in brand competitiveness. That is why many global automakers are employing over-the-air (OTA) functions. This allows wireless downloading of the latest software of infotainment system, as well as navigation map, and saving users the trouble of visiting a service center for software updates or latest map data downloads.

Furthermore, Kia Motors has special features that help drivers keep calm on the road. On the AVNT (Audio, Video, Navigation, Telematics) display, users can choose from six themes, a lively forest, calm waves, a rainy day, an open-air café, a warm fireplace, or a quiet snow-covered road. Dubbed “Sound of Nature,” these features have been compiled directly from sound sources collected from nature based on the advice of sound experts. The sounds are known to have a calming effect on human consciousness, stabilizing brainwaves and letting a person focus on driving in a peaceful, comfortable frame of mind. **M**

ECO-ELECTRIC

Electro-mobility is the future of transportation and a sustainable urban lifestyle. Consumers are growingly conscious of zero-emission eco-friendly mobility solutions. However, price and accessibility are the two biggest issues to tackle in the industry-wide attempt to shift from internal combustion engines to electric motors. Kia Motors is now developing high-performance electric vehicles that are economical in price, elegant in style, and user friendly. Let's explore Kia's electric vehicle fleet.



Future-oriented Crossover EVs: Imagine by KIA

Kia Motors revealed its new all-electric concept car, Imagine by KIA, at the 2019 Geneva International Motor Show. A crossover EV concept car, the Imagine by Kia points to a new potential for Kia's future EV models. This does not just represent state-of-the-art technologies; it also touches on an emotional point of view with human-centric designs. People may first be impressed by the dynamic outlook of the Imagine by KIA, but they will soon be entranced by the ergonomic interior design. Intelligently reinterpreting Kia's iconic "tiger nose grille," the Imagine by KIA features a bold new illuminated face that encircles the main LED headlamp units. A single layer of clear acrylic glass extends over the vehicle and creates the effect of piercing eyes, floating free of visible support, and giving the vehicle a futuristic impression.

The impressive profile is enhanced by an illuminated dynamic streak that draws the eye from the A-pillar to the C-pillar, while the car's high shoulder line and elegantly side-window lines that narrow together bring out the glamorous and sleek body design of the car. Even the 22-inch alloy wheels contribute to the visual effect. Each wheel has flush inserts of transparent acrylic glass with diamond cross-cut spokes to reflect and refract light as the wheels move. Looking inside the car, you will be dazzled by 21 individual ultra-high resolution screens that curve their synchronized way across the top of the dashboard. The dramatic design of the dashboard was realized on the strength of its overlapped display technology. The 21 thin screens effectively create a single unified display from the driver's point of view. This technology speaks volumes of Kia's advanced design strategy, which aims to overcome competition with bigger screens in pursuit of a new notion of human-machine interface that harmonizes digital technology and artistry.

The design team focused on much of the vehicle's aerodynamics on the hood and pillars in order to extend its full range. The enhanced cooling performance and down-forced design also maximized the driving performance. Today, Kia Motors has fully committed its R&D efforts to eco-friendly vehicles. As a result, the company launched the Soul Booster EV in January 2019. This is a vehicle that has a battery capacity of 64kWh—double that of the conventional Soul model. Going forward, we will work hard to realize the future concept of EVs that we envisioned through the Imagine by KIA.



Heightening the Marketability of Eco-friendly Vehicles

The EV market is expediting its development and evolution as a clean, sustainable mobility solution to meet rising demand for quiet and energy-saving eco-friendly vehicles, while also meeting all regulatory laws. Kia Motors actively develops its EV technologies to enhance EV performance. Its advanced technologies are propelling the advanced performance of vehicles to exceed legal requirements and popularizing EVs by imparting their convenience to consumers.



Cadenza Premier Hybrid



In 2019, Kia Motors revealed the Cadenza Premier hybrid with enhanced performance and riding comfort. It is now a leading vehicle in the company's sedan line. It not only features a 2.4 liter hybrid engine, but its regenerative braking system has been greatly enhanced. As a result, the reduced repellant force on the pedal brought about a riding comfort similar to that of a gasoline model. Kia was also the first company to introduce a home-to-car function for Korean consumers, and has now implemented a car-to-home function, interactively connecting its vehicles with home IoT systems. Cadenza Premier hybrid drivers can now control IoT devices like air conditioners and boilers at home from their car. The Cadenza Premier hybrid employs a 38kW-output electric motor and a 2.4 liter gasoline engine with a power output of 159ps and a maximum torque of 21.0 kgf.m (4,500rpm), performing 16.2km/l of combined fuel economy. With a highway fuel economy of 16.2km/l and urban fuel economy of 16.1km/l, it has heightened the hybrid's strength in traffic jam fuel economy, touting a carbon emission rate of 97g/km.

Niro Hybrid & Plug-in Hybrid



In 2019, Kia Motors marketed its new Niro models in hybrid version and plug-in hybrid (PHEV) version with improved marketability. First introduced in 2016 as Kia's eco-friendly brand, Niro has completed a comprehensive family line that ranges from hybrid to PHEV to EV models.

The latest Niro model applies diverse ADAS functions, including lane-following assist (LFA) and highway drive assist (HDA). It also includes functions that consumers greatly appreciate, such as forward collision-avoidance assist (FCA) and lane-keeping assist (LKA). At the same time, this latest model has strengthened its marketability and drawn consumer interest in eco-friendly cars. The new Niro model has a hybrid engine that combines a 1.6 GDI engine and electric motor with a maximum power output of 141 ps and a maximum torque of 27.0 kgf.m. Its combined fuel economy is between 17.1 and 19.5km/l in the hybrid model, while the PHEV model is 18.6km/l in gasoline mode and 5.1km/kWh for the battery mode. Carbon emissions have also significantly improved, from 92g/km in 2016 to 79g/km for the hybrid model and 26g/km for the PHEV model in 2019.

Optima Hybrid



Kia Motors unveiled its third-generation Optima Hybrid in November 2019. It was a complete remodeling it had completed over a period of four years, and employing the company's latest hybrid technologies. The Optima Hybrid is the world's first vehicle to have a solar power-generation panel, which is connected to the embedded battery, mounted on its roof. The improved power-generation efficiency has increased the vehicle's travel distance, while also preventing battery discharge. When solar-powered for an average of six hours a day (Korea's daily average sunshine duration), it can reduce fuel bills of up to 1,300 km in travel annually on average. In addition, the new Optima Hybrid features a voice-enabled service—the first time for any Optima—that allows a person's voice to control the AC/heater, windows, and seat heaters. It can also understand a person's voice to perform commands like "Show me the route to Kia Motors; headquarters in Seoul," and "Tell me the latest news updates." Its air purifier system includes a fine dust sensor which gauges the air quality of the interior into one of four categories through the air conditioner's display panel: Excellent, Good, Bad, or Very Bad. When the air quality level reaches Bad or Very Bad, the air purifier automatically turns on its high-performance combination filters. The new Optima Hybrid also features various cutting-edge functions, like Digital Key, a built-in Drive Video Record System (DVRS), a personalized profile, and remote smart parking assist. With a Smartstream G2.0 HEV engine and six-speed automatic transmission, the Optima Hybrid performs at a maximum power output of 152 ps and a maximum torque of 19.2kgf.m, with a carbon emission amount of 82g/km.

Eco-friendly Vehicle Technology R&D Plans

Eco-friendly automobile technologies are constantly evolving at breakneck speed. Creative and original green car technologies will lay the foundation for the future of our mobility as drivers. For its part, Kia Motors works extremely hard to strengthen its in-house technology development through diverse partnerships with businesses from various sectors around the world. The company is relentless in its push to develop higher efficiency/eco-friendly vehicles with advanced user-friendly functions.



A Strategic Partnership: Investing in a European Electric Vehicle Charging Company

Hyundai and Kia are strategic investors in IONITY, a European electric car charging infrastructure business. Established in November 2017 through a joint investment by BMW, Daimler AG, the Volkswagen Group, and Ford, IONITY currently operates a European network with around 140 high-power-charging (HPC) stations in 14 countries. IONITY plans to increase that number up to 400 HPC stations in 24 countries by the end of 2020. Kia's new e-models will be equipped with 800-volt technology from 2021, allowing them to take full advantage of IONITY's HPC stations.

Kia Motors is also collaborating with the U.K.-based Arrival Ltd for commercial EV cars. Hyundai and Kia Motors invested KRW 130 billion in Arrival, a commercial EV startup, in January 2020. The two partners are co-developing eco-friendly vans and other products for logistics, as well as shuttle buses. Pioneering the future of the mobility industry, Kia Motors is actively pursuing more partnerships for optimal EV technology R&D and services while developing an EV platform concept that supports self-driving and is available at affordable prices.

Developing an EV-exclusive model capable of going 500 km on a single charge

In promotion of EVs, Kia Motors is planning to release a new EV-exclusive model. Mounted on an EV-specified platform, the new EV model will come in a crossover design that offers a future-oriented user experience by collectively integrating the world's leading EV technologies, such as the ability to travel 500 km on a single charge, and a high-speed charge that takes only 20 minutes. To that end, the company is adopting an innovative EV architecture development system so that it can complete a customer-oriented plan-development-production system which will reflect market demands from the product planning stages. The strength of this system lies in developing various models in a short period of time and at a low cost, which is expected to greatly enhance the company's EV competitiveness. The EV lineup will take a dual approach in charging systems, one at 400V and one at 800V, while concurrently operating the high-performance EV line along with an economical version of a derivative EV line. At the same time, Kia Motors will adopt an integrated management system to encompass EV life cycles by developing cost-effective and customized subscription models, a battery rental/lease program, and a used battery business.

M

**A single-charge full-range potential of 500km
Within 20 minutes of high-speed charge**

20min.



PRODUCT

Kia Motors always focuses on heightening the product satisfaction of its automobiles. We set our standards for next-generation products with cutting-edge technologies to better the functions and efficiency of everything we make. Our innovative designs and product services have earned Kia the full trust of customers from around the world, and that is what constitutes our competitiveness in the industry. Kia's engineers will continue to endlessly work hard for a better driving experience and the highest efficiency of our products.

4th Generation Sorento featuring a Smartstream D2.2 engine

45.0kgf·m

The Smartstream D2.2 Engine meets revised emission standards

Kia's first model featuring a Smartstream Wet 8DCT Transmission



The Cadenza, featuring a Smartstream G2.5 engine

GDi + MPi

Dual fuel injection GDi+MPi

The Optima, featuring a Smartstream G1.6 T-GDi engine

CVVD

Continuously Variable Valve Duration

A Powertrain with Higher Efficiency and Durability

Kia Motors continues enhancing its next-generation powertrain family—Smartstream. Featuring the K7 Premier model, the Smartstream G2.5 GDi engine applies a GDi+MPi dual-fuel injection system that uses two injectors per cylinder. This guarantees lower emissions and higher fuel efficiency during low-speed driving, while also ensuring high-power drives at greater speeds. It is also equipped with an integrated heat controlling system that optimizes the temperature and flow of cooling water depending on the driving conditions. This lowers the loss of cooling fluids for the engine, resulting in improved fuel efficiency.

Kia's 3rd generation Optima features the Smartstream G1.6 T-GDi inline-four engine. This represents the first application of the world's first continuously variable valve duration (CVVD) engine technology. The CVVD stretches or shortens the time the intake valves are open, depending on engine speed and load, enhancing both the engine performance and fuel efficiency. The technology was internationally recognized when the Smartstream G1.6 T-GDi engine featuring this technology was named one of 2020's Wards 10 Best Engines & Propulsion Systems by *WardsAuto*.

In 2020, the 4th generation Sorento model is rolling onto the market. This will be the first Kia model featuring a Smartstream D2.2 engine that meets revised emission standards. It will also have a Smartstream Wet 8-speed DCT transmission, allowing for a powerful driving performance at higher efficiency.

Its maximum output reaches 202 horsepower (ps), with a maximum torque of 45 kgf.m, and its fuel efficiency stands at 14.3km/l. The Smartstream Wet 8-speed DCT is a brand-new transmission developed to overcome the torque limits of the existing Dry 7-speed DCT, which is therefore not applicable to higher segment models that demand greater output. Replacing the single-plate clutch with a multi-disc clutch, the Wet 8DCT employs an oil-based clutch-cooling mechanism, thereby enhancing maximum torque by 58 percent compared to the Dry 7DCT. As a result, the Wet 8DCT is applicable to mid-size and high-performance vehicles. DCT's traditional strength—a speedy gear shift—is guaranteed with three percent higher fuel efficiency than other 8-speed transmissions, guaranteeing an excellent driving experience with higher fuel economy. The Wet 8DCT mounted on a new gasoline turbo model Smartstream G2.5 Turbo GDi will launch by the end of 2020.

The Smartstream D2.2 engine & Wet 8-speed DCT transmission



ICT Connected Shift Transmission

Hyundai and Kia developed the world's first Information and Communication Technology (ICT) Connected Shift transmission in February 2020. The gear-shift controlling technology selects the gear that works best with upcoming driving situations, such as traffic and road conditions. Lately, automobile technologies do not just focus on autonomous driving; they have evolved to the point that they can expect surrounding conditions beforehand and flexibly respond to them. Our new ICT Connected Shift Transmission technology is just one example of this. It reacts to roads and traffic ahead of the vehicle. Instead of just relying on speed and acceleration like a traditional automatic transmission, this proactive gear-shifting technology will significantly reduce any burden on drivers, while also improving fuel economy because it can cut down on braking frequency and keep the gear in the neutral position when needed.



Air Purifying System

The third-generation Optima uses an artificial intelligence air purifying system, the first time of its kind among all Kia models. The AI air purifier automatically starts purifying the air of a vehicle when it detects fine dust inside that is above a healthy level. The fine dust level has four categorization levels—Excellent, Good, Bad, and Very Bad—on the vehicle’s air conditioner display panel, allowing for real-time check of indoor air quality. When the air quality level goes below bad or very bad, the air purifier automatically turns on to clean the air inside the vehicle through its high-performance combination filters.

16-inch aero wheel



Aerodynamism for Higher Efficiency and Mobility

The technology R&D efforts at Kia Motors are aimed at enhancing fuel efficiency while guaranteeing greater stable vehicle performance at high speeds. The new 2019 Optima HEV model added an active air flap and aero wheels to reduce air resistance. It also employs a unique bumper exclusively for HEV models to complete a leading aerodynamic design. As a result, these measures have reduced air resistance by 4.7 percent compared to the New Optima model, simultaneously meeting the two goals of fuel efficiency and stability at high speeds.



World-leading Quality

Kia Motors’ advanced product quality has earned a high level of recognition for its models around the world. In a bid to further its product quality, Kia Motors is fostering talented employees through customized training programs that offer quality technology and information, as well as innovation know-how according to different job requirements and competencies. In step with the rapidly changing auto industry, we are constantly reinforcing our expertise in quality control and future technologies. As a result, Kia models have earned a greater reputation at home and abroad, along with high customer satisfaction in dependability, noise control, and ride performance, as well as ride and handling (R&H) performance.

Telluride

MotorTrend’s 2020 SUV of the Year
Car and Driver’s Best 10 of 2020
 (November 2019)

Kia Motors ranked highest in mass market brands of J.D. Power’s 2019 Initial Quality Study (IQS) for the fifth consecutive year. In fact, four of our models were segment winners: Rio topped the small segment for a second year in a row; Forte topped the Compact segment; Sportage was the winner of the small SUV segment; and Sedona topped the Mini-van segment. Launched in the U.S. market in 2019, Telluride was named the 2020 SUV of the Year by *Motor Trend* and one of the Best 10 of 2020 by *Car and Driver*. **M**



PEOPLE

Today, the term “growth” has taken on a new meaning for businesses; it is no longer simply about productivity. Kia Motors works tirelessly to affect change for the benefit of customers and employees, as well as those of its suppliers. We are a leader in forward-looking change and innovation. At the same time, our enterprising spirit and creative ideas have spread throughout the entire business ecosystem, from product R&D and production to sales and service.

Customers • 32p

Kia’s Unique Customer Service

Employees • 36p

A Passionate and Enterprising Spirit for Innovation

Suppliers • 38p

Mutual Growth Strategies & A Framework for a Virtuous Circle of Business Ecosystem

Community • 40p

Working Towards a Better Tomorrow for Everyone

Kia's Unique Customer Service

ORDINARY DAY - **UNIQUE KIA**

Driving a car requires maintenance, which in turn needs appropriate service. Service experiences impart customers with a lasting impression of Kia Motors. That is why we have professional and convenient service, kind receptionists, and spacious and pleasant surroundings that leave customers with a positive impression of Kia, ultimately leading to revisits and more purchases of our vehicles. Every friendly customer is part of the company's intangible assets.



Diverse Customer Service Options

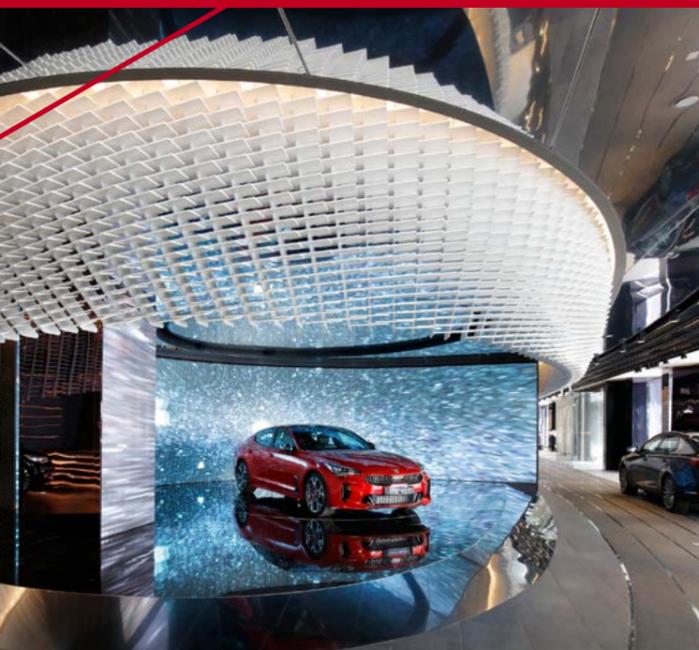
Kia Motors keeps abreast of rapidly changing trends with respect to economic and environmental customer needs in order to provide them with better services. The advancement of cutting-edge technology is also improving customer service for greater driving experiences. Kia Motors' Digital Key technology allows users to download apps on their smartphones, which turns into a remote-control system to open/close car doors, start engines, ring alarms, and open trunks. It lets users share the key controls with their family and friends when needed.

Kia Motors improves mobile services on a continual basis to enhance customer convenience. Its integrated mobile app service, KIA VIK, provides for free access to all content related to Kia, such as membership mileage, car budgeting, and booking a test drive. In fact, the service drew over a million members within its first year of being launched. Additionally, Kia's innovative mobility service, KIA FLEX, is a monthly subscription service that uses a non-contact service platform for subscribers to rent any vehicle of their choice for a month. New models will continue to be added to the fleet in the future. As of 2020, Kia Red Members had six million subscribers. Among a variety of digital Kia programs, Auto Q is Kia's exclusive service shop franchise, with 800 stores across Korea.

On the global front, Kia Motors has a network of 5,700 dealerships with over 30,000 service specialists. In addition, its Global Port/dealer PDI Management System (GPMS) delivers brand-new cars without defect to customers around the world. In a bid to enhance its customer experience, Kia Motors launched My Service, which has digitalized the entire service process such as online booking, inspection, invoicing, repair, handover and customer survey as well. The company has also distributed an AR Owner's Manual with an intuitive guide to help customer to understand how their vehicle works. And, as a tablet-based digital technology information guidebook, Kia Customer Visual Guide is available at every Kia service workshop so that customers can get an explanation for the details of repair job with visual material from service advisor. In line with the company's new Plan S, Kia is preparing for the EV era by establishing work bays for EVs, planning a smart service center concept optimized to EV services, and developing ESS as a resource regeneration system for high voltage batteries. Through these and other innovative services, Kia will be able to make people's vehicle experience even greater.

An Ordinary Day, A Unique Kia

Buying and driving a car inevitably entails a customer service experience. Even the slightest change in a customer's experience can increase the brand image of a company. That is why Kia Motors puts customer value before anything else, whether it is planning products and services to fulfilling them, so as to further enhance every customer's experience.



Customer Satisfaction (CS) Training

In tandem with changing consumer values and patterns, each customer's needs have become diversified and individualized at Kia. Today, companies have to increasingly think from a customer's perspective and preemptively meet their needs. Kia Motors reviews its sales and service practices from the customer's point of view by commissioning its annual CSI surveys to external agencies. Based on systematic customer service guidelines, all regional headquarters review their customer service practices (eight times a year) and customer care when receiving calls (four times a year) to enhance CS practices.

Kia also continues to develop its CS training programs for sales and service staff working at customer contact points to make sure there is as little customer inconvenience as possible, while maximizing positive customer experiences at the same time. Aiming to sympathize with both customers and employees, the Compassionate CS Program's goal is to raise employee sympathy for one another and for customers, and motivate employee engagement through case studies and activity programs provided at each site. In 2019, a total of 2,241 training sessions were provided to 25,135 trainees on CS Manager Competency-Building for field managers to develop their CS competency, as well as customized CS consulting and one-on-one coaching.

Kia Motors offers extensive CS training courses for not only its domestic premises but also for its overseas network. These trainings are to enhance the sales and soft skills of dealer sales consultants and managers, after sales advisors and managers, as well as technicians throughout the world. In 2019, 84 service advisors from 42 countries have attended a Kia World Service Advisor Competition. In 2020, Kia has provided extensive customer-centric training contents using various training tools such as an AR App or micro-learnings to create differentiated customer experiences to our customers. At the same time, Kia Motors' Consumer Assistance Center adopted what it calls a Visible ARS Mobile Survey system to keep in step with the present digital era. The increased channels for smart customer experiences will further heighten customer convenience and service satisfaction. It will also allow us to timely collect more diverse customer feedback to reflect in our business planning. The collected voices of customers (VOC) are shared across the board in quality, sales, and service for further improvements.

CS-competency Training



2,242 sessions **25,135** trainees



Special Experiences at Contact

The Kia Motors brand goes through numerous teams and processes at design centers, R&D centers, plants, and headquarters—all of which collaborate with each other—before the Kia name reaches end users. The company has mobilized diverse channels to communicate with customers, delivering the full experience and journey of its brand value to them. In doing so, the ultimate goal is to elicit loyalty, affection and passion in customers for the Kia brand.

Kia Motors has completed a Global Space Identity policy and is standardizing this policy to apply in dealerships for consistency in its brand image around the world. Kia's Red Cube symbol is the design motif that embodies the brand vision "Your Joyful Moments," as the color red signifies the dynamic brand image of Kia.

Kia Motors strategically releases its customer experience (CX) enhancement policies based on a comprehensive analysis of the customer experience of its brands, from overseas brand



awareness and car purchase experiences to the actual user experience, for application to its services. In 2019, the voice of local customers in the Indian market was reflected to address local customers' complaints. At the same time, Kia was developing and practicing a customer-oriented value system based on the needs of local customers. Under the slogan "Promise to Care," the company carried out detailed action plans on customer services based on a customer value system of transparency, respect, and loyalty. Other innovative customer services also include the company's first-ever end-to-end online sales event, a digital show room, transparent pricing policy, and premium services. Based on these accomplishments, Kia will mount a CX (Customer Experience) 360° system worldwide to identify the specific needs of customers from different markets and apply their needs to our services.

In Spain, a test project is in place for the mobility service WiBLE as part of our Mobility as a Service (MaaS) project. In line with Plan S, a comprehensive electrification strategy is currently in operation, and this includes enhancing the EV customer experience, infrastructure development, and service model development.

In the U.S. market, the success of the Kia Telluride in 2019 has buoyed customer satisfaction of our brand. In response, Kia Motors announced company-wide "Culture Change" policies that are customer-centered in connection with the U.S. National Dealer Contest in February 2020. We have also developed customer satisfaction evaluation and improvement systems for practical improvements in our CS performance. Furthermore, there is an online sales platform based on the German market under development, and is slated to be launched in June 2020.

Going forward, Kia Motors will work tirelessly to reinforce its brand value and underlying philosophy while also coming up with new ways to heighten customer satisfaction practices. **M**

A Passionate and Enterprising Spirit for Innovation

At Kia Motors, the best and brightest employees contribute their different perspectives and knowledge to innovative and creative mobility solutions. The company fully supports its workers through policies that outline clear goals that include a free and creative working environment. We offer all-out support to realize a creative corporate culture, one in which people can lead a happy work-life balance.



“ Kia Motors promotes a young and lively corporate culture, somewhere employees can lead an adventurous and innovative life. ”

The Kia Spirit: Be Young at Heart

Kia Motors promotes a young and lively corporate culture, allowing its employees to lead an adventurous and innovative life. The company has long been striving to build a healthy and flexible corporate culture. Developed in 2016, the Kia Spirit-Be Young at Heart-is the inspiration behind how employees think and behave, all of whom subscribe to the company's unique value: A Different Beat. The Kia Spirit encourages employees to lead a confident, adventurous, and socially connected life, while working hard and enjoying life at the same time. To that effect, a company-wide campaign kicked off in 2017 to cultivate 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. With the full support of top management, the Kia Spirit is being weaved into its business system-HRM, HRD, and overall working conditions. This wave of change began with a modification in the dress code at work. Today, Kia employees wear casual clothing at work, which, we believe, make them more relaxed and allow for more creativity. At Kia's headquarters in Seoul, lunchtime has become more flexible, enabling employees to choose when they eat, anytime for one hour between 11:30 am and 1:00 pm. The flexible lunch hour has enhanced employee satisfaction as it has decreased the stress of crowded security checkpoints in the lobby.



Smart Office and Innovation in Reporting Practices

The Kia Motors Smart Work Campaign was launched in 2012 to motivate creative and efficient employee engagement. In 2019, the company completed a Smart Office system that was applied to the entire head office building in Seoul with the hope of encouraging behavioral changes to lead to a better work process for employees, and inspiring creative ideas through collaborations with others. As opposed to a traditional office layout, each business division designed their own workplaces to best serve their particular needs based on feedback from employees. The new office layouts will promote equality among colleagues, clearer communication, and collaboration based on autonomy and responsibility.

In 2020, we will focus on finding room for improvement through user feedback via our Smart Office over the past year so as to better productivity. Reporting practices are also being innovated. We are streamlining the reporting process for a more efficient and transparent decision-making hierarchy based on feedback to build a self-driven working environment that is based on autonomy and responsibility. The key to this change lies in increasing the amount of time for suggesting and practicing creative ideas rather than preparing mere reports for supervisors. Since this change relies heavily on the attitude of supervisors, we have provided team managers and those above them with leadership training programs on how to improve reporting practices and communicate with their colleagues. At the same time, we have improved systems to promote e-mail-based reporting practices while also spreading best practices companywide through community activities. In support of employees to quickly adapt to the new reporting system, the company has given special lectures on how to properly document their reports and have discarded report & approval clipboards from across all worksites. Since then, the unnecessary of preparing these kinds of reports has significantly declined, expediting the decision-making process and dispersing discretionary powers properly to individuals. As shown in the table below, the corporate culture survey results found significant improvements in reporting practice indicators, such as efficiency in documentation, diversity in reporting channels, and repetitive approvals.

2019 Culture Survey Results

Criteria	Questionnaire	Score Change ¹⁾
Unnecessary Documents	In this company, the creation of unnecessary documents is kept to a minimum	+5.9%p
Reporting Methods	The company uses a variety of reporting methods suitable for given goals and situations (Verbal, electronic approval, mail, messenger, etc.)	+4.8%p
Report Approval Culture (double approval)	The Company does not require double approvals(offline paper report and online electronic report) over the same issue.	+5.4%p

1) Score changes show the changes in positive response rates from the previous year (positive answer results)



An Enterprising Spirit That Takes Risks

Kia Motors leads business change management under the slogan of "Taking bold steps to take risks, we can respond with agility and in unity." While seeking innovation in the work process, the company always looks for ways to lead changes and to help employees embrace these changes. For greater responsiveness to these efforts, Kia is creating a working environment that facilitates speedy decision-making and collaboration as it builds a corporate culture of parallel communication to maximize the creativity of employees. We are also forwarding various initiatives to create a work environment that highly respects individuality and will further enhance employee engagement in their job duties.

Cloud Intelligence : Anytime Anywhere Anydevice

The newly established document automation system, Autodocs, is instrumental in enhancing knowledge-sharing and inter-departmental collaboration. While the initial system instability triggered employee complaints for undermining work efficiency, we immediately addressed this issue. By 2020, the company plans to have more innovative working tools in place to support stable change management, communication, and work process innovation. It also plans on establishing a company-wide platform that enables sharing and collaboration from any place and at any time through any device. When completed, the platform will not only enhance work efficiency, but also expedite decision-making processes and promote communication and collaboration. We expect that these changes will lead to innovation in our corporate culture. **M**





Mutual Growth Strategies & A Framework

for a Virtuous Circle of Business Ecosystem



Three Mutual Growth Strategies & Systems

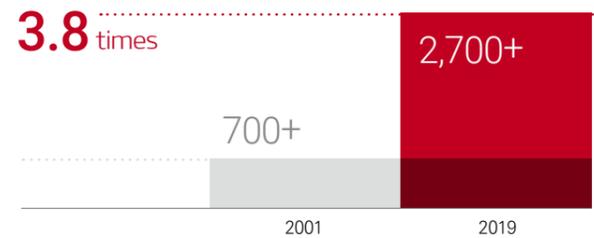


Kia Motors' mutual growth strategies with partners consist of three major themes: reinforcing partners' global competitiveness; laying the foundation for sustainable growth; and establishing a mutual growth culture. Thus, the company engages in programs that help partners build quality competitiveness, technology R&D capabilities, and productivity to reinforce their global competitiveness. In a bid to help them lay the foundation for sustainable growth, Kia supports partners in stabilizing their business management, develop growth infrastructure, and explore global markets. Kia Motors also strives to improve mutual growth practices within the organization through a reinforced cooperation network with partner firms, while extending the scope of support from primary to second/tertiary partners. Based on these three strategies, Kia Motors will pursue mutual growth alongside its partners and reinforce strong partnerships that will constitute a virtuous circle of a healthy business ecosystem. In fact, Kia Motors co-established the Foundation of Korea Automotive Parts Industry Promotion (KAP) in 2002 along with Hyundai Motor and Hyundai MOBIS. Since then, the co-founders have contributed KRW 6 billion every year to promote the advancement in quality, technology, and business management of its suppliers. Kia Motors provides consulting services to suppliers on their quality control, technical issues, and business management by dispatching its volunteer groups and support groups, which consist of quality control experts and technicians. The program helps partner firms enhance their product quality, technology, and business management capabilities.

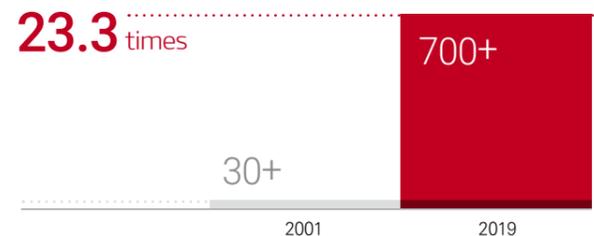
Strategy 1. Reinforcing Partners' Global Competitiveness

Kia Motors provides practical support to its partner firms under a three-pronged goal of reinforcing their product quality, technology, and productivity. In addition to education programs and the sharing of information, as well as technology exchange opportunities, Kia Motors dispatches its technicians to partner companies' worksites from anywhere between three months up to one year to provide extensive support on the spot. The company also collaborates with partners in technology R&D efforts and assists them in filing for patents to protect their patent rights and technologies. These initiatives are mainly for secondary and tertiary vendors who are relatively small and lack the necessary resources compared to primary partners. In addition to our own systems, we are adding more partnership programs with related external organizations and primary partner companies.

Average Sales (KRW 100 million)



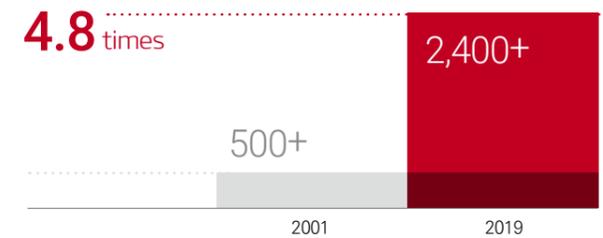
Accompanied Overseas Expansion (no. of companies)



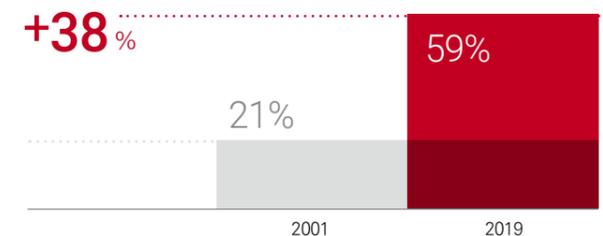
Strategy 2. Laying the Foundation for Sustainable Growth

The sustainable growth of a business requires investments in their future, firmly backed by steady cash flow and stable business management. As such, Kia Motors offers various financial aid programs for its partner companies, supporting their entry into overseas markets where it has plants. From constructing local plants to shared export logistics and the systematic support of country of origin certification, we systematically walk through our suppliers in their global expansion through these programs. As of 2019, we had carried out over 700 primary and secondary domestic partnerships to overseas markets. Kia Motors supports its second and tertiary partners with their competency-building through support for their participation in Korean and international automotive parts fairs and matches them with international buyers, too. Through this program, we plan to support 300 companies by 2021. In fact, Kia has financed the costs for booth rentals and consulting booths at the KOAA SHOW in Korea, as well as one-on-one matching with international buyers. Initiated in 2012, the annual Partner Job Fair has supported Kia partner companies to find competitive new talent as it addresses the youth unemployment issue. In 2019, 264 companies, including secondary and tertiary vendors, participated in the fair.

Total Assets (KRW 100 million)



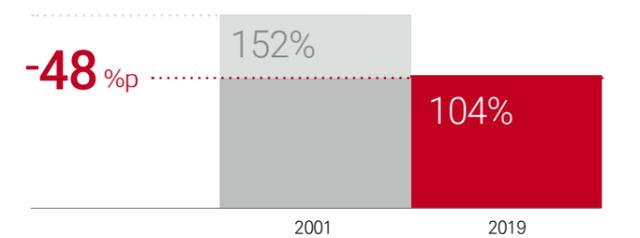
Corporate Size (%)



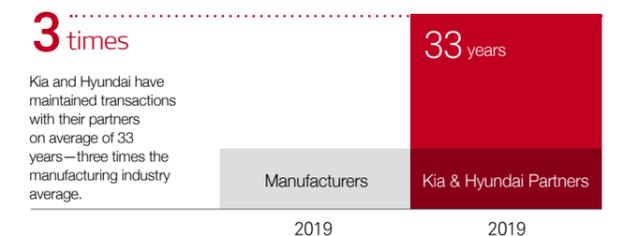
Strategy 3. Establishing a Mutual Growth Culture

Kia Motors aims to establish fair and transparent transactions and mutually beneficial growth practices by establishing a mutual growth culture. To that effect, the company has enacted systems for raising ethical awareness of employees and supporting their compliance practices. All transactions are transparently made through the HMG Partner System, which fairly assesses the competencies of partner companies. Furthermore, Kia Motors has entered into an annual Agreement on Fair Transactions with all primary and secondary vendors, offering them support in ethical management and CSR management. In promotion of a safer working environment, all primary partners have obtained the OHSAS18001 certification. Kia Motors has encouraged safe management by including safety management in the criteria for its Partners of the Year awards since 2017. In addition, the company encourages fair and faithful transactions between primary and secondary partners, while expanding the application of the Four Subcontracting Guidelines to its secondary and tertiary vendors. It also offers awards to primary partners with excellent performance in payment practices with secondary and tertiary partners as well as financial and human resource support at the annual Partnership Day ceremony. As a result of these efforts, Kia Motors was singled out with the Highest Honor at the Korea Commission for Corporate Partnership's 2019 Mutual Growth Index for the sixth straight year. The Mutual Growth Index selects companies that have a significant impact on society from among the Korea's top-ranked companies under the Act on the Promotion of Mutually Beneficial Cooperation between Large Enterprises and SMEs. The nominee with the highest honor is rewarded with the government grant. **M**

Debt Ratio (%)



Average Transaction Years (annual average)



← #kia.csr

Working Towards a Better Tomorrow for Everyone

Kia Motors lends its business acumen to all of its social contribution activities, enhancing its corporate value and social value for communities at the same time. Kia always listens to what its stakeholders are saying so as to timely address social needs and find solutions to social issues, allowing it to realize a better tomorrow for everyone.

Following ▾

Message ▾



Green Light Project



Green Trip



YOUTH:
Challenge your Dreams



Caring for the Next
Generations



Education programs and mobility services to support local communities just getting on their feet. by creating a virtuous cycle of working capital funding from profit-generating projects and then transferring the goodwill to local communities

Green Light Project

#GreenLightProject #DevelopingCountries
#EducationalSupport #Healthcare #Self-reliance



The Green Light Project (GLP) is Kia's signature global CSR program. It promotes education and vocational training as well as universal healthcare rights in order to help local communities get on their feet. Since its launch in 2012, the program has expanded its base to 12 communities in eight African countries and one Asian country. The project builds GLP vocational training centers, schools, and healthcare centers, while also running mobility programs that use Kia vehicles. The Green Light Project consists of base centers, mobility programs, and self-reliance programs.

GLP's aim is to first establish a base by building necessary social infrastructure, as indicated in the UN's Sustainable Development Goals (SDGs), but is not easy to carry out because of limited access to materials and resources. Infrastructure includes schools, vocational training centers, healthcare centers, and environmental protection centers. The mobility program also takes full advantage of Kia Motors'

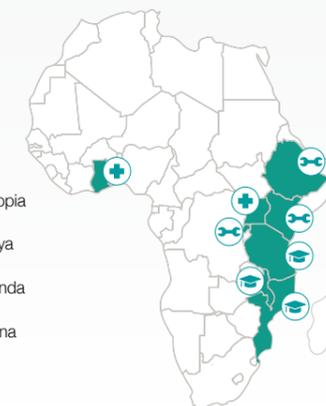
resources, which makes these base centers all the more effective. In fact, the mobility program sponsors school shuttle vehicles for students from remote areas as well as vehicles for mobile clinics to offer medical assistance for things like flu shots and treatments. In addition, the GLP supports local communities by creating a self-reliance profit model for base centers and mobility programs to continue operating even after the handover of the program. Kia Motors creates and then transfers such profit-generating business models to local governments or organizations so that beneficiary communities can become fully self-sufficient. Indeed, Kia's Tanzania School, where the GLP was initiated eight years ago, still runs school shuttles for 100 of its 600 students. It is also making school uniforms as part of a self-reliance program, spending the proceeds it makes on subsidizing students' extracurricular programs and the school's operation expenses. Tanzania School now makes 14,000 uniforms annually, not only for its own uniforms, but also for other schools. As soon as it transfers the program to local communities, the GLP begins new projects in other regions. In 2019, it expanded into Asia by constructing an environmental center in Vietnam. Furthermore, the school in Ethiopia that Kia built is about to be handed over to local community leaders. Kia's Green Light Project will continue to support sustainable development in developing countries around the world wherever it is needed most.



Green Light Project Worldwide

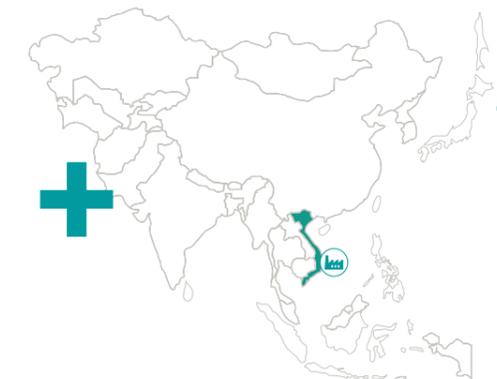
8 countries in Africa

- Tanzania
- Ethiopia
- Malawi
- Kenya
- Mozambique
- Uganda
- Rwanda
- Ghana



1 countries in Asia

- Vietnam



Green Trip

#GreenTrip #TheDisabled #TripService #TravelTips



Green Trip is one of Kia's signature social outreach programs in Korea, supporting disabled people with mobility challenges and financial difficulties. The project has sent people a total distance of 3.55 million km, equivalent to 84 round-the-globe trips, with 54,520 disabled people in Korea benefiting from the program since its launch in June 2012. In 2019, the service coverage extended to include the provinces of Gangwon and Jeju, as the project added four more vehicles with bases in seven regions across the nation in total. Kia Motors sponsors the trips with 16 Easy Move Carnival vehicles and one Ray—all featuring unique driver seats for disabled drivers and wheelchair loading. Additionally, the official Green Trip website provides travel tips that includes tips on convenience and accessibility at some of Korea's major tourist sites (1,854 tips as of the end of 2019). In 2020, the project will enhance its social media viral marketing in partnership with external organizations to offer more diverse travel opportunities to the disabled. In the future, the project aims to sponsor 15,000 beneficiaries annually by 2025, accumulating more than 3,000 travel tips. The ultimate goal is to offer benefits to a total of 100,000 people and 5,000 tips by 2025.



Eco-Environmental Activities

In celebration of its foundation day anniversary, Kia Motors announced its Kia Green Light Volunteer Week program in the run-up to this momentous day, offering company-wide volunteer activities from all its worksites at home and abroad. In partnerships with local communities, the company carried out afforestation and local clean-up programs with their CSR programs. Moreover, Happy Move Global Youth Volunteer Corps visited Hainan, China for a marine ecosystem protection campaign and an environmental education village program.



Total number of Green Trip travelers (2012-2019)

54,520 persons



Good Mobility Campaign: "YOUTH: Challenge your Dreams"

#Youth #VentureIncubation #Mobility #CarSharing



Kia's Good Mobility Campaign is an unstructured platform-based project that links customers' mobility service mileage to a donation program and uses the raised funds to address key local issues. Launched in 2017, the Good Mobility Campaign "YOUTH: Challenge your Dreams" links a car sharing service to start-up incubation projects for young people's social ventures. Whenever a customer uses a Kia vehicle on a registered car sharing platform, a donation is made in proportion to the travel distance. The raised funds are then used to support social venture start-ups in their infancy as well as those that are restarting. Excellent performers are rewarded with start-up funds and privileged entry to governmental social entrepreneur fostering projects.

As of 2019, the project has raised KRW 1,070 million and sponsored a total of 47 teams, or 120 aspiring social venture start-ups, on five separate occasions. In 2020, Kia's mobility service connection and coverage will expand to address a wider range of social issues, such as mobility-disadvantaged people and COVID-19 emergency aid projects.



Caring for the Next Generations

#NextGeneration #SocialContribution #RoadSafety #RedClover



Kia Motors is active in a number of social contribution campaigns for the next generation, from children to youth. The Green Light Kids Campaign is a road safety campaign that was initiated to prevent traffic accidents involving younger elementary school students on their way to and from school. Between 2018 and 2020, we have pinned 200,000 Green Light Cards every year on children's school bags for higher reflection of light to enhance the visibility of kids on the road. A total of 600,000 Green Light Cards have been distributed to first graders at elementary schools across the country over the past three years. On top of that, our road safety campaign takes a comprehensive approach beyond just distributing reflective plates to bags. The company has also distributed 8,000 traffic safety flags to elementary schools across the nation in collaboration with the Green Mothers' Society of Korea. At the same time, Kia employees have participated in Green Mothers' traffic safety campaigns, protecting children on their way to and from schools nearby Kia worksites. Red Clover is a CSR program for university students to perform social outreach programs in line with Kia's CSR value of mobility. In 2019, they linked the mobility-challenged support campaigns to our signature projects, such as Green Trip and the Corporate Volunteer Corps. By teaming up under the shared themes of supporting disabled people, infant-carrying passengers, pregnant women, and foreigners, as well as about various means of transportation—participants put their social contribution ideas into action. This led to the launch of campaigns to raise public awareness of mobility-challenged people and produced PR content to run on social media to raise more empathy among people for equal mobility rights. **M**

RESPONSIBILITY



FACT BOOK

Sustainability Management Performance Results	46	Economic Performance Results	54
Thinking of Tomorrow for the World	47	Environmental Performance Results	60
Corporate Governance	48	Social Performance Results	74
Materiality Analysis at Kia Motrs	52	KMS	82

Sustainability Management Performance Results

Sales Performance Results	2017	2018	2019	Change(%)
Sales volume(1,000 vehicles)	2,746	2,812	2,821	0.3%
Sales (KRW trillion)	53.5	54.2	58.1	7.3%
Operating profit (KRW trillion)	0.7	1.2	2.0	73.6%

- Number of vehicles sold through the local wholesale network
 - Figures include the complete knocked down (CKD) sales volume starting in 2019 (2019 CKD: 49,099 vehicles)

Product Liability	2017	2018	2019	Change(%)
Average CO ₂ emissions (EU) (g/km)	120	121	123	1.6%
R&D and facility investments (KRW trillion)	3.2	4.0	3.9	-3%

- 2019 CO₂ emissions (EU): projection

Environmental Management	2017	2018	2019	Change(%)
Raw materials (kg/vehicle)	196.6	194.5	184.3	-5.2%
Water resources consumption (m ³ /vehicle)	5.4	5.9	5.8	-0.4%
Waste amount (kg/vehicle)	164.9	160.1	149.0	-7.0%
Greenhouse gas emissions (kgCO ₂ -eq/vehicle)	573	585	585	0%
Air pollutants (g/vehicle)	507.3	495.8	449.6	-9.3%
VOC emissions (kg/vehicle)	5.7	5.9	5.7	-3.4%
Water pollutants (g/vehicle)	97.1	102.2	91.6	-10.4%

- Scope: three domestic plants (Sohari, Hwaseong, and Gwangju)
 - Per-unit input/output: the amount used/emitted from producing one vehicle

Employees	2017	2018	2019	Change(%)
Total workforce (persons)	51,789	52,578	52,448	-0.25%
Female employees (persons)	1,014	1,264	1,330	5.2%
Female managers (persons)	69	91	111	22.0%
Male employees on parental leave (persons)	18	41	68	65.8%

- As of December 31, 2019
 - Scope: domestic worksites (total workforce represents employees in Korea and overseas)
 - Recipients: full-time employees (not including outsourced employees and interns)

Social Contribution	2017	2018	2019	Change(%)
Donations in Korea (KRW 100 million)	227	314	238	-24.2%

- Donation figures were recalculated for 2017 due to a change in the standards.

Thinking of Tomorrow for the World

As one of Korea's leading automakers, Kia Motors strives to live up to social expectations in fulfilling its social responsibility. At Kia Motors, sustainability management refers to balancing economic, social, and environmental goals as its top priorities, and then applying all of its resources to achieve those goals.

Kia Motors fully abides by the United Nations' Sustainable Development Goals (SDGs: 2016-2030) in its activities towards reaching the triple bottom line. It is also a faithful member of associations and organizations related to the auto industry, and continues to work hard for fair transactions and ethical management practices.

	SDGs	Project	Description
Signature CSR Projects	1, 8, 11	Green Light Project	A global project that aids the self-support of communities in developing countries with education and healthcare services
	10,11,17	Green Trip	A domestic CSR project that offers free trips to mobility-challenged people
	3,10	Caring for the Next Generations	A CSR program for the next generations, such as child safety on roads
Social Contribution to Local Communities	8	YOUTH: Challenge your Dreams	Youth social venture startup incubation project pegged to a car-sharing service platform
	4	Kia Challenge Teenager Mentoring (Headquarters in Seoul)	Mentoring local underprivileged children/teenagers
	10	Happy Mobility Campaign (Domestic Sales Office)	Social contribution plan in proportion with car sales
	11	K-Mobility Care (Domestic Service Shops)	Repairing aged vehicles for residents
	4	Kia Challenge Academy (Sohari Plant)	Moral education and career coaching for local teenagers from low-income families
	4	Kia Challenge Eco Project (Hwaseong Plant)	Environmental science programs for teenagers
	4	Kia Challenge Concert (Gwangju Plant)	Artistic and cultural activities for culturally-deprived local children
	4	A.W.I.M (Georgia Plant, USA)	Teenager education program
	9	Bike KIA (Slovakia Plant)	Constructing a bike path around cultural heritage sites
	10	Mobility Library (Mexico Plant)	Renovating and repairing local libraries and operating mobile libraries
	11	Kia Home for Hope (China Plant)	Repairing/Rebuilding houses for disaster victims and underprivileged residents

SDGs

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



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

Corporate Governance

Sound corporate governance is the cornerstone of a trust-based relationship with shareholders and other stakeholders. Keenly aware of this, Kia Motors aims at corporate governance that is well balanced between shareholders, the board of directors, and executives. Transparency, trustworthiness, and business ethics have been the overarching principles that Kia Motors has long abided by in its business activities, as they constitute the foundation of sound corporate governance. The company articulated this commitment to all its shareholders and stakeholders when it released its Corporate Governance Charter in July 2019. The Charter clarifies our firm pledge towards developing the best corporate governance, one which is both sound and transparent.

Corporate Governance

Stable corporate governance is an essential requirement for a long-term business relationship. Therefore, it is vital to its sustainable growth that a company builds a trust-based relationship with its customers, shareholders, business partners, and the public. Kia Motors strongly believes that the work ethics and professional integrity of its executives plays a critical role in the company's fulfillment of social responsibility.



Corporate Governance Charter

- As a global automobile company, Kia Motors strives to become an innovative leader that leads the market and concentrates its capabilities to enable all its customers to enjoy innovative mobility that changes with the times.
- And the company contributes to maintaining a sustainable society through continuous growth and active social responsibility as a global corporate citizen.
- Kia Motors is establishing this corporate governance charter based on the belief that building sound governance can serve as a cornerstone for security trust from all its stakeholders and carrying out diligent business activities as a respected global company.
- Kia Motors intends to continue to strengthen the diversity, expertise, and independence of the board of directors in order to maximize shareholder and customer value in accordance with this charter.
- Under the supervision of the board of directors, the company shall pour every effort into enhancing the balanced rights and interests of its stakeholders including shareholders, customers, employees, and suppliers by promoting transparent and responsible management.
- In addition, the Company shall fulfill its corporate social responsibility relating to environmental and social problems beyond its economic growth while preemptively responding to changes in the new paradigm.

Summary of the Kia Motors Corporate Governance Charter

Shareholders	<ul style="list-style-type: none"> • Shareholders shall have the right to profit sharing, as well as to attend and to vote at general shareholders meetings as owners of Kia Motors • Each share accompanies one voting right, with all essential shareholder rights deemed unalienable.
Board of Directors	<ul style="list-style-type: none"> • The board of directors makes important decisions concerning corporate management and conducts regular checks on management. • Directors shall display exemplary job ethics, integrity, and professionalism, and shall represent the rights and interests of all shareholders and stakeholders in a balanced manner. • The Corporate Governance & Communication Committee shall deliberate and resolve agenda items concerning the transparency of internal transactions and the protection of shareholder rights and interests. For better shareholder communication, the committee appoints one outside director that is recommended at the general shareholders meeting to take charge of protecting shareholder rights and interests.
Audit System	<ul style="list-style-type: none"> • The audit committee shall audit the lawfulness of business activities by directors and executives as well as the accuracy of financial reporting. • An independent auditor shall be legally and practically independent from the company's executives and controlling shareholders.
Stakeholders	<ul style="list-style-type: none"> • The company shall not infringe on the rights of stakeholders, while also monitoring its corporate social responsibility management practices, such as environmental protection efforts.
Management Surveillance by Market	<ul style="list-style-type: none"> • The company shall disclose all material information related to its corporate management, and stakeholders shall have access to this information at any time.

Board of Directors

At Kia Motors, director candidates are nominated following the company's internal procedures. By taking into account the complementary strengths between each director's expertise, the board can represent the interests of diverse stakeholders from a wide spectrum of backgrounds. Candidates are appointed at the general shareholders' meeting (GSM). In addition to the basic qualifications to become a board member, director candidates must go through an in-depth review and background investigation as to their competencies and qualifications for fulfilling independent and disinterested BOD activities. Also checked are their vision, leadership, expertise, and job experience.

The latest board of directors was announced in March 2019. Members represent a wide array of knowledge, from business administration and accounting to labor and legal affairs. They contribute their extensive work experience with governmental bodies, international organizations, industries, and academic circles attached to the auto industry so as to enhance the expertise and diversity of the operation of the board.

As of the end of 2019, the BOD consisted of four standing and five non-standing directors. The BOD convenes regular meetings to vote on key agenda items and makes decisions based on feedback from the GSM, investor relations activities, and employees. The feedback is then passed on to executives for reflection in business planning. In fact, the company's website has a Q&A page in the IR section for active communication with stakeholders.

Directors at Kia Motors also attend ad hoc meetings whenever issues for deliberation arise throughout the year. There are four subcommittees under the BOD to assist in its informed decision-making process in an efficient way: the Audit Committee, Board Nominating Committee, Corporate Governance & Communication Committee, and Compensation Committee.

BoD Operations | Kia Motors has an established protocol that supports the BOD's informed decision-making process by keeping all members up to date on the latest developments in the business environment, business strategies, risk factors, and countermeasures.

Board members can preview the background of agenda items in economic, social, and environmental aspects before they make informed decisions concerning the company's annual and long-term business plans, budgets, and labor policies.

Board members are not allowed to serve a business in the same industry as Kia Motors without prior consent from the BOD, and any director with a conflict of interest does not have voting rights for that particular agenda issue. Director members, majority shareholders, those with a vested interest in the company, or anyone who has retired as an executive from the company within the last two years are disqualified from being nominated as non-standing director candidates.

There are four subcommittees under the BOD that contribute to the expertise and independence of the BOD's decision-making process: the Audit Committee, Board Nominating Committee, Corporate Governance & Communication Committee, and Compensation Committee. The BOD also receives ESG-based reports on corporate risks and projects at least once a year.

Current BoD Operation Conditions | In 2019, the BOD held seven meetings in which it received reports on the internal accounting control system (IACS) and updates on Kia's autonomous compliance practices with fair trading regulations. The meetings also approved the company's 2019 Business and Investment Plans. In addition, members voted on various agenda items, including the assembly of the 75th GSM (for 2018) and other agenda items that had been submitted.

A total of 31 agenda items were presented to the BOD in 2019, with the non-standing directors' attendance rate standing at 97.1 percent. Remunerations to standing directors are made mainly in the form of annual base salaries and incentives according to the remuneration system as approved by the Compensation Committee. Based on internal guidelines that include the Kia Motors Executive Compensation Table and executive remuneration guidelines within the limits set by the GSM, the standing directors' salaries are determined annually after taking into consideration the

BoD Composition

(As of December 31, 2019)

	Name	Position	Background
Standing director	Eui-Sun Chung	Board member	Executive Vice Chairman, Hyundai Motor company
	Han-Woo Park	Board member	CEO, Kia Motors
	Jun-Young Choi	Board member	CEO/Head of Management Support division, Kia Motors
	Woo-Jeong Joo	Board member	CFO, Kia Motors
Non-standing director	Sang-Koo Nam	Board member, Chair of the Audit Committee, Member of the Board Nominating Committee and the Corporate Governance & Communication Committee (in charge of shareholder value protection)	Emeritus professor, Korea University Formerly Director of the Korea Corporate Governance Service (KCGS)
	Kwi-Nam Lee	Board member, member of the Audit Committee, chair of the Corporate Governance & Communication Committee	Counsel, LKN Legal Research Institute, Formerly 61st Minister of Justice of the Republic of Korea
	Chol-Su Han	Board member, member of the Corporate Governance & Communication Committee and Board Nominating Committee	Counsel, Law Firm Yoon & Yang Formerly Secretary-General of Fair Trade Commission
	Duk-Joong Kim	Board member, member of the Audit Committee and Corporate Governance & Communication Committee	Counsel, Law Firm Yoon & Yang Formerly 20th Commissioner of the National Tax Service
	Dong-One Kim	Board member, member of the Corporate Governance & Communication Committee, chair of the Board Nominating Committee	Professor of Business Administration, Korea University Formerly President, Korea Labor and Employment Relations Association

* CEO Han-Woo Park resigned from the CEO position as of March 31, 2020

person's job position, job class, number of years at the company, leadership, expertise, contribution to the company, and nurturing the next generation. Bonuses to standing directors are based on the remuneration criteria for executives (performance incentives) and take into account business performance results such as sales and operating profits, their performance and contribution as executives, and internal and external conditions.

utives, and internal and external conditions.

For the sake of their independence and transparency in their operations, remuneration to non-standing directors is made mainly within the limit set by the GSM at a fixed rate. Non-standing directors do not receive performance incentives. Of the KRW 8 billion remuneration limit set for 2019, only KRW 3 billion was paid out.

BoD Assessment & Compensation

Items	Descriptions	2017	2018	2019
BoD Compensation	Annual compensation to BoD	KRW 2,768 million	KRW 7,615 million (including severance pay)	KRW 2,969 million
CEO Remuneration	Average annual compensation to CEO and average/median annual compensation to employees	KRW 1,381 million/ KRW 90 million	KRW 1,027 million/KRW 93 million	KRW 1,182 million/ KRW 86 million

* Details of CEO remuneration available in the business report

Committees

Audit committee | Comprised only of non-standing directors, the Audit Committee assists executives in their rational management decision-making process, and audits the lawfulness and appropriateness of their activities. The three members—including at least one accounting/financial expert—are appointed by the GSM from candidates with no vested interests in the company. The chair, also a non-standing director, monitors the fairness and legality of the company's accounting and business activities. As such, the chair has the right to demand business reports from the BOD and to examine the company's overall financial standing. Kia Motors runs an internal protocol for Audit Committee members' easy access to the company's business information which they deem necessary for their auditing purposes. In 2019, the committee held six meetings to vote on revisions to regulations on the Internal Accounting Control System (IACS), assess the operational status of the IACS, and appoint a committee chair. They also received reports on the 2018 settlement of accounts and the status of the IACS. A total of 10 agenda items were submitted before the committee, which had a 100 percent attendance rate in 2019.

directors, and one of them is in charge of protecting shareholder value. This particular non-standing director participates in the company's non-deal roadshows for international investors as a communication channel between the board and shareholders.

The main functions of the committee include voting on matters related to transactions between entities with a special relationship to the company and the protection of shareholder rights and interests as prescribed by Korea's Commercial Act, Monopoly Regulation and Fair Trade Act, and Financial Investment Services and Capital Markets Act. At the same time, it deliberates on the implementation of the company's compliance program, the operation of key policies relating to ethical management and social outreach programs, as well as the establishment and revision of the company's code of ethics. Kia Motors' management actively reflects its non-standing directors' opinions on social contribution and ethical management improvements in its future plans. In 2019, the committee held six meetings to resolve and vote on 23 agenda items, including internal trading, and received reports on details concerning social contribution activities and donations with an attendance rate of 96.7 percent. In November 2019, the member in charge of shareholder value protection attended a corporate governance policy presentation with international investors in Hong Kong to learn about international trends and listen to investor opinions. The committee will continue its vital role in communicating with shareholders to advance its corporate governance so that it maintains the highest global standards.

Board Nominating Committee | The Board Nominating Committee consists of two standing and three non-standing directors, and is chaired by a non-standing director in accordance with the company's Articles of Incorporation, which stipulates that non-standing directors make up the majority of the committee. The committee recommends candidates to serve as non-standing directors, who are then formally designated at the GSM. When a new non-standing director is appointed, the company submits a qualification guarantee letter about the independence and legal qualification of the candidate to the Korea Exchange. In 2019, the committee recommended a competent candidate to the 75th (2018) GSM based on its fair and thorough examination of candidates.

Compensation Committee | Chaired by a non-standing director, the Compensation Committee was launched in October 2019 to ensure impartiality and transparency in the deliberation and resolution of remuneration schemes to pay registered directors and standing directors. Although the Commercial Act does not mandate it, Kia Motors set up this committee to advance its corporate governance. Major agenda items include limits on the registered directors' remuneration plans for submitting to the GSM along with other matters concerning remuneration schemes for standing directors.

Corporate Governance & Communication Committee | Consisting entirely of non-standing directors, the Corporate Governance & Communication Committee votes on the protection of shareholder value as well as the promotion of transparent internal transactions and ethical management independently from the board of directors. All five members are non-standing

BoD and Committee Composition



IR Contacts: <https://pr.kia.com>
 Visit the company information page under the Company section on Kia Motors' PR website for more details on the board of directors and investor relations.
<http://pr.kia.com/en/company/ir/general-information/company-information.do>

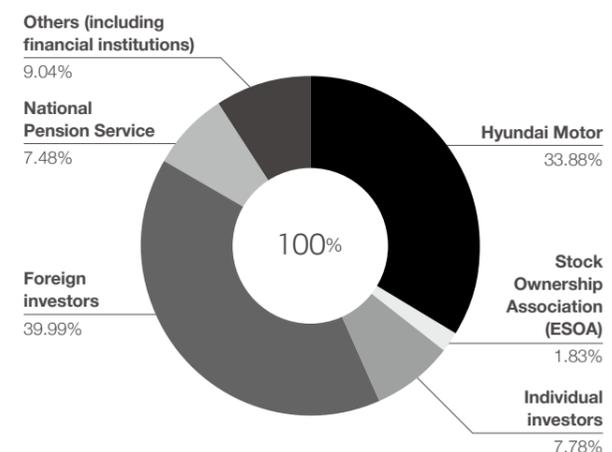
Changes to the GSM and Articles of Incorporation

Electronic Voting System | As part of its shareholder-friendly management policy, Kia Motors adopted an electronic voting system to advance convenience and diversity by means of exercising the GSM's voting rights in 2019. Any Kia Motors shareholder can exercise their voting rights online—by computer, tablet, or smartphone—after identifying themselves with their Authentication Certificate.

Change to the Articles of Incorporation | As part of its business innovation plan, which will ensure that Kia Motors becomes a leading future mobility company, the company added a new business area in 2019—electric vehicles and other vehicle charge businesses and incidental businesses in its Articles of Incorporation. This move will pave the way for the company to come closer to its future goal through fundamental business activities tied to overall business innovation. Additionally, notification procedures were amended for BOD meetings so that directors can have enough time to look over key agenda items and reporting issues prior to attending each meeting.



Shareholder Composition



(As of December 31, 2019)

Shareholders	No. of Shares	Ownership (%)
Hyundai Motor	137,318,251	33.88
Stock Ownership Association (ESOA)	7,416,805	1.83
Individual investors (excluding ESOA)	31,541,963	7.78
Foreign investors	162,107,051	39.99
National Pension Service	30,314,568	7.48
Others (including financial institutions)	36,664,709	9.04
Total	405,363,347	100.00

Materiality Analysis at Kia Motors

Kia Motors believes that interactive communication with stakeholders is the cornerstone for a sustainable management for an even brighter future. Close communication with stakeholders keeps the company abreast of the latest sustainability issues around the world from different perspectives, equipping it with insight into future trends while remaining in constant contact with stakeholders. Kia Motors mobilizes all available channels to listen to the voices of stakeholders and then reflect them in its material issues for both the present and the future.

Communication with Stakeholders

As a company that is active in numerous markets around the world, Kia Motors is always mindful of its impact on the life and environment of its stakeholders in world markets. Kia consistently communicates its sustainable future with stakeholders through a number of channels.

Through active stakeholder communication, the company works hard to build trust-based relationships with stakeholders, better understand their points of view, address material issues, and build partnerships with them to bring about a better future for everyone. The company's communication patterns follow the methods recommended by guidelines from the Global Reporting

Initiative (GRI). We have identified key sustainability issues based on these guidelines. The company has identified major sustainability issues based on results delivered by the Global Standard Management Awards.

We narrowed down these results to major topics by reviewing sustainability reports of Fortune 500-listed automakers, sustainability trend analysis and media analysis, benchmarking initiatives, interviews with experts, and employee opinions. Kia Motors will continue its active communication with stakeholders from different backgrounds around the world and ensure that their voices are fully heard.

Stakeholder Communication Channels

Stakeholders	Communication Channels
Customers	Motor shows and new model launch events, test drives, sports sponsorships, customer service, customer satisfaction surveys, sports & social clubs, corporate websites, blogs (Kia BUZZ, PLAY KIA), social media (Facebook, Instagram, YouTube), viral videos, K-Lounge, K-PLAZA, annual reports (financial reports, sustainability reports, Group Social Contribution White Papers)
Shareholders & Investors	General shareholders' meetings (GSM), investment road shows, corporate websites, social media, reports
Employees	Labor-Management Council, Employment Stability 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 (websites, social media, reports)

Communication Topics by Channel

Channels	Topics
Corporate website	Information on car models, promotions, sales/service centers, corporate culture, and ESG information (www.kia.com)
CSR websites	Information on the company's CSR activities and collecting feedback from stakeholders (https://csr.kia.com)
Blogs	News about Kia brands and useful tips on car maintenance (https://play.kia.com)
Social media	Information on new models, customer engagement content events (Instagram, Facebook)
K-Sharing Together	Employee donation program

Materiality Analysis Process

Through annual materiality analysis, Kia Motors finalizes its material issues of significant impact and interest on its business and stakeholders. The process involves pooling together sustainability issues, while also conducting stakeholder surveys, media analysis, and determining benchmarks. As a result, we have identified 30 major issues, which we then summarized as 10 material topics for this report.

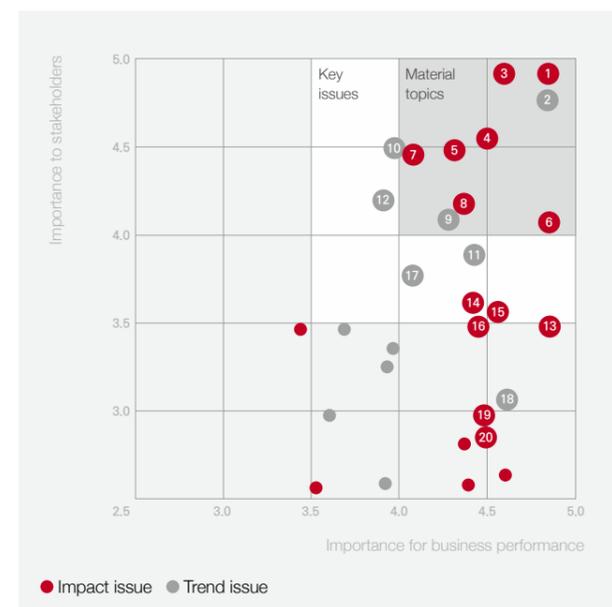
Four-Step Materiality Analysis Process



Media Analysis
We analyzed 5,619 media stories throughout 2019 to create a pool of sustainability issues and then conclude on major issues.

Stakeholder Surveys
From February 4 to 12, 2020, we conducted online surveys to take in the opinions of internal and external stakeholders about the company's sustainability issues and priorities.

Materiality Assessment Results
The 30 key issues are demonstrated in a materiality matrix, as shown on the right-hand graph. Details of the major activities and outcomes are available in their respective sections of this report. The 10 material topics, including "Product and Service Safety," and "Eco-friendly Technology R&D," are reported on in more detail through their respective pages, underscoring issues concerned with autonomous driving and electric vehicles (EVs).



Materiality Assess Results & Material Topics

Rank	Material Topics	Materiality	Change in Rank	Reported Pages
1	Product & Service Safety	4.91	▲	79, 18-21
2	Eco-friendly technology R&D	4.87	▲	22-30
3	Establishing a sound labor-management culture	4.83	NEW	36-37, 75-76, 82
4	Addressing climate change	4.57	▲	22-30, 60-73, 83
5	Increased stakeholder engagement	4.48	NEW	8-9, 52-53
6	Efforts to enhance product quality	4.46	NEW	14-21, 84
7	Creation and distribution of economic value	4.36	▲	55-58
8	Global supply chain risk management	4.33	NEW	38-39, 80-81, 84
9	Eco-friendly and energy efficiency management on the supply chain	4.31	NEW	61-64
10	Promoting CSR practices on the supply chain	4.21	▲	38-39

Rank	Key issues	Materiality	Change in Rank	Reported Pages
11	No discrimination against nationality, gender, and disability	4.21	NEW	74-77
12	Lending business acumen to CSR tailored to local needs	4.19	▲	40-43, 47, 81, 84-85
13	Addressing consumer complaints and disputes	4.14	▽	79
14	Independence and accountability of the BOD	4.00	▽	48-51
15	Work-life balance	3.99	NEW	74-77
16	Anti-corruption, fair competition	3.98	NEW	80-81
17	Contribution to community development	3.98	▽	40-43, 81
18	Fair opportunities	3.77	▽	74-77
19	Strengthening health and safety on the worksites	3.74	NEW	78, 82-83
20	Preventing environmental pollution and related investments	3.65	▽	61-73, 83

ECONOMY

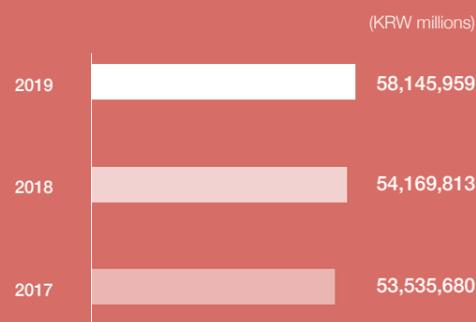
Economic Value Creation, Distribution, and Business Results



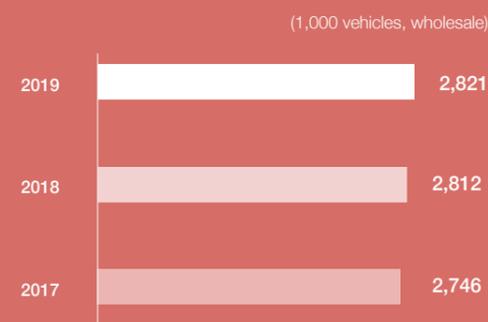
Coupled with the fierce competition due to saturated markets in major regions, the unfavorable business environment remained unchanged in the automobile industry in 2019 amid the U.S.-China trade disputes, sluggish market growth, and lower-than-expected profitability improvement. In 2019, overall sales volume was slightly down from the previous year. Still, operating profit significantly increased thanks to the launch of new models with advanced technology and widely embraced designs, as well as our traditional market advantage in the SUV segment. From the beginning of 2020, the global pandemic of COVID-19 is negatively affecting various sectors of the worldwide economy. In meeting this challenge, Kia Motors is preemptively shifting toward a business system centered on popularizing electric vehicles (EVs) internationally, while also preparing optimal mobility solutions.

Fact Book

Sales (K-IFRS)



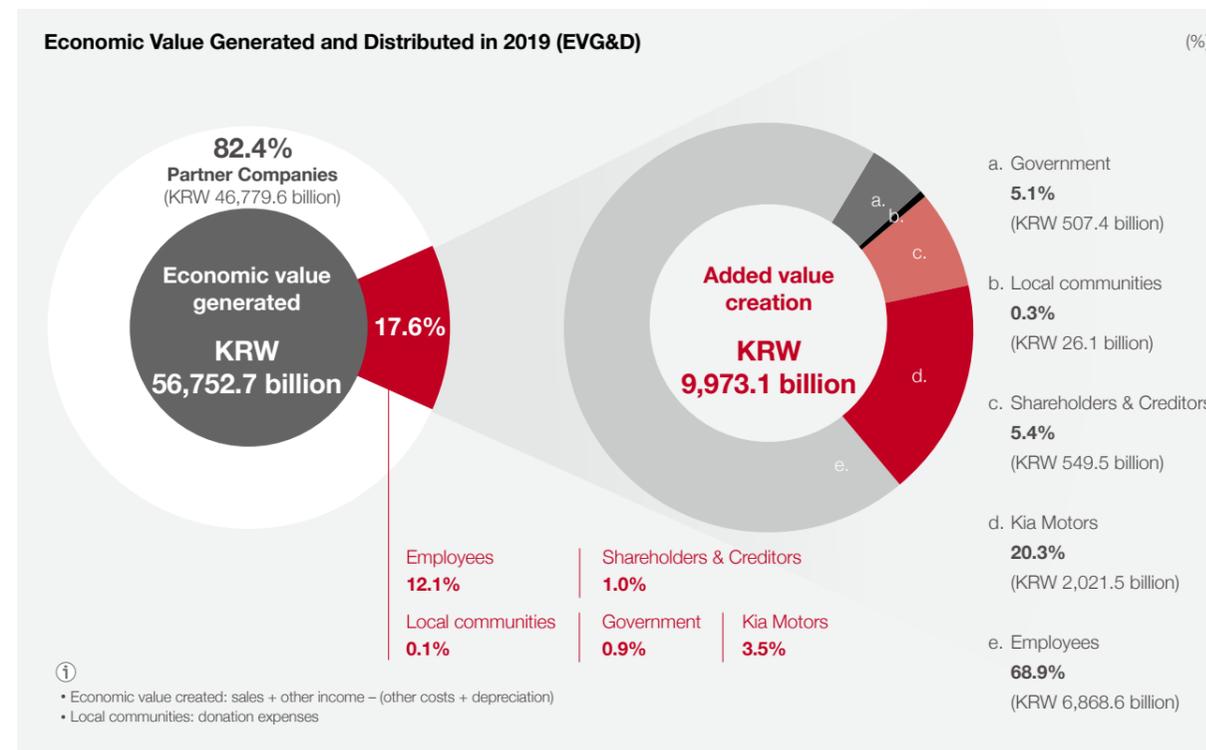
Sales volume



* The 2019 figure includes the completely knocked down (CKD) sales volume (2019 CKD sales volume: 49,099 vehicles)

Economic Value Creation & Distribution

Despite the challenging market environment in 2019, Kia Motors generated economic value totaling KRW 56,752.7 billion, up 7.5 percent from 2018. Of this figure, KRW 9,973.1 billion, or 44.7 percent more than the previous year, went to stakeholders, except for the value distributed in the supply chain. While maintaining its ratio of distribution to stakeholders in relation to its economic value generated, Kia Motors is also investing into establishing a leadership position as a future mobility company.



2019 Market Review

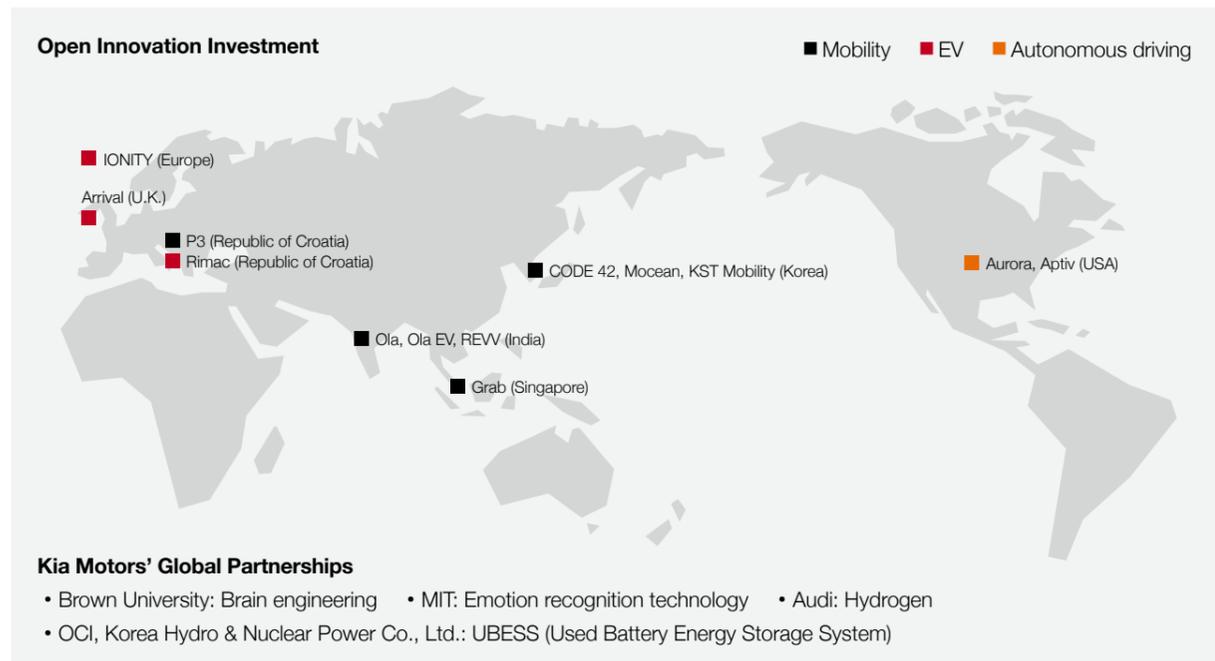
In 2019, Kia Motors' global sales volume reached 2.82 million vehicles, up 0.3 percent year on year. Domestic sales volume surpassed the 500,000 mark for the fifth consecutive year, but it was down by 2.2 percent from the previous year, to 520,000 vehicles. This was because the launch of all new models was clustered near the end of the year, pushing back the new model effect to the next year.

On the global front, however, Kia Motors was able to expand its success in the U.S. and European markets. Sales growth remained robust, rising 3.9 percent and 2.4 percent, respectively, in the two markets with the new models it launched in 2019.

Kia Motors' brand recognition improved in product quality, design, driving performance, and fuel economy, leading to a 7.3 percent year-on-year growth in sales, which amounted to KRW 58,146 billion. Operating profit also surged by 73.6 percent to reach KRW 2 trillion over the same period.

At USD 6.4 billion, Kia Motors' international brand value ranked 78th in 2019, and has remained on *Interbrand's* list of 100 Best Global Brands since 2012. Its product quality also ranked atop the mass market automotive brands for the fifth consecutive year by J.D. Power in the 2019 U.S. Initial Quality Study (IQS). In addition to four different segment winners—Rio, Sportage, Forte, and Sedona— three other models—Sorento, Optima (K5), and Stinger—also ranked high in their respective classes.

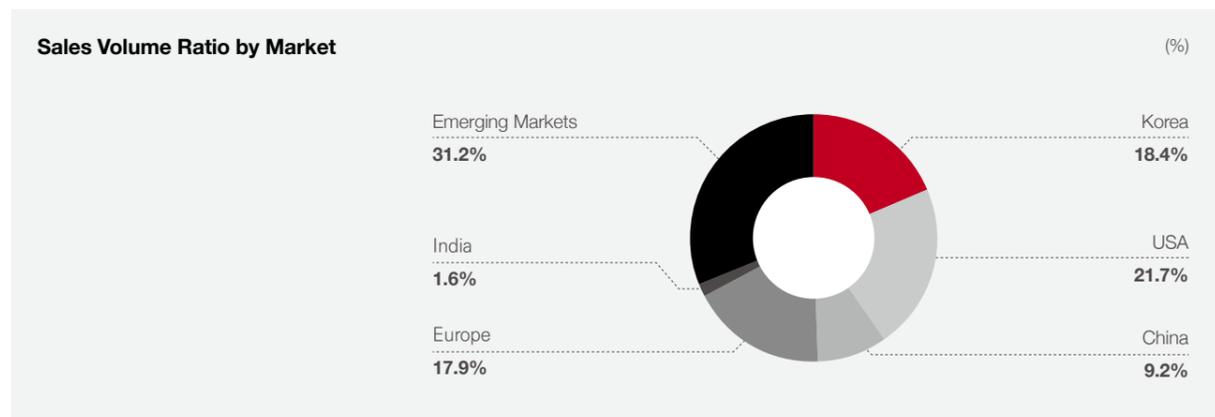
Different Ceed models (the five-door Ceed hatchback, Sportswagon, and fastback models) all received an iF Award and Reddot Design Award in 2019. In addition, Kia's Habaniro, Telluride, and Soul models all won 2019 Good Design awards in the transportation category.



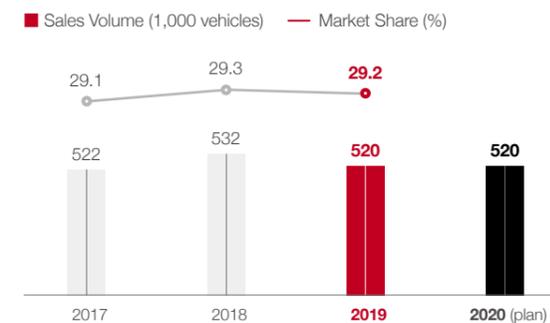
2020 Plans & Goals

From the end of 2019, the COVID-19 pandemic pushed the global economy further into crisis, spanning well into 2020. In dealing with the pandemic, Kia Motors is taking preventive measures around the world at all its premises—production, sales, distribution, and service shops—and taking extra precautions for the health of its employees. In the meantime, we will push ahead with our Plan S, which aims to provide customers with higher quality, eco-friendly, and user-friendly automobiles, as well as a mobility solution that serves the basic purpose of automobiles.

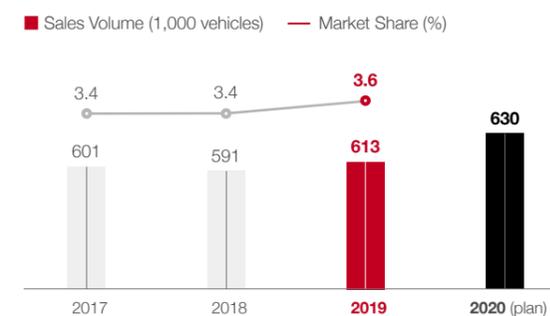
As a pioneer and innovator, Kia Motors is pushing forward with its brand innovation to become a leader in the EV market. Under a new brand strategy that redefines its fundamental purpose, Kia Motors will approach customers and markets with a differentiated customer experience at all contact points. To that end, we will phase in communication initiatives connected to exclusive EVs, while revamping various brand experience factors to increase innovation, such as a new emblem and logo. Not only will we preemptively respond to changes in the future retail market landscape, but we will establish an online distribution process to offer a unique customer experience.



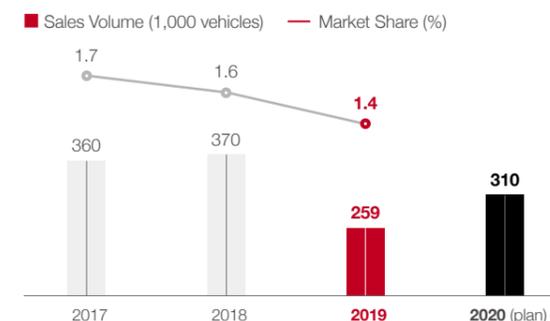
Korea



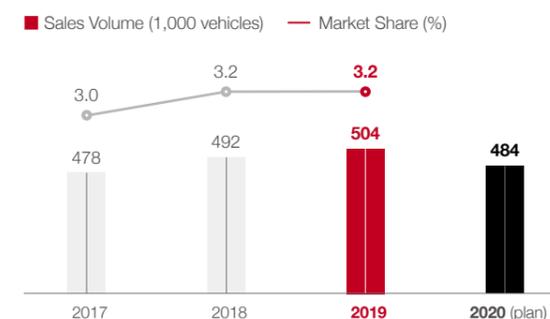
USA



China



Europe



Korea

In 2019, sluggish consumption and reverse growth in the market concurrently hurt Kia's sales volume, which was down 2.2 percent from the previous year. In the first half of the year, many of the company's top-selling models had already aged, which led to a decrease in sales volume. Still, the decreased sales volume was offset by robust sales of new model launches and facelift models. In the future, Kia Motors will continue to heighten its product competitiveness with new models and facelifts of its existing fleet while at the same time making steady progress with its production plans to achieve organic growth. In fact, we retained market dominance through the high marketability of the K7, Seltos, Mohave, and K5 in 2019.

USA

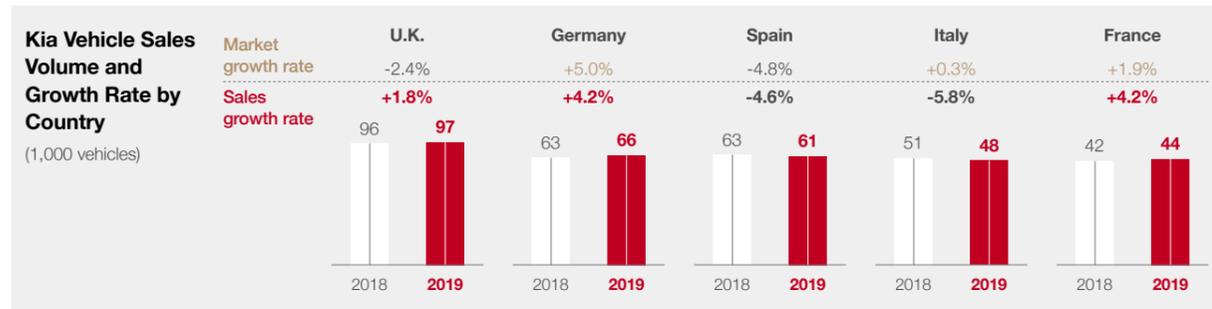
Despite the continued decline in market demand for passenger cars in the U.S. in 2019, Kia Motors enjoyed a sound 3.9 percent year-on-year growth in sales volume because of robust sales with the new luxury SUV Telluride and increased sales of Sportage, as well as the Soul's new model launch. Profitability has significantly improved due to stable inventory (from 3.9 months in early 2019 to 3.1 months towards the end of 2019) as well as the new model effect. Furthermore, decreased fleet sales led to falling incentive fees, which also contributed to profitability.

China

Coupled with sagging markets due to instability arising from U.S.-China trade disputes, intensifying competition drove down our sales in China in 2019 compared to the previous year. Addressing the need for a shift in marketing strategies, Kia Motors declared that 2020 would be the year in which it began strengthening its business fundamentals for a breakthrough in sales performance and the foundation of long-term growth. For instance, the company is shifting from the push process to the pull process in inventory management so as to restore the sound management of dealerships. At the same time, it is overhauling its business fundamentals to improve the overall business environment from the bottom up.

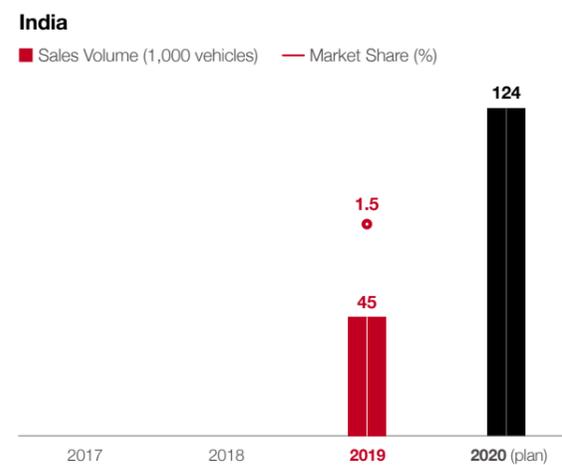
Europe

In 2019, Kia Motors' sales crossed the 500,000-vehicle mark in Europe for the first time. Its sales growth actually outpaced the continent's market growth rate despite the challenging market environment. This remarkable performance result can be attributed to the new model launch of the Ceed and the Ceed CUV and expanded sales of SUVs, including the Niro and Stonic, proving the global competitiveness of our products.

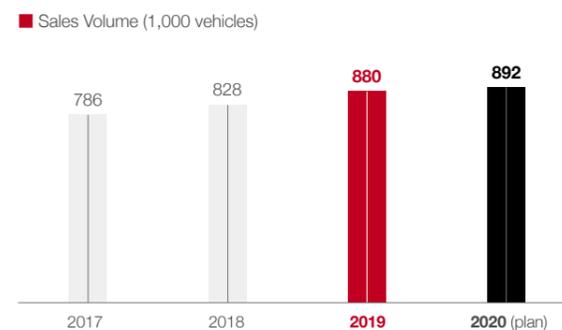


India

Kia Motors successfully stormed into India, the world's fastest growing automobile market, in 2019. Even amid challenging market developments, a sluggish Indian economy, and a financial crunch that resulted in contracting consumer sentiment, Kia Motors' newest plant in India went into operation on schedule in July 2019. This led to Kia securing the ninth largest market share in India for 2019, and with only a single model—the Seltos—which had just been launched in the local market. In February 2020, the same model propelled Kia up to the third largest local automaker in terms of year-to-date sales volume. Based on thorough market research, Kia Motors served the particular needs of Indian customers, establishing a premium brand image through the Seltos. As a result, the SUV model drew an explosive market response, recording an unprecedented volume of presale booking. In order to meet the huge market demand, the company moved up its mass production schedule by a month and adopted a two-shift production system ahead of schedule. As a result, the Seltos renewed its monthly sales record in its class just three months after its launch. In 2019, its annual sales volume amounted to 45,000 vehicles. With economic prop-up measures and better market conditions predicted in 2020, consumption is forecast to pick up throughout the year. As a result, Kia is increasing its sales of Seltos in India, while also launching the Carnival (1Q) and an entry SUV Sonet (2H). By reinforcing the RV fleet, we will expand our market share and solidify our brand recognition as an RV-specialized premium brand in the Indian market.



Emerging Markets

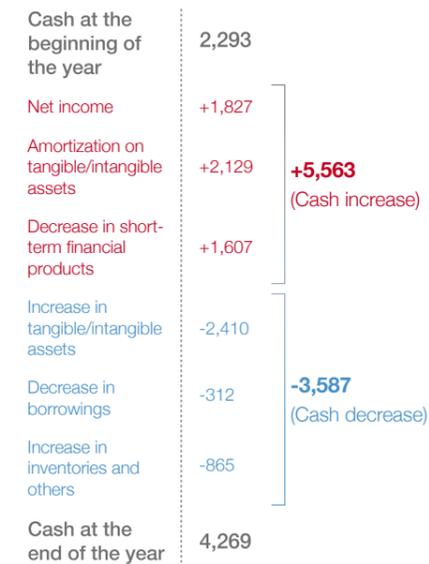


Emerging Markets

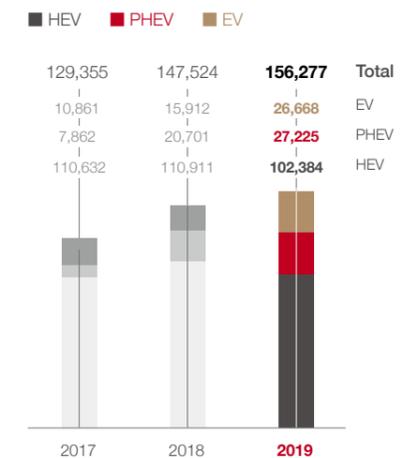
Kia Motors combines sales performance results from emerging markets in Asia-Pacific (except China, India, and Korea), the Middle East, Africa, South & Central America, Eastern Europe, and Russia. In 2019, the sales growth in Africa and the Middle East, coupled with the sales growth in Asia-Pacific, drove up sales for these markets by 6.2 percent over the previous year.

Consolidated Cash Flow Chart

(KRW billion)



Eco-friendly Vehicle Sales Volume



Kia Motors Credit Ratings

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

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

Summary of Consolidated Statement of Financial Position

(KRW million)

Accounts	2017	2018	2019
Assets			
I. Current assets	21,642,079	19,711,791	21,555,416
II. Non-current assets	30,652,359	32,074,814	33,789,382
Total assets	52,294,438	51,786,605	55,344,798
Liabilities			
I. Current liabilities	15,323,019	14,834,739	17,276,646
II. Non-current liabilities	10,110,242	9,708,402	9,090,014
Total liabilities	25,433,261	24,543,141	26,366,660
Capital			
I. Common stock	2,139,317	2,139,317	2,139,317
II. Additional paid-in capital	1,560,650	1,560,650	1,560,650
III. Retained earnings	24,074,322	24,711,681	26,056,216
IV. Accumulated other comprehensive income	-852,038	-1,107,110	-716,971
V. Other capital items	-61,074	-61,074	-61,074
Total capital	26,861,177	27,243,464	28,978,138
Total liabilities and equity	52,294,438	51,786,605	55,344,798
• The summary of consolidated income statement was prepared based on the K-IFRS.			
Shareholders' equity ratio (equity/asset)	51.37%	52.61%	52.36%
Debt to equity ratio	94.68%	90.09%	90.99%

Summary of Consolidated Income Statement

(KRW million)

Accounts	2017	2018	2019
Sales	53,535,680	54,169,813	58,145,959
Cost of sales	44,618,696	46,177,283	48,766,570
Gross profit	8,916,984	7,992,530	9,379,389
Operating profit	662,226	1,157,475	2,009,680
Earnings before income taxes	1,140,053	1,468,644	2,531,104
Income tax expenses	172,035	312,701	704,445
Net income	968,018	1,155,943	1,826,659

• The summary of consolidated income statement was prepared based on the K-IFRS.

R&D and Facility Investment

(KRW 100 million)

Accounts	2017	2018	2019
Facility investment	15,258	23,314	21,067
R&D expenses	16,419	16,649	17,682
Total	31,677	39,963	38,749

ENVIRONMENT

Responsible Input and Output



Corporate citizens play a pivotal role in the global effort to mitigate global warming and climate change. Kia Motors is addressing these issues as they pertain to crises related to the environment and energy use to ensure a sustainable future for everyone. In fact, Kia Motors declared its global environmental management policy in 2003, and since then has faithfully abided by its corporate role in addressing environmental issues. The company has developed and adopted different processes at each stage of its manufacturing, from design to complete cars, to minimize its environmental load in order to complete a more eco-friendly process. Starting in 2020, Kia Motors will adopt a zero-tolerance policy of hazardous substance use at all of its Korean worksites and continue its efforts towards hazardous, chemical-free business operations. Eventually, the company aims at reducing its GHG emissions amount by 15 percent of 2015 levels by 2025.

Fact Book

GHG Emissions



Hazardous Chemicals Emissions



Eco-friendly Production Process

Kia Motors continues to ensure a sustainable future during the present crises related to the environment and energy. From design to complete cars, the entire procedure of manufacturing is taken into account for their environmental impact. We also take proactive responses to minimize the impact our vehicles have on the environment. In addition, we continue upgrading our technical and environmental systems to protect the environment.



Environmental Management Performance Results & Goals

Kia Motors is keenly aware of environmental issues around the world and takes mid- and long-term approaches in developing its environmental management performance system for proactive responses to environmental issues. It has also developed preemptive response strategies, including the strengthening of its systems. Its improvement initiatives encompass all procedures in order to minimize the environmental impact of the manufacturing process and to ensure sustainable growth. This includes investing in environmental improvements of domestic worksites and enhancing controls to reduce pollutant emissions.

As a result, Kia Motors attained the year's goal for GHG emissions reduction and reached 95 percent of its target for per-unit energy

use. In terms of the air pollutant goal, it achieved 116 percent of the year's target for total NOx emissions. In terms of water quality, per-unit water usage reached 89 percent of the annual goal, but our chemical oxygen demand (COD) concentration exceeded the year's goal at 188 percent. Hazardous chemicals surpassed the goal by 1,012 percent, waste emissions by 106 percent, and the recycling rate soared 110 percent past target levels. In 2020, Kia Motors set its primary goal at creating eco-friendly value. To that end, it is building infrastructure to control GHG emissions and developing fossil fuel reduction projects, such as renewable energy, while managing its environmental management performance indicators, including the company's monitoring of pollutant emissions.

Domestic Worksite Goals and Performance Results by Category

Description	Goal	2019		2020		
		Results	Attainment	Goal	Benchmark	
Green Growth	Greenhouse Gas Emissions (1,000 tCO ₂ -eq)	717.0	718.0	100%	716.0 Annual quota	
	Energy Consumption (kg/vehicle)	11.2	11.8	95%	11.6 Last three-year average per-vehicle input	
Air	NOx (tons)	107.9	93.1	116%	105.6 Annual cap	
Eco-friendly Production	Water Quality	Water (tons/vehicle)	5.2	5.8	89%	5.5 Last three-year average per-vehicle input
	COD (mg/l)	27.0	14.3	188%	27.0 Final effluent concentration	
Hazardous Chemicals	Consumption (kg/vehicle)	0.9	0.1	1,012%	0 Zero hazardous chemicals	
Resource Regeneration	Waste	Output (kg/vehicle)	157.5	149	106%	153.4 Last three-year average per-vehicle output
	Recycling Rate (%)	85.0	93.6	110%	85.0 Ratio to output	

* Resetting environmental goals (2019-present)

* Goals allocated to worksites subject to the NOx Cap System (applicable to Sohari and Hwaseong/not-applicable to the Gwangju plant)

Design

Eco-friendly vehicles start from environmentally-conscious designs. Kia Motors strive to minimize the input of resources and raw materials, as well as hazardous substances, right from the design stage. The design stage focuses on enhancing the recyclability of automobiles by enhancing the performance of power sources—the key factor necessary for eco-friendly vehicles—and mobilizing various ways to reduce air resistance and car body weight.

Green Design System

Kia Motors runs digitally based design systems so that it can apply eco-friendly design plans to its worksites. A designer can check the environmental impact of materials with an in-house database based on the eco-friendly design guidelines before picking any material. A simplified compartment structure and improved materials have streamlined the entire manufacturing process, while working out an easier way of joining elements. At the end of the design stage, a virtual 3D model simulates the test recyclability and dismantlability of automotive parts. Drawings of designs can be modified, or parts with low recyclability can be replaced according to the test results. When the final design comes out, a test vehicle is built for a dismantlability test to compare the time required for dismantling and the quantity of joint elements against the existing model's data.

Chemical Management System

Regulations on hazardous substances have become a universal norm. In particular, all major international companies are restricted in their use of four heavy metals—lead, mercury, cadmium, and hexavalent chromium—as well as ozone-depleting substances and hazardous chemicals. Kia Motors

bans the use of any regulatory substances and materials according to domestic and international laws for all its products, and is developing alternatives to substitute these restricted materials. The company collects information on the weight and materials of parts from the International Material Data System (IMDS) to save on its in-house e-Chemical Management System (e-CMS). The e-CMS is instrumental in tracking and controlling chemical substance information of all components and parts used in every Kia vehicle that has been manufactured since 2005. It also serves as the benchmark for identifying chemicals subject to future regulations and for finding substitutes before these regulations take effect.

Furthermore, Kia Motors launched a task force in 2016 for company-wide management of hazardous substances and swift responses to regulations. The company also has in place an in-house-developed hazardous chemical management system (HCMS) for real-time monitoring of all procedures, from collecting regulation information to the completion of legal responses. Kia Motors follows through on appropriate legal responses through ProdTect, an independently developed system to calculate recyclability. This system also serves as the underlying data for its environmental assessments. Today, every Kia vehicle meets the requirements of recyclability certification and related regulations in Korea, Europe, the U.S., and China. In 2019, the company completed a process for prior examination and an ICT system to check environmental regulations before adopting a chemical substance. Additionally, an i-SHE system is in operation for the timely and simplified monitoring of chemical substance information at each process.

^① IMDS (International Material Data System): This parts and materials management system is operated jointly by automakers around the world to meet regulatory standards on hazardous substances. Through IMDS, raw material suppliers, parts suppliers, and automakers share information on the weight and chemical position of automotive parts.



Raw Materials

Supply of Conforming Auto Parts

Kia Motors signed the Agreement on the Supply of Eco-friendly Automotive Parts with primary partner firms in 2007, setting firm guidelines for the practices of environmental management. The company continues updating and distributing guidelines that provide information about the regulatory obligations of automotive parts manufacturers to ensure a proactive response to global environmental regulations. It also shares up-to-date information on controlled chemicals with its partners through the IMDS and its e-CMS, providing partners with regular education sessions on environmental regulations and industrial trends.

Kia Motors conducts random spot checks on the production lines of partners to check their use of controlled chemicals. Any usage of such substances is addressed with sanctions or correction orders, depending on the level of use or substance. Further to that, any partner found using one or more of the four restricted heavy metals receives a cut in credits for the Quality Five-Star Criteria evaluation. Controlled substances and carcinogens (as defined by the IMDS) are subject to correction orders and education sessions. Starting in 2016, obligations

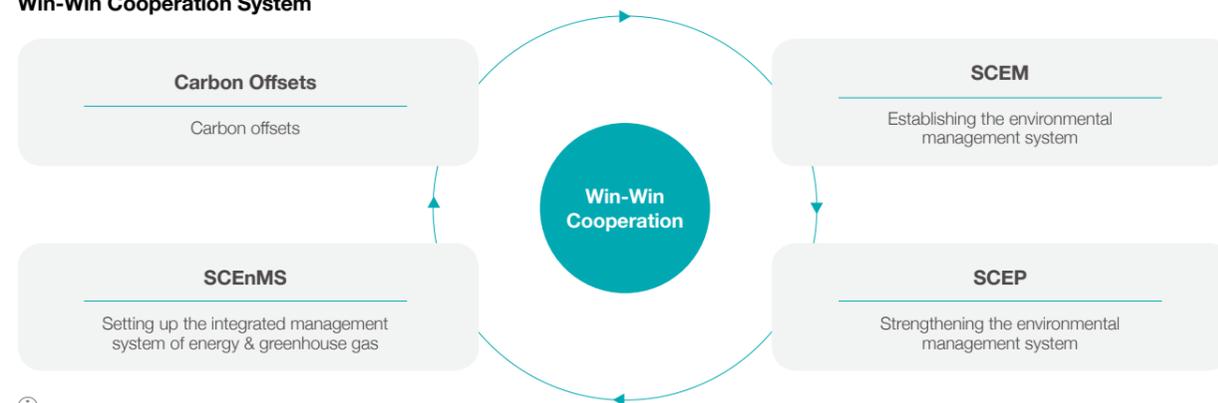
related to the EU's end-of-life vehicle certification were expanded from mechanical parts to electrical parts suppliers.

Supporting Supply Chain Responses to Climate Change

Kia Motors has been supporting primary partners' environmental management through a supply chain environmental management (SCEM) project since 2003, and from 2006 its global environmental management declaration has since included secondary and tertiary partners. All of Kia Motors' primary partners completed an integrated GHG management system by 2010, and obtained ISO 14001 certification by 2012 based on our advice. Kia Motors has also established a knowledge-sharing space on its ICT system, where its partners can access information on energy-saving know-how and best practices. The company also hosts annual technical exchange sessions on energy-saving for case studies, energy-efficient plant technology, new technologies, and market trends.

^② Hyundai & Kia Motors' environmental management guidelines on global environmental regulations and information pertaining to automotive parts manufacturing. Full texts of the environmental regulations and agreements are available on the VAATZ site.

Win-Win Cooperation System



^① SCEM : Supply Chain Environmental Management
 SCEP : Supply Chain Eco Partnership
 SCEMS : Supply Chain Energy Management System

^② Carbon emissions trading scheme: the Greenhouse Gas Inventory & Research Center of Korea website



Production

Environmental Management System

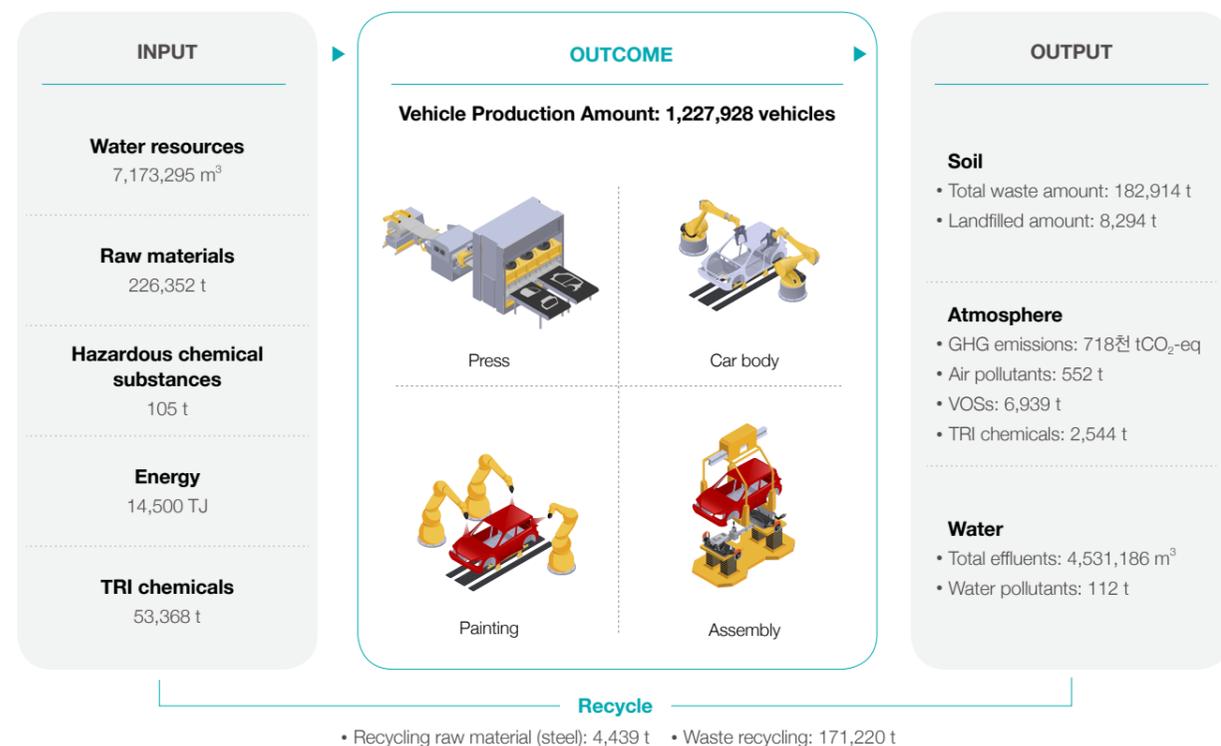
Kia Motors has obtained ISO 14001 certification for its environmental management system (EMS) at all of its plants in Korea and abroad. Annual internal audits and independent inspections identify and improve environmental management practices. Since 2014, all environmental operational standards have been integrated at all three of Kia Motors' plants and service business divisions in Korea. Starting in 2016, the company has been providing special and general education on the environment through an external training institute, with internal courses to improve the job competencies of its environmental management staff. Furthermore, the company is working to obtain integrated EMS certification on all its domestic premises starting in 2020.

- Data collection: three domestic plants including Sohari, Hwaseong and Gwangju
- Per-unit output amount: based on production volume, and the amount of input/output per vehicle production
- Figures were rounded to one or two decimal places for readability

Material Balance in the Auto Manufacturing Process

Kia Motors strives to reduce per-unit production input and output through process innovation, and to minimize total input through system updates and recycling. Based on the output data, the company sets emission goals for each material and keeps track of material inputs and outputs, as well as outcomes over a one-year period, to develop improvement plans. In 2019, total input declined in raw materials (-4.0%) and hazardous chemicals (-76.4%) from the previous year despite the 1.3 percent increase in the overall production volume for the same period. Total output also decreased in air pollutants (-8.1%), waste (-5.8%), water pollutants (-9.2%), and VOCs (-2.1%). However, energy input (22.6%) and TRI chemicals output (7.1%) increased over the same period. The waste recycling rate has stayed above 90 percent for years now.

Input-Outcome-Output Flow



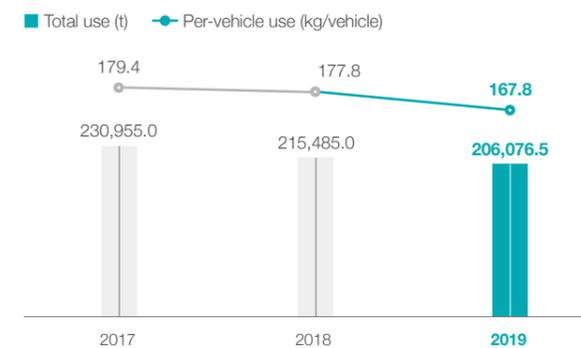
- Scope of data collection: Scope 1 (direct emissions), Scope 2 (indirect emissions from the generation of purchased energy), vehicle production volume excluding OEM units
- The raw materials input and air/water pollutants output figures are the sum of the substances mentioned in the main text body.
- TRI materials: Toxic release inventory materials

Raw Materials

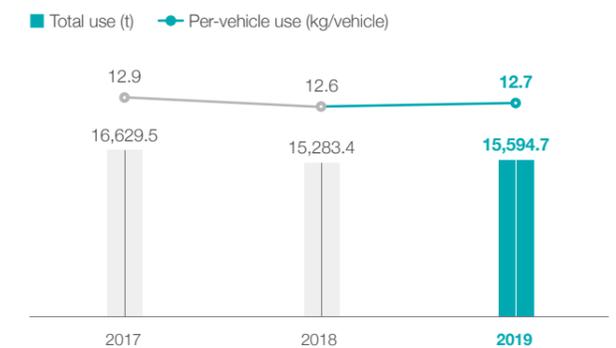
Kia Motors vigilantly controls its resource use, as it requires a tremendous amount of raw materials to manufacture automobiles. The essential raw materials needed for automobiles include steel sheets, paints, thinners, and plastics. Obviously the amount of materials needed is in direct proportion to production volume. Therefore, the company concentrates its efforts on reducing per-unit usage volume so that it increases the ratio of production to raw material input. While reducing raw material use through process innovation, we maintain a detailed record of our usage

Raw Materials Input

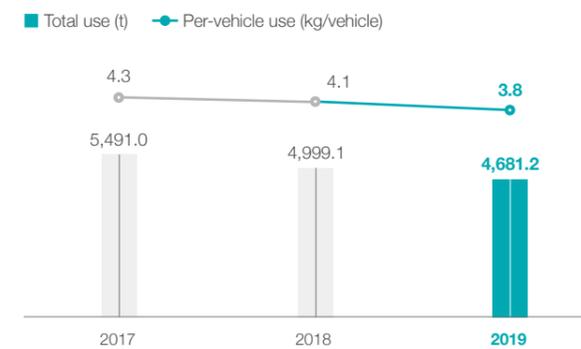
Steel



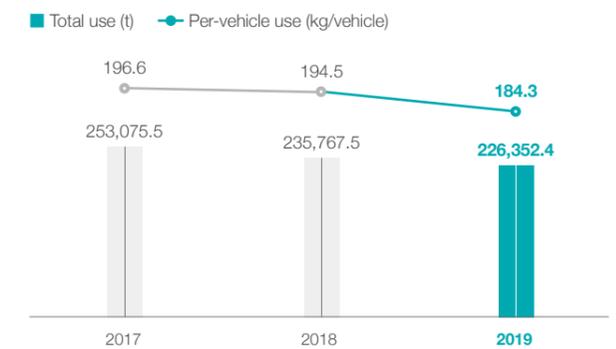
Paints



Thinners

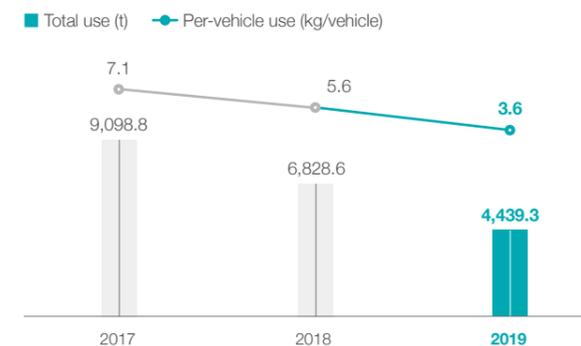


Total



Recycling

Steel (plates)

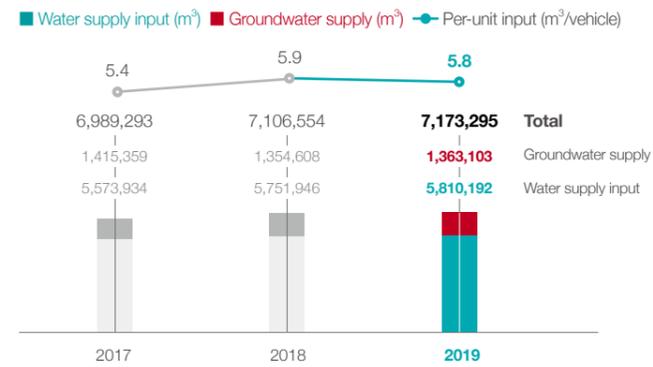


- Waste recycling: waste is not usually recycled or reused within the plants but is disposed as recyclable waste.

Water Resources

In 2000, Kia Motors initiated a company-wide campaign to reduce water use and enhance water use efficiency. Keenly aware of the significance of water resources and water scarcity issues, the company encouraged employees to curb their use of water. In addition, for the efficient management of water resource usage and actual cuts in the total amount of water use, the company has been investing in facilities and replacing auxiliary equipment to recycle waste water from all work processes. Kia Motors accesses its water supply from reservoirs that hold more than 200 million tons of water. This includes the Paldang Dam for the Sohari and Hwaseong plants, and Juam Dam for the Gwangju plant. The company's total use of water resources increased by 0.9 percent from the previous year, but per-unit usage fell by 0.4 percent over the same period.

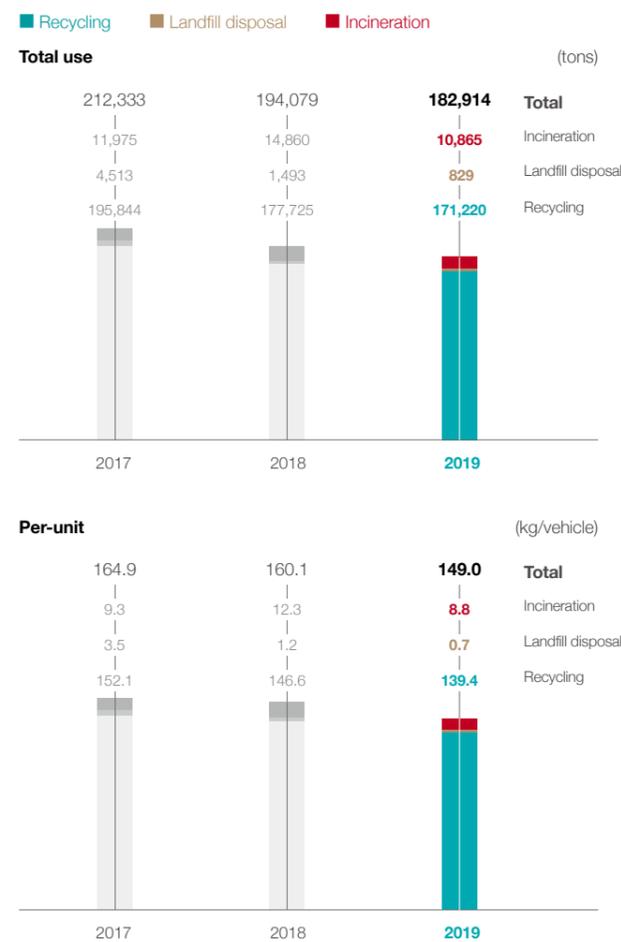
Water Resource Use



Waste

Kia Motors has made consistent efforts to reduce its total waste emissions while raising its waste recycling rate and reducing per-unit waste emissions. As a result, its recycling rate has stayed above 90 percent since 2007 due to preemptive responses to its resource circulation policy. Starting in 2019, all of its domestic worksites have been practicing a strict resource circulation performance management system, and are striving to minimize landfill waste from all worksites. In fact, the Sohari plant has not generated any landfill waste since 2008. As a whole, the three plants' combined landfill waste ratio to total waste stood at 0.45 percent in 2019. As for the landfill and incineration waste inevitably generated due to technical and economic limits, the company strictly separates waste before disposal in an effort to raise recyclability, and is always exploring better disposal methods. In 2019, total waste disposal from Kia's three domestic plants dropped 5.8 percent from 2018, to 183,000 tons, and 93.6 percent of this, or 171,000 tons, was recycled into base material for cement. Per-unit vehicle production waste output was down 7.0 percent from the previous year as well.

Waste Disposal by Method



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

Energy & Greenhouse Gases

Kia Motors has made consistent efforts to cut down on its CO2 emissions from its production process for years. It was the first company in the auto industry to complete a company-wide energy management system at all its domestic premises in 2015, and has been setting goals and sharing the results through the company-wide GHG council since then. Based on internal review results of related issues (risks), it comes up with company-wide approaches to material issues.

GHG Emissions in 2019 | In 2019, total GHG emissions from Kia Motors' domestic plants, service centers, sales offices, shipping offices, and training centers stood at 740,000 tons, of which direct emissions from fuel consumption (scope 1) amounted to 260,000 tons, while indirect emissions from electricity use (scope 2) was 480,000 tons. Domestically, combined GHG emissions from the Sohari, Hwaseong, and Gwangju plants totaled 720,000 tons, up 10,000 tons from the previous year. On the global front, third-party assurance on GHG emissions are conducted at Kia Motors' overseas plants in Slovakia, China, the U.S., and Mexico. Starting in 2020, the new plant in India began third-party assurance on its GHG emissions. In 2019, total GHG emissions from Kia Motors' overseas worksites totaled 410,000 tons, with direct emissions (scope 1) standing at 110,000 tons and indirect emissions (scope 2) at 300,000 tons.

GHG Emissions Management System | Kia Motors operates a global energy & GHG management system (GEMS) that monitors the energy use at all its worksites, both in Korea and overseas, on a real-time basis. The K-CUBE System was completed in 2018, and all its departments have been registering and managing their energy conservation ideas on the system since then. Additionally, a GHG management system is currently in the works for an expanded management of GHG target management, accurate data calculation, and target management.

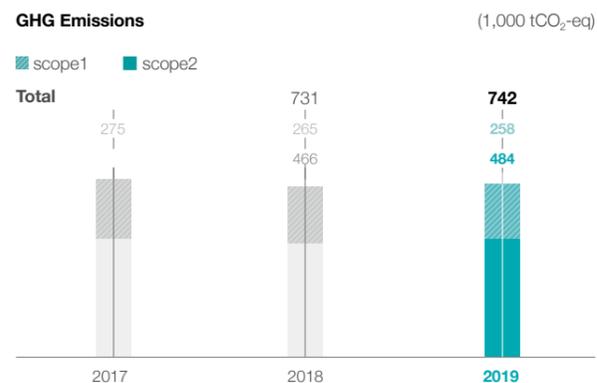
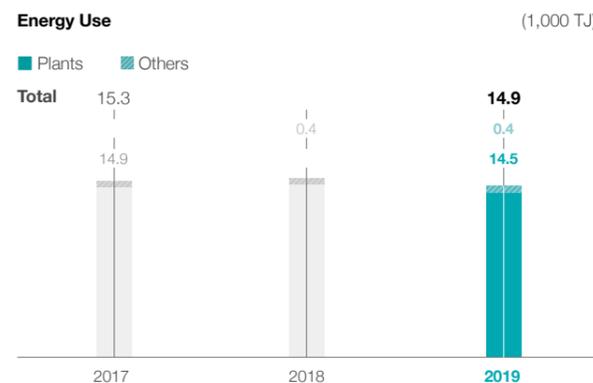
Efforts to Reduce Indirect GHG Emissions | In addition to direct and indirect GHG emissions by Kia Motors, more indirect GHG emissions are generated from employees and product transportation and related activities, as well as from its supply chain. In controlling such emissions, the company received third-party assurance on Scope 3 emissions starting in 2019. Going forward, Kia Motors will continue to measure and publicize Scope 3 GHG emissions from indirect business activities while making strenuous efforts to reduce such emissions.

① Calculation guidelines: ISO 14064-1 (2006), WRI/WBCSD GHG Protocol (2004)
 • Greenhouse gas emissions can vary slightly through third-party assurance.

Greenhouse Gas Emissions Reduction Plans & Goals | As the New Climate Regime takes effect as of 2020 with stricter carbon regulations, GHG emissions reduction has become one of Korea's major government projects for the coming year. In response, Kia Motors has also developed and is practicing long-term management plans for establishing a sustainability management system. While consulting external experts, the company is working on a GHG emissions control infrastructure and external projects in order to attain the national GHG reduction goals by 2030. On top of that, Kia Motors scored a Leadership A grade in CDP Korea's 2019 CDP Climate Change assessment and made part of the Carbon Management Honors Club. Additionally, Kia Motors was lauded for its consistent efforts to address climate change and GHG emissions issues when it received an award at the Climate Change Center's 9th Annual Climate Change Grand Leaders Awards.

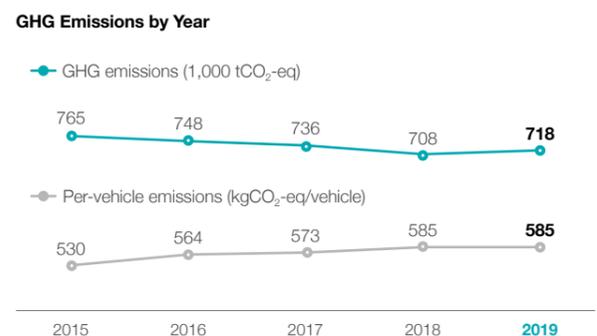
① BAU (Business as usual): projected total amount of GHG emissions if no reduction measures are taken

Energy & GHG at Domestic Worksites

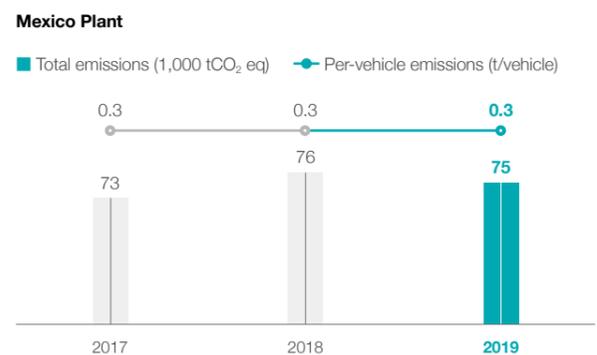
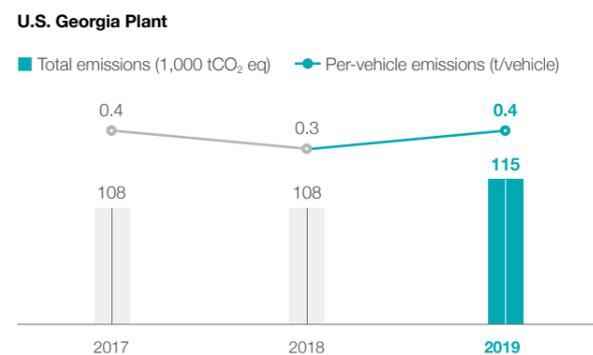
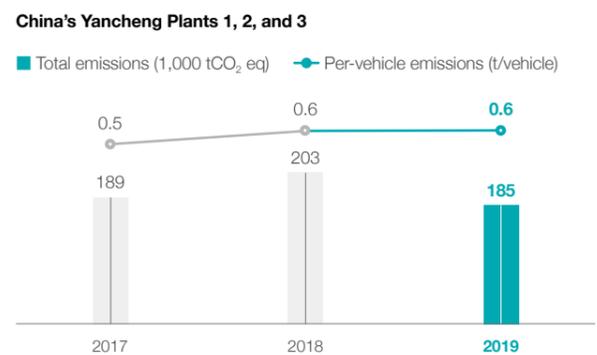
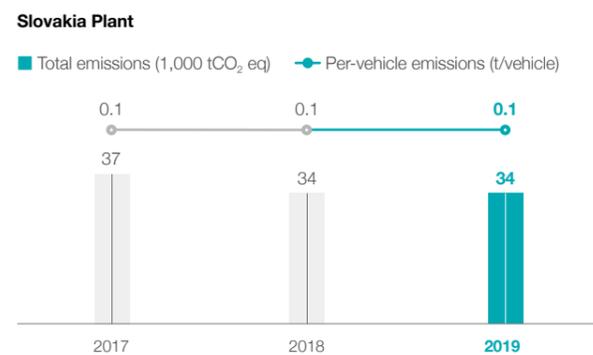


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- Energy use at domestic worksites (figures can vary slightly through third-party assurance)
- Plants: Sohari, Hwaseong, Gwangju / Others: corporate headquarters, service centers, sales offices, shipping offices, Osan training center, Pyeongtaek Port, and Vision Square
- GHG emissions at domestic worksites (figures can vary slightly through third-party assurance)
- Scope 1: direct GHG emissions from fuel consumption
- Scope 2: indirect GHG emissions from purchased electricity use
- Scope: domestic worksites (Sohari, Hwaseong, Gwangju)
- Criteria: Scope 1 and Scope 2 calculated based on lower heating value (2000-2006) / Ministry of Environment Notification No. 2011-29 GHG and Energy Target Management Scheme Operation Guidelines (2007-present)



GHG Emissions at Overseas Plants



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- 2019 figures excluding the plant in India (reporting slated for 2020 and onwards)

Employee Mobility Emissions | Kia Motors systematically controls GHG emissions from employee commutes and business trips. The company discourages employees from driving to work by curbing park permissions and a five-day rotation driving shift, while at the same time encouraging them to use the company's complimentary shuttle bus service. Today, 27,500 employees, or 77.4 percent of the company's domestic workforce (35,538 persons), commute by shuttle buses. While discouraging business trips by policy, the company has completed a company-wide video conference infrastructure at all its domestic and overseas worksites. Public transportation and carpools are encouraged by policy for inevitable domestic business trips. Adopted in 2012, the carpooling program has become more popular over the years, going from 2.8 percent of 1,554 business trips in the first year, to 4,925 trips, or 11.9 percent of all business trips, in 2019, a rise of 316.9 percent. This policy has proven highly effective in reducing our environmental load.

Business Trips by Means of Transportation

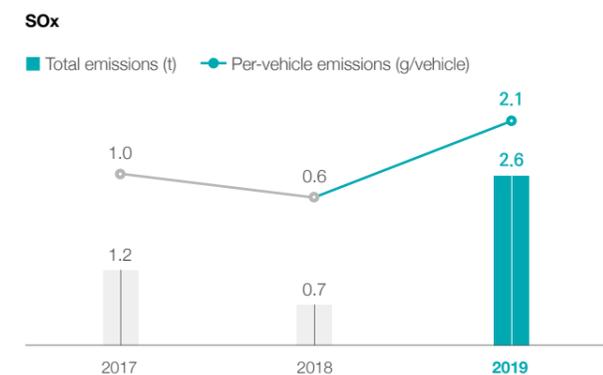
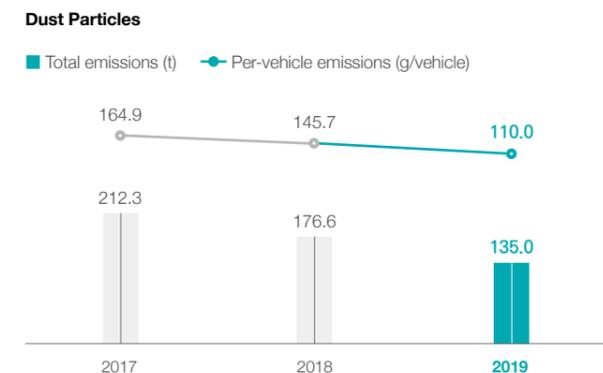
	2017	2018	2019	YoY Change (%)
Driving	15,691	13,825	14,509	+4.9%
Carpooling	5,093	4,944	4,925	-0.3%
Buses	15,793	9,842	9,907	+0.7%
Railways				
KTX	9,834	10,544	10,648	+1.0%
Normal Lines	871	1,226	1,170	-4.6%
Air	252	261	300	+1.5%
Total	47,534	40,642	41,459	+2.0%

Environmental Pollutants

Kia Motors has in place a monitoring system on its emissions to strictly keep its air and water pollutant emissions well below the legal minimum level (30% lower than the legally allowed amount). In addition, the company phased in eco-friendly facilities to reduce its use of hazardous chemicals, while also thoroughly equipping preventive facilities to control its inevitable use of hazardous substances so as to minimize its environmental load.

Air Pollutants | Paint particles and volatile organic compounds (VOCs) are the main air pollutants generated from the painting and coating processes of automobile manufacturing. Specifically, VOCs are one of the main culprits with global warming and ozone depletion. They are not only toxic, but also have a disagreeable odor and catalyze a secondary chemical reaction in the air, resulting in a significant impact on air quality. Kia Motors operates preventive systems that collect and remove such air pollutants from its production lines, which is why it has adopted clean fuel LNG-powered boilers at all the company's domestic plants. In particular, the Sohari and Hwaseong plants monitor their air pollutant emissions around the clock via tele-monitoring systems (TMS) mounted on boilers, while also tracking its control of VOC emissions. As a result, the company's air pollutant emissions fell by 8.1 percent in total in 2019—and 9.3 percent in per-unit emissions—compared to 2018. Furthermore, per-unit emissions of dust particles—the main air pollutant—plunged 24.5 percent from the previous year. In terms of VOCs, total emissions were down by 2.1 percent and per-unit emissions were 3.4 percent lower than a year ago.

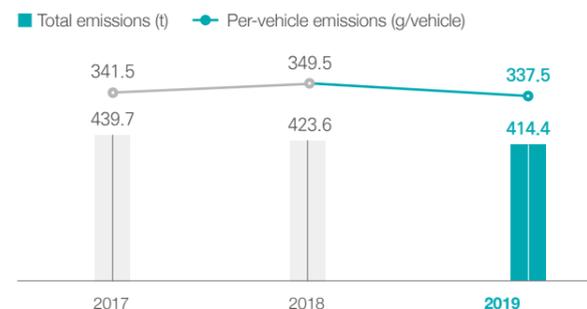
Air Pollutant Emissions



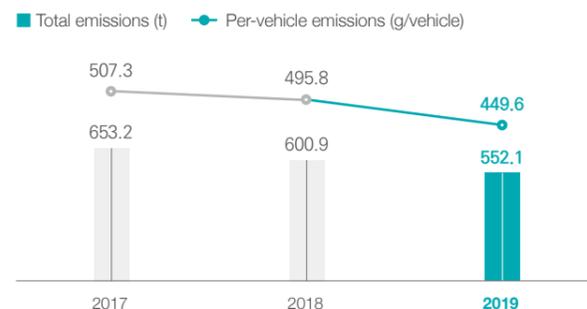
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- Total air pollutant emissions: Errors in the 2017 and 2018 figures were corrected from the previous report.

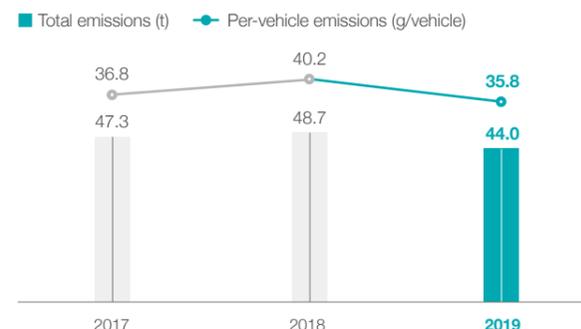
NOx



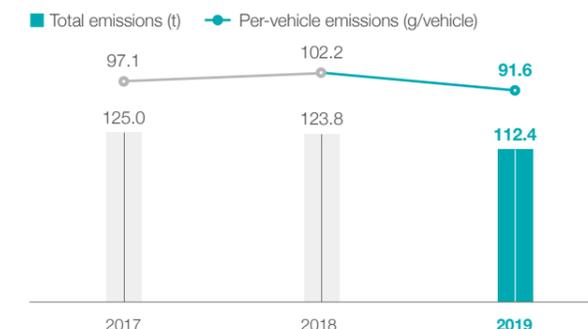
Total



Others



Totals

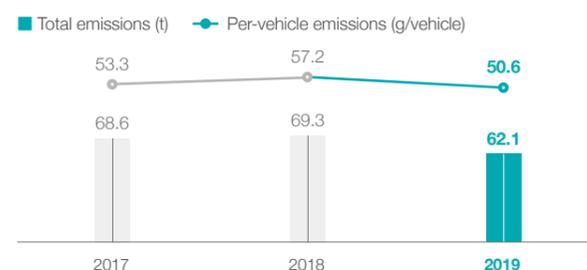


Water Pollutants | Along with air, water is an essential resource that is critical to all life on the planet. To purify and reuse water resources as much as possible, Kia Motors tightly manages the quality of its water discharge from all its worksites and replaces outworn facilities to reduce its water pollutant emissions. In fact, our corporate standards in this regard are stricter than the legal minimum levels. The company consistently manages water treatment facilities and applies various measures to improve the water quality of effluents. It also regularly monitors the concentration of effluents to prevent unexpected spills.

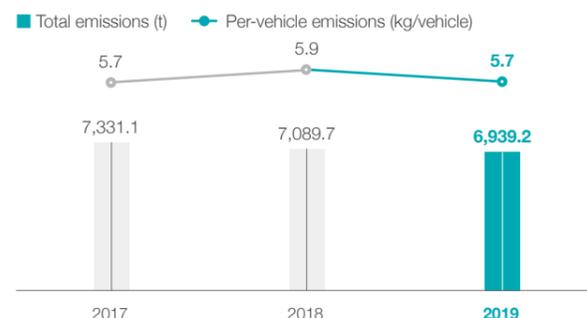
As a result of these efforts, our total discharge amount of chemical oxygen demand (COD) and suspended solids (SS) declined in 2019 by 8.9 percent, with per-unit discharge falling by 10.1 percent from the previous year. Other key water pollutant emissions also decreased by 9.7 percent in total, and 10.9 percent in per-unit release.

Water Pollutant Emissions

COD



VOCs



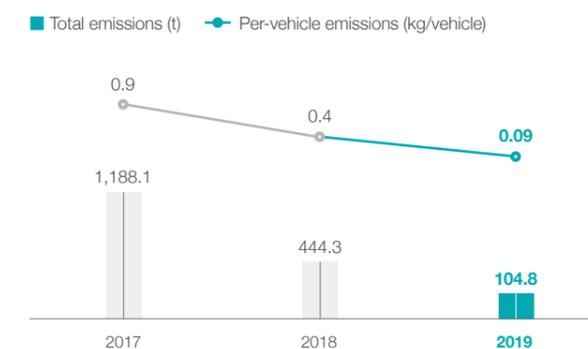
Hazardous Chemicals | Since hazardous chemicals have properties that have the potential to do harm to humans and the environment, they require exhaustive controlling in use and handling. Regulations on chemicals have grown stricter around the world since the EU's Registration, Evaluation and Authorization of Chemicals (REACH) took effect in 2007. Accordingly, the Korean government also enacted its own Chemicals Control Act and an Act on Chemical Substance Evaluation and Registration in 2015.

Kia Motors has continuously been building on its database of every chemical substance used in the production of its vehicles since 2005 through its Group-wide e-CMS (chemical management system). Each plant has an established system to monitor their use of hazardous chemicals on a regular basis. In addition to systematic approaches, including handling and facility guidelines and toxic release inventory reports, the company continues to make necessary investments, such as substituting hazardous chemicals with safer substances to improve facilities and replacing facilities with more eco-friendly equipment. As a result of these efforts, Kia Motors had no cases of accidents or violations of any related laws in 2019.

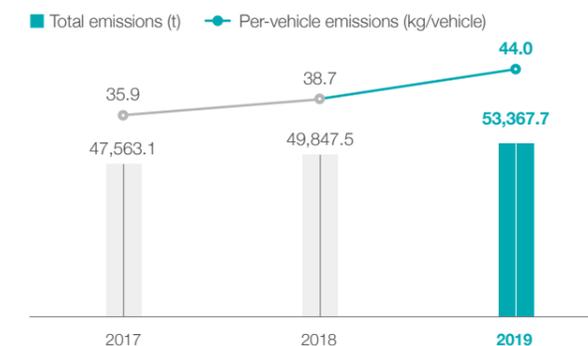
Our push to reduce toxic chemical use has made significant progress since 2015, when Hwaseong plant replaced the ion-exchange type painting process with an eco-friendly reverse osmosis method. The Sohari and Gwangju plants followed suit in 2017 and in 2019, respectively, and the company has now completed innovating all facilities that handle hazardous chemicals. The annual use of dangerous chemicals plunged by 76.4 percent in total volume, with per-unit production use down by 76.7 percent from the previous year. As Kia Motors continues to eliminate the use of hazardous chemicals from its business operations, the company is adopting a zero-tolerance policy for the use of toxic chemicals at any of its domestic worksites by 2020.

Hazardous Chemicals Emissions

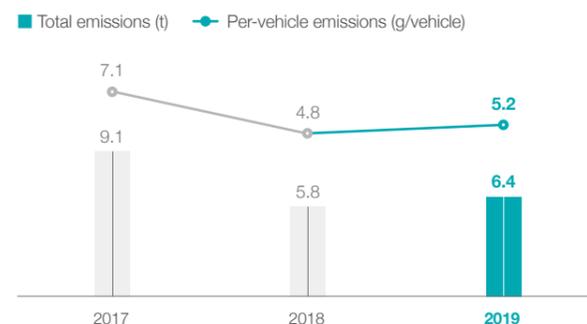
Hazardous Chemicals



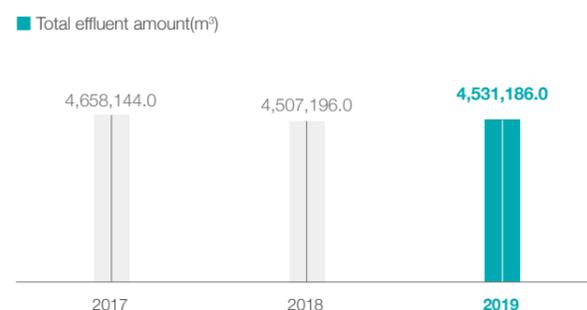
Substances Subject to the Company's Emissions Report



SS



Effluents to Water Bodies

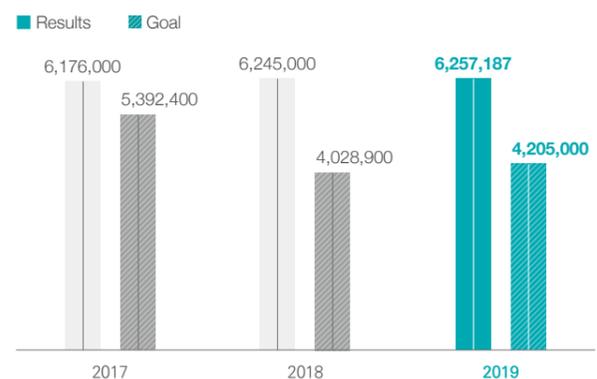


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 • COD (Chemical Oxygen Demand): The amount of oxygen required for microorganisms to degenerate organic matter in the water. Used as a measure of water pollutant, a lower value means a lower level of pollution
 • SS (Suspended Solids): Concentration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

①
 • Emissions of chemicals: The previous year's use and emission figures are not available as of the reporting date because the legal reporting period ends in April, while the defects correction period ends in June. Therefore, the reported data is from 2017.
 • Hazardous chemical use amount: Data has been partially corrected for 2018 figures from the previous report.

Environmental Expenditures | Kia Motors comes up with and practices environmental investment plans each year, such as replacing old facilities and adopting new technologies to address environmental issues at source. The company earmarked a total of KRW 6.3 billion for environmental facility investments in 2019, a KRW 2.1 billion increase from its initial plan for the year. At Kia Motors, environmental management expenses are classified into four categories, and allocate separate budgets based on their categorical costs from the classification criteria that we adopted in 2004. The company has continued increasing its environmental improvement investments and management expenses for the last three years. It has spent a total of KRW 75.1 billion for this expense as of 2019.

Environmental Investment Expenses (KRW 1,000)



Environmental Management Expenditures (KRW 1,000)

	Descriptions	2017	2018	2019
Direct reduction on environmental loads	Working conditions improvement & maintenance	10,716,747	12,279,150	14,916,020
Indirect reduction on environmental loads	Employee environmental education & assessments	850,597	1,017,243	1,070,925
Waste disposal & recycling	Waste treatment expenses	4,682,605	5,581,355	5,327,644
Environmental risk management costs	Environmental regulatory compliance & Accident prevention expenses	180	-	7,280
Total		16,250,128	18,877,748	21,321,869

①
• Figures are separately calculated for investments and management as of 2020. (Some data from 2018 was partially corrected)

Afforestation | Kia Motors converts bare or cultivated land into forests in proportion to the size expansion of its worksites to protect biodiversity around its premises, while developing eco-friendly and pleasant working conditions. As it has followed tightly controlled regulations regarding soil pollution factors since 2000, not a single case of soil contamination has occurred over the past two decades.

Afforestation Status

	Area (m ²)	Building area (m ²)	Green area (m ²)	Green ratio (%)
Sohari	498,908	226,539	74,850	27.5
Hawseong	3,199,636	1,162,072	663,848	32.6
Gwangju	1,014,941	597,446	80,007	19.2
Slovakia (KMS)	1,898,288	288,281	1,218,314	75.7
China 1 (DYK1)	405,258	90,415	36,752	11.7
China 2 (DYK2)	1,449,172	275,536	310,437	25.9
China 3 (DYK3)	1,470,000	223,602	337,581	27.1
U.S. Georgia (KMMG)	2,611,380	225,048	785,487	32.9
Mexico (KMM)	3,338,843	203,583	1,219,021	38.9

①
• Green ratio: green area/(site area-building area)

Logistics

In the auto industry, the logistics process can be divided into three parts. The upstream phase includes the procurement of auto parts from vendors; the midstream phase refers to production logistics, which involves the storage and moving of parts to conveyor belts; the downstream phase consists of the delivery of complete cars to end-users. Economies of scale is most applicable to the procurement stage because a single complete vehicle is made of 30,000 parts and components. In fact, a total of 800 partner companies supply parts and components to Kia Motors and Hyundai Motor Company, which together manufacture eight million vehicles every year.

The timely supply of conforming auto parts is critical to the auto industry because the entire production line can come to a halt because of a single missing piece. To avoid such a risk, Kia Motors has in place a win-win cooperation platform that precisely controls production planning, the required amount of auto parts, and delivery orders. The resultant higher on-time delivery rate of auto parts has led to a reduced shortage of parts and a minimal level of inventory, thereby reinforcing efficiency in production logistics. Consequently, this allows for more time in downstream logistics, saving on costs in sales logistics and environmental loads.

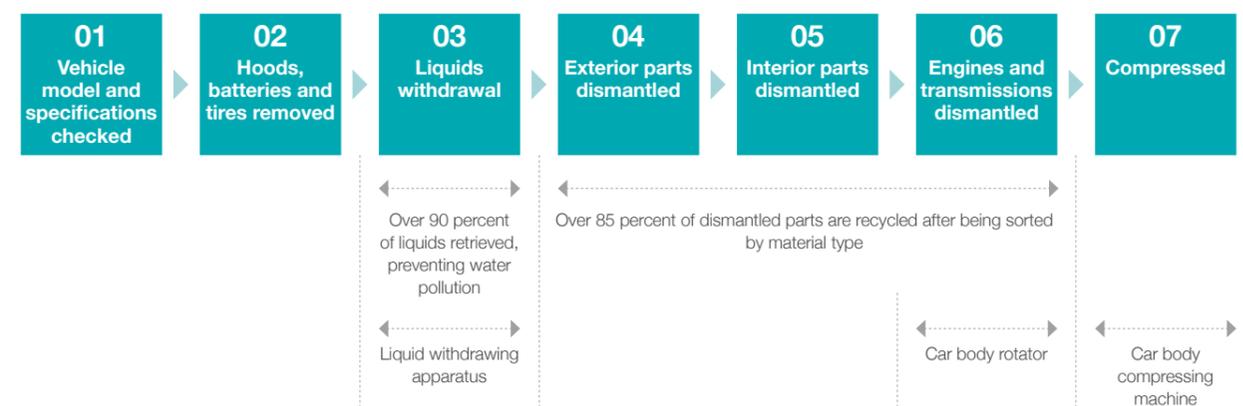
Kia Motors will continue cooperating with partners to build a system featuring flexible responses to market demand changes, up-to-date production plans, and a product quality tracking system by sharing information on auto parts with partners.

Disposal

Recycling end-of-life vehicle parts has become a standard practice around the world. Since 2015, the Korean government has mandated that at least 95 percent of scrapped car weight be recycled. Today, 85 percent of end-of-life vehicles are being recycled in Korea through dismantling and classification, and the remaining 10 percent of this scrapped car weight is being used in electricity production through thermal power generation. Kia Motors continues to invest in resource circulation technologies, sharing its eco-friendly dismantling know-how with the scrapping industry.

Automobile Resource Regeneration Center | The Automobile Resource Regeneration Center (ARRC) has been in operation since 2005 to develop technologies related to the eco-friendly dismantling and recycling of end-of-life vehicles (ELV) on its progressive 7-step dismantling system. The ELV dismantling process begins with ELV reporting, followed by pre-treatment of tires and batteries, withdrawal of liquids, removal of exterior parts, such as bumpers, and interior parts like seats, and then the engine and transmission. The last part is compressing the body of the car. The ARRC researches and develops technologies for higher efficiency in dismantling and reusing auto parts to apply to mass production lines.

End-of-Life Vehicle Dismantling Flow Chart



SOCIETY

Balanced Growth for a Sustainable Society



Kia Motors promotes diversity and inclusiveness in its corporate culture. It has been improving its employment policy for years to attract the most talented people and place them in the right positions, while contributing to society with quality job creation. It also guarantees equal opportunity for self-development to all its employees, regardless of their background. In addition, its performance-oriented promotion policy has continuously increased the ratio of female managers to the overall workforce.

At the same time, Kia Motors is constantly enhancing its customer satisfaction framework. In step with rapidly changing market needs, the company improves programs and maintains active communication with people to maximize customer convenience and satisfaction.

Going forward, Kia Motors will maintain a close collaborative network with partner companies for mutual growth.

Fact Book

No. of Female Employees/Managers



Employees

Recruitment

Since 2019, Kia Motors has been recruiting new employees according to job openings throughout the year. As the conventional way of mass employment took a unilateral approach in determining when and how many people to recruit as new employees, it failed to match the actual needs of new employees in each department when required. In the past, job seekers also had few chances to apply for semi-annual recruitment positions. Alternatively, the year-round recruitment process enables each department to recruit new employees whenever they need help, while allowing job seekers to focus on employment opportunities for careers that they are interested in. In short, Kia Motors is setting a new recruitment trend, while effectively addressing recruitment issues for the benefit of both the company and applicants.

Labor Relations

As of 2019, union members with the right to collective bargaining numbered 29,626 persons, or 83.5 percent of Kia Motors' domestic workforce. The company 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. Kia Motors always consults its labor union concerning major management issues at annual collective bargaining and regular Labor-Management Council meetings. Conforming to Collective Bargaining Article 17, which stipulates its duty to provide notification, the company pursues management transparency by principle. It regularly shares its business performance results with the labor union and makes written notices of any changes to management issues, such as the enactment, revision, or abolition of regulations that have an impact on union members, or the appointment/dismissal of executives/employees, as well as changes of assignments.

Kia Motors maintains cooperative and productive labor relations based on communication and mutual understanding. Labor and management agreed upon an 8+8-hour work shifts in order to reduce overnight duties as of January 3, 2017. In compliance with the new 52-hour-a-week plan that went into effect as of July 1, 2018, the two parties worked together for an improvement plan on long-hour work days. Kia Motors strives to balance the promotion of labor rights for work-life balance and a healthy life, while securing stable productivity.

On March 18, 2019, the company and the labor union reached a special agreement on bonuses, ordinary wages and a wage system improvement, paving the way for a reasonable enhancement to the wage system. The agreement voluntarily put to rest management uncertainties and legal disputes over wages between management and labor, paving the way for sustainable development.

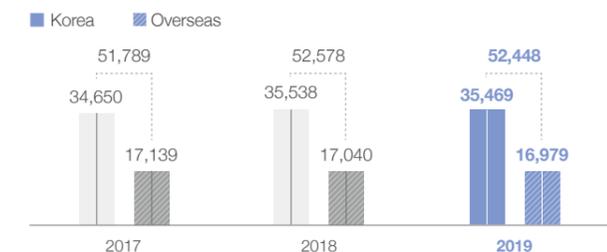
As for social issues concerning part-time employment, Kia Motors reached an agreement with the labor union to phase in a special recruitment of employees from partner companies working at its premises. On five separate occasions, the company has hired a total of 1,869 employees through the special recruitment agreement. Based on collective bargaining, the company and the labor union agreed to contribute KRW 2 billion in 2019 and KRW 3 billion in 2020 to fund the Kia Dream Scholarship program for children of traffic accidents, and to donate vehicles to social welfare centers nationwide.

Global Workforce by Region

	2017	2018	2019	Percentage (%)
Korea	34,650	35,538	35,469	67.6%
USA	3,283	2,996	3,075	5.9%
Mexico	2,354	2,423	2,339	4.5%
Europe	5,109	5,282	5,059	9.6%
China	6,141	5,834	4,824	9.2%
Emerging	252	505	1,682	3.2%
Total	51,789	52,578	52,448	100.0%

① Emerging: Asia-pacific countries except for Korea and China, the Middle East and African countries

Total Workforce



Employment & Retirement by Age/Gender

		2017	2018	2019
Employment	By Age			
	20-29 ages	390	353	237
	30-39 ages	299	328	69
	40-49 ages	303	402	36
	Over 50 ages	99	298	53
By Gender	Male	1,050	1,104	307
	Female	41	277	88
	Total	1,091	1,381	395
Retirement	By Age			
	20-29 ages	40	43	49
	30-39 ages	69	72	37
	40-49 ages	54	51	53
	Over 50 ages	279	413	505
By Gender	Male	420	552	617
	Female	22	27	27
	Total	442	579	644

Employment by Region

	2017	2018	2019
Headquarters	87	115	94
Sohari	66	306	67
Hwaseong	504	613	89
Recruitment Gwangju	329	303	19
Namyang R&D Center	11	11	12
Others	94	33	114
Total	1,091	1,381	395

① R&D staff represents the Group-wide total workforce.

Employee Welfare & Wage System

Kia Motors' welfare system does not discriminate between full-time or temporary (or part-time) employees. The company offers a generous welfare benefit program beyond legally mandated fringe benefits for the advanced quality of life and security of its employees so as to raise their morale. We believe this helps solidify our trust-based relationship between labor and management. In 2019, 123 employees were on childcare leave, with 30 employees on maternity leave (including miscarriage/stillbirth leave). There were also 14 pregnant employees who used the flexible work hour system for an average of 20.8 days per person.

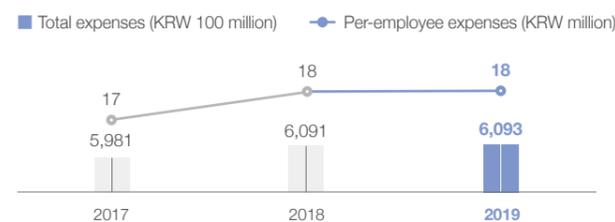
The defined benefit (DB) plan is calculated annually under the projected unit credit (PUC) method by independent certified public accountants. Kia Motors offers its employees with industry-leading compensation and welfare benefits. Its reward and punishment system is fair, and without discrimination of nationality or gender.

All employees are entitled to equal opportunity without discrimination for their nationality or gender under the corporate bylaws (Collective Agreement Article 25 and Employment Regulation Article 4). Basic pay is determined as per a standardized compensation scheme according to the duration of service and is done so without gender discrimination. As a result, the average number of service years increased from 20.5 years in 2017 to 21.7 years in 2019.

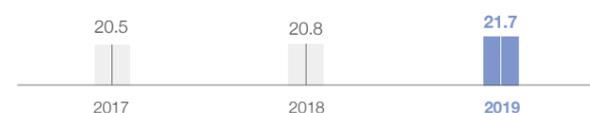
Fringe Benefits

Legal welfare benefit expenses	Four insurance coverages (healthcare, industrial accident compensation, pension, and unemployment)
Commute/Transportation expenses	Car purchases & maintenance, shuttle bus commutes, gas bills, and holiday expenses to return home
Health/Hygiene/Safety	Medical bills, group personal accident insurance, health checkups, and healthcare centers
Everyday benefits	Free meals/snacks, compassionate expenses, working clothes, apartment/dormitory, individual pension plans, and labor-management joint fund
Education Subsidies	Scholarships for children, preschooler subsidies, and workplace daycare center
Culture/Self-development	Vacation bonuses, voucher offerings, free overseas trips to reward employees for many years of service, athletic gatherings, and time allotted for free at resorts

Fringe Benefit Expenses



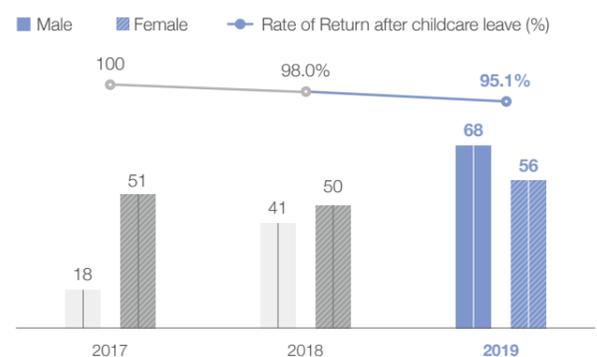
Average Service Years



Retirement Pension Fund (DB)

	2017	2018	2019
Amount (KRW million)	2,213,350	2,520,772	2,703,591

Childcare Leave



- ① Childcare leave: 2017-2018 data partially corrected from the previous report
- No. of employees on childcare leave: No. of employees who took childcare leave for at least one day during the reporting period
- Rate of return after childcare leave is based on the number of employees who returned from childcare leave during the reporting period.
- If the same employee with several children extended childcare leave for a different child, it is counted separately.

Human Rights Management System

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

Employees can vent their grievances and check the progress and results on how their grievances are being handled through the company's intranet. To protect female employees from sexual harassment, every Kia employee is obliged to receive education on related regulations, corporate policy, and corrective measures at least once a year.

Additionally, employees can search through the company's sexual harassment education content online, where there is also information about reporting and counseling. Within the HR Ombudsman Office is a separate counseling desk for sexual harassment so as to prevent and address similar issues in the workplace. In addition, the company has a Female Grievance Committee to deal with sensitive issues to female employees. In 2020, Kia Motors will enact a Human Rights Charter that will detail everything about the protection of employees' human rights and the assistance we will provide for underprivileged groups in society. Guided by globally competitive human rights protection guidelines, the company will run regular assessments of its human rights management practices to single out and correct human rights risks with all its business management activities.

Individual Self-Growth and Career Changes

Kia Motors offers its employees various opportunities for self-development and career development. In promotion of self-directed development and learning within the corporate culture, the company is adopting a new system in 2020 to build a lifelong self-directed learning ecosystem within the organization. Additionally, the company is supporting a field-oriented learning culture, one in which employees can set their own goals and action plans for self-directed learning within and outside the company, after which

their managers provide feedback to assist in their growth. Another program is knowledge-sharing for employees so that they can increase their expertise with colleagues for mutual growth.

Retirees-to-be are also provided with education in support of their change in careers and future prosperity after they leave the company. Education courses cover a period spanning five years prior to their scheduled retirement up until the retirement year, helping them with future planning along the way. They are also provided one-on-one counseling with experts to make retirement plans. These step-by-step and systematic walk-through programs help employees prepare for their retirement, and have earned positive responses from recipients. In 2019, a total of 1,277 employees, including 170 office workers and 927 plant workers, attended the program to prepare for life after retirement.

Since the passion for self-development and self-learning knows no boundaries, we have developed systematic programs for global human resource development. This includes our Global HRD Fundamentals, which ensures that all overseas operations are on the same page when it comes to the company's leadership model. After advancing into India's burgeoning automobile market, we developed an employee education system in India to stabilize the local sales and production system.

Employee Education & Training

	2017	2018	2019
Total education & training expenses (KRW)	10,830,000,000	10,227,794,438	10,794,597,103
Per-employee education & training expenses (KRW)	319,000	292,498	304,364
Per-employee education & training hours	49	33	33

- ① Domestic workforce: 35,466 persons (as of Dec. 31, 2019)
- 2019 total number of trainees: 113,055 persons, HRD annual results

Ethics & Compliance Education

	2017	2018	2019
Offline	520 persons in 18 sessions	510 persons in 18 sessions	744 persons in 26 sessions
Online	6,800 persons in 2 sessions	7,000 persons in 2 sessions	7,783 persons in 2 sessions
Total	7,320 persons in 20 sessions	7,510 persons in 20 sessions	8,527 persons in 28 sessions

Ethical Management

At Kia Motors, ethical management refers to management activities that correct wrongful practices and/or cost structure to meet ethical standards so as to ensure fairness for stakeholders and enhance the company's long-term competitiveness. Kia Motors' Corporate Governance & Communication Committee, which serves under the BOD to supervise actual ethical management practices, ensures positive momentum for ethical management. The company has also established detailed regulations and a Charter of Ethics as guidelines to be followed by its employees at every worksite. Moreover, a CP (Compliance Program) has been in place since 2002 to guarantee the correct implementation and

supervision of ethical management. Further to that, a compliance management system was introduced in 2012.

- ① Visit Kia Motors' PR website for more details concerning our ethical management, CP, and related regulations.

Compliance Management

Kia Motors is presently phasing in a system required for its corporate compliance system. It appointed a Compliance Officer under the BOD and set up an organization dedicated to legal compliance in 2012. The company has also enacted compliance standards and enforcement guidelines as the underlying principles for its compliance management activities. By identifying and sifting through its legal risk factors, the company has developed working plans for the support of its compliance practices.

To begin, legal compliance guidelines were set forth with key legal stipulations, as well as the company's stance in this regard, so as to avoid legal risks at worksites. To date, a total of 38 guidelines have been distributed domestically in nine legal categories, including the Commercial Act, Fair Transaction Act, Copyright Act, Copyright Act, as well as criminal law and labor law. The company has also distributed six guidelines to its overseas operations. In 2019, summarized guidelines were published to improve their usage at work.

In addition, the company encourages employees to carry out compliance self-inspections twice a year so that they can self-check and avoid any risk in every legal category. Following these self-checks, employees can identify and correct risk factors concerning their job duties against the stated benchmarks. In 2019, the self-check list was lengthened because the EU GDPR (General Data Protection Regulation) and intellectual property categories were added to the existing list of anti-corruption, privacy protection, and trade secret protection.

For more efficient compliance activities, we have computerized the compliance program, which also offers specialized legal counsel services. What is more, the company issues a bimonthly legal compliance newsletter that covers legal issues required for job duty performance, and a monthly legal report on the latest developments in rules and regulations. The company also publishes annual global legal newsletters for overseas operations.

Anti-Corruption Program

The CP (Compliance Program) is an internal compliance system that a company operates internally to comply with the laws and regulations on fair trade. Kia Motors strives to guarantee fair transaction practices take root with the full support of top management. The CP operating regulations are part of the company's work standards, and the status of CP practices is continuously checked through internal audits. The operational performance results are regularly reported to the BOD and shared throughout the company. Related executives receive extensive training to remain up-to-date on the latest trends and current status of the program. Education and training are given by the Fair Trade Compliance Committee, which is comprised of the company's Compliance Officer and department managers. The committee continues discussions with its operational plans for constant improvements.

Online education for team managers of CP-related departments helps enhance the effectiveness of Fair Trade education. Based

on review results of the CP operational status by all departments affiliated with the Fair Trade Compliance Committee, Kia Motors awards departments with excellent CP performance results to motivate voluntary compliance and reinforce internal control. In order to ensure fair and equal opportunities through its supply chain, Kia Motors has opened all its transactions to competitive tendering by principle since 2013.

As of 2018, Kia Motors adopted an internal control system that stipulates sanctions and corrective measures concerning corruption by employees according to the degree of the alleged offence, while also involving the Online Auditor's Office. Going forward, the company will apply tight monitoring and preventive measures to establish fair competition and promote transparency in business activities.

Health, Safety & Environment (HSE) System

Kia Motors' plants have adopted international standards for their Occupational health and safety management systems (ISO 45001). Today, they are integrating their OHSMS system into their environmental management system (ISO 14001), which will further enhance the effectiveness and efficiency of all management systems. The integrated management system will ensure a healthier and safer working environment for our employees and stakeholders. Our approach and value towards safety management plays a key role in our business management to develop safety practices within the organization.

We have established processes for every activity that involves checking and correcting all risk factors. Each plant also has established systems for the inspection of their respective risk factors in the field. In addition, Kia Motors has an established cycle where safety management performance results are qualitatively assessed and the feedback is reflected in improving workplace practices. We also have an established company-wide protocol of dealing with management risk factors, such as pandemics and epidemics, in the event of disasters and accidents.

Prevention of and Countermeasures to Occupational Accidents

A healthy and safe workplace is stipulated as an essential condition in Article 79 of the Collective Agreement of Kia Motors. As such, the company makes every effort to prevent accidents at work and to ensure pleasant working conditions for its employees. To prevent severe occupational injuries, Kia has developed six core safety rules that serve the particular needs of auto manufacturing operations, and encourages every employee to practice. All visitors to our premises start their tours by watching video clips about safety rules, teaching them about safety measures and risk prevention rules. Based on the revised Occupational Safety and Health Act, Kia has increased employee engagement in discovering and improving risk factors on production lines and expanded education related to safety officers in order to prevent occupational accidents.

In addition to the legally mandated training, the company has carried out specialized courses for a total of 340 trainees to help them internalize safety leadership through such courses as safety job-competency (79 trainees for beginners', 42 trainees for advanced courses, and 128 trainees for competency-building courses), safety courses for newly appointed group managers and foremen, and safety courses for leaders (194 trainees).

In 2020, the company's accident prevention campaigns will focus on more effective measures to enhance safety at worksites. For instance, all forklift operators will have to hold certified licenses, and safety facilities and infrastructure will be improved.

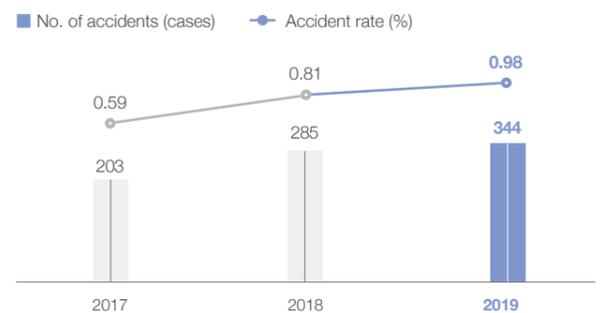
In 2019, a total of 344 occupational accidents occurred at Kia's domestic premises—this encompassed the headquarters, the three plants in Sohari, Hwaseong and Gwangju, as well as sales offices and service centers—a 20 percent (59 cases) increase from the 285 cases in 2018. Even though the rise can partially be explained by the changes to the way of recognizing occupational accidents from the past and the resultant rise in recognition rate, Kia Motors will continue to reduce occupational accident rates.

Employee Health Management

At Kia Motors' worksite industrial medical clinics, medical specialists offer physiotherapy treatment and oriental medicine counseling services. The clinics are open to anyone working at a Kia Motors premise, including the employees of partner companies.

All factory and plant workers receive regular health check-ups (ordinary, special, random, and pre-deployment for overseas worksites) under the Occupational Safety and Health Act, and can consult with doctors when needed. The results of their health check-ups are computerized and saved to a follow-up management system. In the event of occupational accidents, the company covers the full medical costs and supports rehabilitation training and follow-ups with employees after they are back to work from an injury leave.

Occupational Accident Rate



① Including 44 cases of occupational injuries from ordinary commuting under the new scope of recognizing occupational accidents as defined in the revised act as of January 1, 2018.

Occupational Accidents by Premise

Premise	No. of accidents (cases)	Accident rate (%)
Sohari	71	1.17
Hwaseong	124	0.95
Gwangju	124	1.63
Plants and others (headquarters, sales, and service centers)	25	0.31
Total	344	0.98

① Occupational accident rate formula: total number of occupational accident workers/total workforce X 100

In addition to legally mandated examinations for general physical examinations, Kia Motors subsidizes screening for adult diseases. Employees working at Kia Motors for 10 years or more, or those aged 40 and above, along with their family members, are entitled to subsidized comprehensive health check-ups. Beneficiaries can choose different areas of medical concern from the optional check-ups the company offers. Up to 50 percent of the cost of

additional physician-advised tests, such as MRIs, are covered by the company. As part of the mental health counseling program, Kia Motors has been offering something it calls Maeum Sanchaek ("Heartfelt Stroll") to its employees since 2012. In collaboration with labor, management, and academia, the program helps employees enjoy mental stability and happiness, thereby enhancing their satisfaction with life and work.

Customers

A New Approach to Customer Satisfaction

In the ever-evolving ecosystem of the auto industry, higher customer satisfaction and loyal consumers have become imperative for the sustainable growth of any company in this field. As such, Kia Motors launched a globally integrated CS platform in 2019 which it calls Integrated Action Management (IAM). At first, this pertained to 10 countries, but as of 2020 it covered 13 countries. Departing from prior on-demand, one-by-one CS activities, IAM has an established process for a combined approach to identify and address key improvement tasks that can best serve customer needs with a higher CS impact. The process is also backed by a real-time monitoring framework that enables practical feedback.



Customer Privacy Protection

Kia Motors has a Customer Personal Information Protection Commission as part of its effort to establish a privacy protection-oriented management system. A company-wide cooperative system has also been completed to protect personal information from being leaked at source, and is backed by security measures and contingency plans.

MySales: Digital/Mobile Solutions

Kia's MySales is a mobile solution that has digitalized the entire procedure of purchasing a car, which then maximizes the customer experience. Currently available through tablet PCs at dealers in 24 countries throughout North America and Europe, the digital solution transparently opens purchase information to customers, enabling people to purchase a vehicle quickly and easily.

Marketing Communication and Product Labeling

Markets	Requirements
EU	Product information: ID label (whole vehicle-type approval (WVTA) certification number, weight and other certification information) Fuel source, electricity charge: Fuel-type label, electrocharged method label (only for PHEVs), hydrogen fuel cell label for FCEVs Product safety: airbag warning label, spare tire sticker (when provided), speed label, ISOFIX anchor label, high voltage label
North America (USA and Canada)	Product information: Monroney sticker (an MSRP label with information such as fuel economy rating, NCAP rating, and standard equipment and warranty details) Fuel economy (environment): vehicle emission control information (VECI) label, refrigerant label, mercury content label Product safety: Certification labeling, tire placard, vehicle identification number (VIN) label, Anti-theft label, airbag warning label
Russia/ Eastern Europe	Product information: European Conformity ID label + Eurasian Conformity (EAC) mark Product safety: Warning/Information on the safe use of the product in local languages, such as Russian and Turkish)
China	Product information: ID label, VIN(W/screen), electromagnetic stickers Fuel economy (environment): Fuel economy label Product safety: CCC label, CRS warning airbag label, spare tire sticker (when provided), speed label
Korea	Product information: Self-certification label (manufacturing date, vehicle net weight, vehicle identification number, vehicle type, model, tires), tire and loading information Fuel economy: Fuel economy label, emissions control sticker Product safety: Airbag warning label, ISOFIX anchor label, high-voltage label, hydrogen fuel cell label for FCEVs

Partner Companies

Partner Competency-building Programs

The Foundation of Korea Automotive Parts Industry Promotion (KAP) was established outside of Kia for assisting partner companies with their global competency-building efforts. In partnership with KAP, Kia Motors offers a number of education and training programs to its primary and secondary partner companies. In 2019, a total of 9,000 trainees completed courses, such as Technical School, Quality School, and Production Manager Training. At the same time, Kia Motors supports the Smart Factory Project in order to reinforce the competitiveness of its secondary and tertiary vendors. The project has sponsored 450 partners since 2016, and the number of companies who have benefited from this grew to 700

on Kia's supply chain in 2019. It significantly enhances efficiency in business management practices on the supply chain via consulting and facility investments that help partner companies computerize process data, reduce lead time and defect ratio, cut disposal expenses, and enhance the on-time delivery ratio and sales. Kia Motors also supports its secondary and tertiary partners with export marketing activities. In support of their competency-building, Kia sponsors their participation in auto part industrial fairs in Korea and overseas. Kia Motors also has a program that matches its partner companies with international buyers. From 2019 to 2021, it aims at sponsoring 100 partners each year, totaling 300 beneficiaries over a three-year period.

No. of Partner Companies Sponsored by KAP

Areas	Primary Partners (companies)	Secondary Partners (companies)
On-Site Technical Assistance (Quality Technical Support Group)	11	95
Business Counseling (Partner Support Group)	21	31

Financial Support System

Kia Motors pays all its bills in cash, as well as its invoices, to SME partners for their financial stability. In 2016, Kia Motors eased restrictions for cash settlements from the previous "less than KRW 300 billion in sales" to "less than KRW 500 billion in sales" to support their further growth. The company also helps with raw material cost hikes for partners to help them supply quality auto parts with a lower financial burden. For instance, the company adjusts its raw material pricing policy for steel sheets, precious metals, aluminum, copper, plastic, and lead based on individual standards and other benchmarks for price adjustments, such as indexations, a range of fluctuations, as well as the private supply support of steel sheets. In support of stable business management throughout its supply chain, Kia Motors offers diverse financial aid programs, including a Future Growth Win-Win Fund, a Future Growth Partnership Fund, and a Secondary and Tertiary Partner Support Fund. In the run-up to national holidays like Lunar New Year and Korean Thanksgiving, Kia Motors expedites its payment schedule so as to help its partners meet the rising needs for these funds. Furthermore, Kia Motors encourages its primary partners to pay bills to secondary and tertiary partners ahead of schedule. Today, Kia's "primary partner scorecard" reflects companies' early bill settlements in the run-up to national holidays.

Payments for Goods & Services

Parts for Domestic Use	Payment Method	Period
SME partners	Cash	Weekly
SME partners (with annual sales under KRW 500 billion)	Cash	Weekly
SME partners (with annual sales over KRW 500 billion)	60-day promissory notes	Weekly
Large corporations	60-day promissory notes	Weekly

Parts for Export	Payment method	Period
	Cash	Monthly

Establishing Mutual Growth Practices

Kia Motors promotes interactive communication among partner companies through an enhanced cooperative network, providing several programs that support its primary and secondary/tertiary partners. In addition, the company has concluded mutual growth agreements with its vendors to promote mutual growth practices and fair and transparent transactions. As part of this effort, the company signs Win-Win Partnership Agreements with its partners every year. Since inking the first agreement in 2008, the company concluded its 11th agreement with partners in 2019 on adjustments to the rising cost of raw materials, financial aid programs, the Four-pronged Subcontracting Guidelines, and increased support to secondary/tertiary partners.

Guidelines on ethical practices in the supply chain is imperative to ensure fairness and transparency in the auto manufacturing process. That is why Kia Motors operates a Transparent Procurement Center, and also why the company listens to the

grievances of employees from partner companies to improve systems via the Business Ethics Voice of Partners channel. Secondary/Tertiary partners can also make their voices heard in an effort to establish fair and transparent transactions through Kia's supply chain.

In promotion of mutual partnerships throughout the supply chain, Kia Motors has been reviewing and rewarding primary/secondary partners for their mutual partnership performance results, such as bill settlement practices. As of 2019, a total of 34 partner companies have received rewards for excellent performance results.



• Transparent Procurement Center website: Code of conduct for Partners and the Four-pronged Subcontracting Guidelines, Anti-retaliation guidelines

Local Communities

Social Contribution Expenditures

(KRW)

	2017	2018	2019	Subtotal
Social welfare	10,837,917,910	10,028,623,600	9,756,946,920	30,623,488,430
Medicare, public health	16,600,000	0	0	16,600,000
Education, schools, academic research	6,679,914,000	5,726,521,589	9,424,282,425	21,830,718,014
Arts, culture, sports	1,822,242,500	1,327,685,000	1,412,397,100	4,562,324,600
Environment	71,364,898	64,628,747	222,844,321	358,837,966
Emergency/disaster relief	649,053,000	111,990,000	489,350,000	1,250,393,000
International initiatives	2,574,812,000	2,491,844,000	2,467,848,635	7,534,504,635
Others	40,809,760	11,671,000,000	30,000,000	11,741,809,760
Total	22,692,714,068	31,422,292,936	23,803,669,401	77,918,676,405



• Scope: Korean worksites
• Data collection: donations

Employee Volunteerism

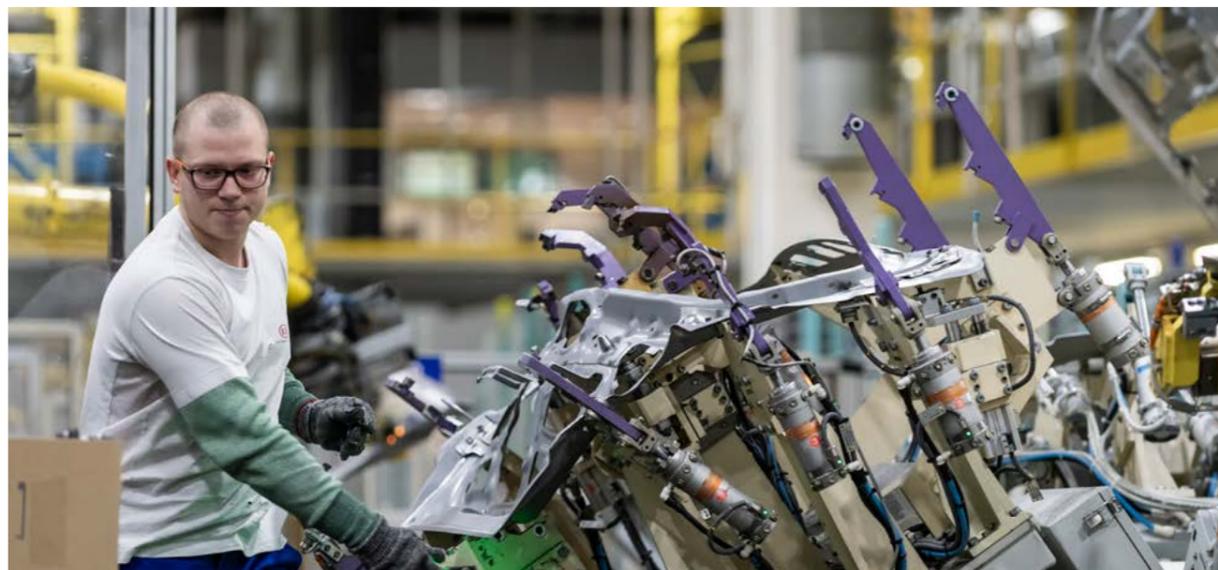
	2017	2018	2019
Annual participation (persons)	15,675	14,978	13,460
Total volunteer hours	58,070	40,485	41,589
Per-employee volunteer hours	1.68	1.14	1.17



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

A RESPONSIBLE CORPORATE CITIZEN FROM SLOVAKIA

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



Human Resources

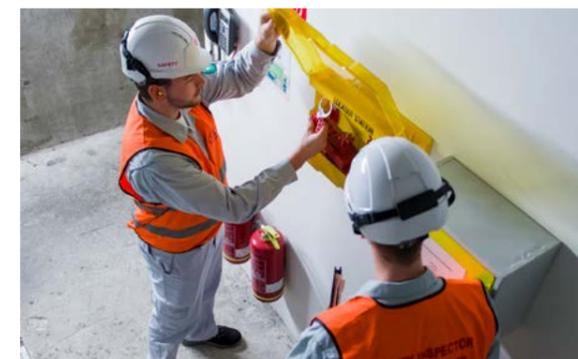
As of December 31, 2019, the plant employed 3,611 people with average age of 38 years. The human resources policy at Kia Motors Slovakia stands on the following basic pillars: employee care, transparent communication with employees on horizontal level, a highly competitive remuneration and performance evaluation system, especially for operators, a wide range of benefits used in free time as well as improvement of conditions for employees. Through joint seminars with employees aimed at involving employees in internal decision-making processes. Since 2005, a unique concept of counselling rooms so-called Harmony rooms located directly in production shops have been utilized. In these rooms, employees can actively participate in improving work environment and workplace relationships. Every year, the company organizes events for employees and their family members, the most important being the Kia Open Day, Parents Day, St. Nicolas Day, or Women's Day. In 2019, the company won the PricewaterhouseCoopers Slovakia award named "HR Leading Organization" for the sixth time; the award recognizes institutions with the best human resources management in the automotive industry in Slovakia.

Education

Kia Motors Slovakia considers the professional and personal growth of its employees to be a key element of the successful functioning on the market as well as the overall progress of the company. Internal trainings, trainings and workshops were held at the own Training Centre in Gbelany. In 2019, production and staff employees completed 771 training sessions, including trainings required by law. The aim of all development activities was to improve qualifications, increase the skills of employees, but also to strengthen working and management competencies. In total, 62,146 person-hours were taught during 2019 trainings and development programs. Innovation in 2019 was the organization of extraordinary employee days - 45 special workshops for operators, attended by 818 colleagues from all production shops. In 2019, employees of Kia Motors Slovakia had the opportunity to attend English, Russian and Slovak language courses. In total, 568 lessons were realized. In 2019, the company continued to work intensively with the managing employees directly in production. A total of 111 supervisors and 243 senior operators completed the competence development program.

Kia Motors Slovakia organizes also training sessions in cooperation with the parent company Kia Motors Corporation. The main goal is to acquire all the necessary skills and technical knowledge for the production of new models. In 2019, 147 employees were sent to South Korea for technical training from the plant. For employees with the best results, the plant organizes an annual "Kia Spirit Up!" incentive program in South Korea. This exceptional event was attended by 58 selected employees in 2019.

Safety at Work



In 2019, a number of activities were carried out, in the section of injury prevention. The focus was on the behaviour of employees through internal campaigns and on "Safety talks" with employees during which the importance of safety at work was individually explained. "Safety observation program", significantly contributed to the increase in safety that is aimed at improving work performance from a safety perspective. After 5 years, Kia Motors Slovakia managed to defend the Safe Enterprise certificate, which is awarded by the National Labour Inspectorate under the auspices of the Ministry of Labour, Social Affairs and Family. In the field of fire protection, the company focused on cooperation and timely reaction of employees and the internal fire department. Monthly so-called small fire drills designed specifically for specific workplaces were realized to thereby improve procedures in case of fire at the workplace. In the health area, we introduced the opportunity for employees - to visit internal physiotherapists also with health problems that are not related to the performance of their work. The aim is to speed up the healing process or treatment of a health problem.

The Medical Centre offers the company employees the following:

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

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

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

Environment

Environmental aspects – environmental protection

Kia Motors Slovakia's environmental policy is established on the principles of corporate social responsibility effective for the entire Hyundai Motor Group, divided into economic, social and environmental responsibilities. Based on this, the 2020 Environmental Strategy for Kia Motors Slovakia was created and adopted in 2017. It consists of three main areas to focus on in the near future.

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

The underlying environmental policy is the established and certified ISO 14001 Environmental Management System, which the company continually improves and which was certified in 2017 for a new revision of this standard. In 2018, the Environmental Management System was successfully recertified, which obliges the company not only to comply with legal requirements, but also to continuously improve environmental protection, regular environmental performance assessment, and environmental awareness of all employees. An important part of the system is also regular monitoring and evaluation of consumption of water, energy and materials as well as the amount of waste, wastewater and emissions produced in terms of conversion to produced vehicle, and adoption of environmental objectives to improve these indicators.

The company is a member of national and international

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

The goal of Kia Motors Slovakia is to continuously improve the environmental management of the plant because environmental protection is one of the keys to successful business. On a quarterly basis, the company publishes on its website environmental reports containing indicators of industrial wastewater pollution as well as the amount and the way it handles the waste.

This is evidenced by the increased efficiency of the office waste separation system, in which the company is expanding the number of separated commodities. In 2019, the separation of biodegradable waste was introduced. Currently, the offices separate plastic, paper, glass, metals, batteries and biodegradable waste. In the future, we are considering separations of some special parts.

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. Within KMS, a distinction is made between direct (Tier 1) and indirect (Tier 2 and Tier 3) car parts suppliers. For Tier 1 suppliers and also for Tier 2 and Tier 3 suppliers of the category of local and Korean localized suppliers (LP and KLP) three evaluation methodologies are used (Quality 5-Star, Delivery 5-Star, Technology 5-Star). Suppliers of technology, consumables/equipment and services are also evaluated and provided by with feedback so that the quality of goods, services and cooperation can be improved. 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



Customer satisfaction is the main goal for the Kia Motors Slovakia plant and all its employees. A high level of quality is ensured by qualified and experienced employees in the entire production process, from the preparation and planning of production, through the actual production of cars to the final inspection of finished vehicles ready for shipment to customers. All manufactured cars meet the demanding legislative requirements of the European Union (EU) and other countries to which they are exported. Kia Motors Slovakia offers its products in Europe with a unique seven-year warranty - the longest provided by any car manufacturer in Europe. In addition, our Sales Department communicates regularly with our distributor's network at regular conferences and meetings organized in cooperation with the European, Russian and Middle East Headquarters. Customer satisfaction has the highest priority in our company. Customer experience and Warranty claims are daily monitored and analysed by Sales Management in order to respond to any special situations. By daily communication and well developed system tools we can ensure that we provide sufficient technical and material support to our dealerships all over the world. Based on current needs of any distributor Kia Motors Slovakia organizes special investigations or support with our supplier in any areas. Because of very good location of the factory, we are able to visit most of our dealers if needed. By our daily communication, we can gather feedback on product quality and support overall cooperation in our company.

Making a Difference in the Community

In 2019, Kia Motors Slovakia continued with intention to be a responsible partner for organizations and inhabitants of the Zilina Self-Governing Region by supporting various philanthropic activities focused on education, sport, mobility and health care. Via Kia Motors Slovakia Foundation ("Foundation"), the company supported 156 projects in the total amount exceeding

1.3 million EUR. The company also donated a financial amount of 239,100 EUR for direct realization of projects. The primary focus of support in 2019 was technical and language education for kindergartens, elementary and secondary schools, buildings reconstruction and revitalization of sport arenas, support of sport clubs and Eco mobility, volunteering, and increase of health care quality.

Important parts of Kia Motors Slovakia's corporate philanthropy are also employees who regularly participate in volunteering activities or blood donations. In total, 118 employees worked for 707 volunteer hours and supported 28 non-profit organizations and civic associations in 2019.

During the spring holidays, the Foundation organized a children's ski camp for 92 participants. The summer months were marked by 4 rounds of Children's English University, which became very popular among children. Up to 300 children in 2019, the total number of Children's English University graduates exceeded 1,500 in 8 years attended the project. The Foundation continued to support technical education through the construction of technical corners in 9 kindergartens and the wooden kits purchase for 44 kindergartens and 6 centres for children and families. A total amount of 42 elementary schools in the Zilina region received the educational software "SmartBooks", Technical Kits or Lego Mindstorms.

The Foundation, in cooperation with the City of Zilina, successfully launched the Bike sharing project - a system of 120 bikes and 20 stations, 1 hour free of charge for people in Zilina City. After the evaluation of the first season (April 1, 2019 to November 30, 2019) system recorded 290,538 bike rents and 22,902 registered users. In addition to Bike sharing, the company invested in the construction of the second Pump track in Martin.

In 2019, the company continued in a long-term partnership with the University Hospital in Zilina, which resulted in the facility conditions improvement. For the needs of patients in the surgical pavilion, the Foundation purchased a new mobile X-ray machine that reduces the radiation dose of patients and hospital staff and, thanks to the flat detector technology, enables better and more accurate images.



Cooperation with Schools

Kia Motors Slovakia has been actively cooperating with secondary vocational schools in the Zilina region since 2007. Since then it has enabled more than 700 students to obtain practical studies in the company's production facilities. In the 2019/2020 school year, 20 students finished vocational practical training in Kia Motors Slovakia plant.

In the 2019/2020 school year, the carmaker continues in the dual education system. In total, 90 students from the Secondary Vocational Engineering School in Kysucke Nove Mesto, Secondary Jointed School in Martin, Secondary Vocational Electro technical School in Zilina will graduate in the following specializations: Mechanic - specialist of car production, Programmer of machining and welding tools and devices, Mechanic - mechatronic and Mechanic electro technician. The students have not only been receiving practical studies with the most attractive employer in the Zilina region, they are also going to be guaranteed a working position after their graduation. In the upcoming school year, Kia Motors Slovakia is going to extend cooperation with other schools in the dual education system, namely Business School in Zilina and Secondary Vocational Transportation schools in Zilina.

Three secondary school students and three university students have entered the scholarship program at Kia Motors Slovakia in the 2019/2020 school year. Conditions for obtaining scholarship were excellent study results and practical vocational training during their studies.

In order to improve the quality of training of students as well as newly recruited employees, the company continues to develop and reinforce the work position of a trainer. As of December 31, 2019, 23 dedicated trainers, whom were completely excluded from the production process, were operating in the plant. Thanks to their deployment, the adaptive process of new employees has been improved and their readiness to work in production increased.

Due Fulfilment of Obligations

Kia Motors Slovakia follows and fulfils all legal obligations, such as filing reports and payment of taxes, insurance and all other obligations under VAT, customs duties and employee-related duties. The company observes the obligations under the statutory audit act, whereby the legally stipulated functions of the audit committee rest with the company's supervisory board. Kia Motors Slovakia has identified the end-user benefits and, under the law, is registered in the public sector partner register. Kia settled all due claims and due liabilities towards all state authorities by December 31, 2019.

Third Party's Assurance Statement

To the Readers of

KIA MOTORS SUSTAINABILITY MAGAZINE 2020:

Foreword

Korea Management Registrar Inc. (hereinafter "KMR") has been requested by of KIA MOTORS to verify the contents of its KIA MOTORS SUSTAINABILITY MAGAZINE 2020 (Hereby referred to as "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 type2, moderate level of assurance using AA1000AS (2008) and SRV1000 from KMR Global Sustainability Committee as assurance standards. KMR's assurance team(hereinafter "the team") evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI Standards indices as below, where professional judgment of the team was exercised as materiality criteria.

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

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

- Economic Performance : 201-1, 201-2, 201-3, 201-4
- Market Presence : 202-1, 202-2
- Indirect Economic Impacts : 203-1, 203-2
- Procurement Practices : 204-1
- Anti-Corruption : 205-1, 205-2, 205-3
- Anti-Competitive Behavior : 206-1
- Materials : 301-1, 301-2, 301-3
- Energy : 302-1, 302-2, 302-3, 302-4, 302-5
- Water : 303-1, 303-2, 303-3, 303-4, 303-5
- Biodiversity : 304-1, 304-2, 304-3, 304-4
- Emissions : 305-1, 305-2, 305-3, 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, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10
- Training and Education : 404-1, 404-2, 404-3
- Diversity and Equal Opportunity : 405-1, 405-2
- Non-Discrimination : 406-1
- Freedom of Association and Collective Bargaining : 407-1
- Child Labor : 408-1
- Forced or Compulsory Labor : 409-1
- Security Practices : 410-1
- Rights of Indigenous Peoples : 411-1
- Human Rights Assessment : 412-1, 412-2, 412-3
- Local Communities : 413-1, 413-2
- Supplier Social Assessment : 414-1, 414-2
- Public Policy : 415-1
- Customer Health and Safety : 416-1, 416-2
- Marketing and Labeling : 417-1, 417-2, 417-3
- 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 are 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

We hope the Report is actively used as a communication tool with stakeholders and we recommend the following for continuous improvements.

- In the context of sustainability, Kia Motors provided an extensive report including the detailed information of its products, members of the Board of Directors, and human-rights based management. It has also been committed to strategic CSR activities, satisfying the reasonable expectation of stakeholders. In the future, the company is advised to use general terms in financial statements and provide a balanced report covering both positive and negative issues so that stakeholders can have a better understanding and make an informed judgment.

Our independence

With the exception of providing third party assurance services, KMR is not involved in any other KIA MOTORS's business operations that are aimed at making profit in order to avoid any conflicts of interest and to maintain independence.

June, 18th, 2020



E. J. Hwang
CEO Eun ju Hwang



GRI Content Index

● Fully reported ● Partially reported ○ Not reported

Performance Indicator	Description	Status	Page	Reasons for Omission
Universal Standards				
GRI 101: FOUNDATION	101-1 Reporting principles	●	92	
	101-2 Using the GRI Standards for Sustainability reporting	●	92	
	101-3 Making claims related to the use of the GRI Standards	●	92	
	101-4 Reasons for omission	●	88-91	
	101-5 Using selected Standards with a GRI-referenced claim	●	88-91	
	101-6 Notifying GRI of the use of the Standards	○	-	To directly report to the GRI after publication
GRI 102: General Disclosures	Organizational profile			
	102-1 Name of the organization	●	6, 7	
	102-2 Activities, brands, products, and services	●	6, 7	
	102-3 Location of headquarters	●	6, 7	
	102-4 Location of operations	●	6, 7	
	102-5 Ownership and legal form	●	48-51	
	102-6 Markets served	●	6, 7	
	102-7 Scale of the organization	●	6, 7	
	102-8 Information on employees and other workers	●	36-37, 46, 74-78	
	102-9 Supply chain	●	38-39, 80-81	
	102-10 Significant changes to the organization and its supply chain	●	6, 7	
	102-11 Precautionary Principle or approach	●	55-58	
	102-12 External initiatives	●	40-43, 47	
	102-13 Membership of associations	●	47	
	Strategy			
	102-14 Statement from senior decision-maker	●	4-5	
	102-15 Key impacts, risks, and opportunities	●	3, 52-54, 60, 74	
	Ethics and integrity			
	102-16 Values, principles, standards, and norms of behavior	●	48-51, 77	
	102-17 Mechanisms for advice and concerns about ethics	●	48-51, 77	
	Governance			
	102-18 Governance structure	●	48-51	
	102-19 Delegating authority	●	48-51	
	102-20 Executive-level responsibility for economic, environmental, and social topics	●	48-51	
	102-21 Consulting stakeholders on economic, environmental, and social topics	●	48-51	
	102-22 Composition of the highest governance body and its committees	●	48-51	
	102-23 Chair of the highest governance body	●	48-51	
	102-24 Nominating and selecting the highest governance body	●	48-51	
	102-25 Conflicts of interest	●	48-51	
	102-26 Role of highest governance body in setting purpose, values, and strategy	●	48-51	
	102-27 Collective knowledge of highest governance body	●	48-51	
	102-28 Evaluating the highest governance body's performance	●	48-51	
	102-29 Identifying and managing economic, environmental, and social impacts	●	48-51	
	102-30 Effectiveness of risk management processes	●	48-51	
	102-31 Review of economic, environmental, and social topics	●	48-51	
	102-32 Highest governance body's role in sustainability reporting	●	48-51	
	102-33 Communicating critical concerns	●	48-51	
	102-34 Nature and total number of critical concerns	●	48-51	
	102-35 Remuneration policies	●	48-51	
	102-36 Process for determining remuneration	●	48-51	
	102-37 Stakeholders' involvement in remuneration	●	55	
	102-38 Annual total compensation ratio	●	50	
	102-39 Percentage increase in annual total compensation ratio	●	50	

● Fully reported ● Partially reported ○ Not reported

Performance Indicator	Description	Status	Page	Reasons for Omission
Stakeholder engagement				
102-40	List of stakeholder groups	●	52-53	
102-41	Collective bargaining agreements	●	75	
102-42	Identifying and selecting stakeholders	●	52-53	
102-43	Approach to stakeholder engagement	●	52-53	
102-44	Key topics and concerns raised	●	52-53	
Reporting practice				
102-45	Entities included in the consolidated financial statements	●	92	
102-46	Defining report content and topic Boundaries	●	92	
102-47	List of material topics	●	53	
102-48	Restatements of information	●	92, Footnotes	
102-49	Changes in reporting	●	92, Footnotes	
102-50	Reporting period	●	92	
102-51	Date of most recent report	●	92	
102-52	Reporting cycle	●	92	
102-53	Contact point for questions regarding the report	●	93, Back Cover	
102-54	Claims of reporting in accordance with the GRI Standards	●	88-91, 92	
102-55	GRI content index	●	88-91	
102-56	External assurance	●	86-87	
GRI 103: Management Approach	General requirements for reporting the management approach			
	103-1 Explanation of the material topic and its Boundary	●	Page	
	103-2 The management approach and its components	●	Page	
	103-3 Evaluation of the management approach	●	Page	
GRI 200: Economic				
GRI 201: Economic Performance	Management Approach			
	201-1 Direct economic value generated and distributed	●	55, 59	
	201-2 Financial implications and other risks and opportunities due to climate change	●	22-30, 60-73	
	201-3 Defined benefit plan obligations and other retirement plans	●	76	
	201-4 Financial assistance received from government	○	-	Not applicable
GRI 202: Market Presence	Management Approach			
	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	●	74-75	
GRI 203: Indirect Economic Impacts	Management Approach			
	203-1 Infrastructure investments and services supported	●	40-43, 47, 55-58	
	203-2 Significant indirect economic impacts	●	38-39, 40-43	
GRI 204: Procurement Practices	Management Approach			
	204-1 Proportion of spending on local suppliers	●	38-39	
GRI 205: Anti-corruption	Management Approach			
	205-1 Operations assessed for risks related to corruption	●	77	
	205-2 Communication and training about anti-corruption policies and procedures	●	77	
	205-3 Confirmed incidents of corruption and actions taken	○	-	Not applicable
GRI 206: Anti-competitive Behavior	Management Approach			
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	○	-	Not applicable
GRI 300: Environmental				
GRI 301: Materials	Management Approach			
	301-1 Materials used by weight or volume	●	60-73	
	301-2 Recycled input materials used	●	60-73	
	301-3 Reclaimed products and their packaging materials	●	60-73	

GRI Content Index

● Fully reported ● Partially reported ○ Not reported

Performance Indicator	Description	Status	Page	Reasons for Omission
GRI 302: Energy				
Management Approach				
302-1	Energy consumption within the organization	●	60-73	
302-2	Energy consumption outside of the organization	●	60-73	
302-3	Energy intensity	●	60-73	
302-4	Reduction of energy consumption	●	60-73	
302-5	Reductions in energy requirements of products and services	●	22-30, 60-73	
GRI 303: Water and Effluents				
Management Approach				
303-1	Interactions with water as a shared resource	●	61, 66	
303-2	Management of water discharge-related impacts	●	61, 66	
303-3	Water withdrawal	●	66	
303-4	Water discharge	●	64	
303-5	Water consumption	●	66	
GRI 304: Biodiversity				
Management Approach				
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	●	42, 72	
304-3	Habitats protected or restored	●	72	
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				
305-1	Direct (Scope 1) GHG emissions	●	67-68	
305-2	Energy indirect (Scope 2) GHG emissions	●	67-68	
305-3	Other indirect (Scope 3) GHG emissions	●	67-68	
305-4	GHG emissions intensity	●	67-68	
305-5	Reduction of GHG emissions	●	67-68	
305-6	Emissions of ozone-depleting substances (ODS)	●	62	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	●	69-70	
GRI 306: Effluents and Waste				
Management Approach				
306-1	Water discharge by quality and destination	●	70-73	
306-2	Waste by type and disposal method	●	70-73	
306-3	Significant spills	○	-	Not applicable
306-4	Transport of hazardous waste	○	-	Not applicable
GRI 307: Environmental Compliance				
Management Approach				
307-1	Non-compliance with environmental laws and regulations	○	-	Not applicable
GRI 308: Supplier Environmental Assessment				
Management Approach				
308-1	New suppliers that were screened using environmental criteria	●	63	Applied to the entire supply chain
308-2	Negative environmental impacts in the supply chain and actions taken	●	63	Sanctions taken in the event of negative environmental impact
GRI 400: Social				
GRI 401: Employment				
Management Approach				
401-1	New employee hires and employee turnover [This Standard includes a Standard Interpretation on how to calculate the rates of new employee hires and employee turnover.	●	46, 74-75	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	●	74-78	
401-3	Parental leave	●	76-77	
GRI 402: Labor/Management Relations				
Management Approach				
402-1	Minimum notice periods regarding operational changes	●	75	
GRI 403: Occupational Health and Safety				
Management Approach				
403-1	Occupational health and safety management system	●	78	
403-2	Hazard identification, risk assessment, and incident investigation	●	78	
403-3	Occupational health services	●	78, 82-83	
403-4	Worker participation, consultation, and communication on occupational health and safety	●	75, 78	
403-5	Worker training on occupational health and safety	●	78	
403-6	Promotion of worker health	●	78, 82-83	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	●	78	
403-8	Workers covered by an occupational health and safety management system	●	78	
403-9	Work-related injuries	●	78	
403-10	Work-related ill health	●	78, 82-83	

● Fully reported ● Partially reported ○ Not reported

Performance Indicator	Description	Status	Page	Reasons for Omission
GRI 404: Training and Education				
Management Approach				
404-1	Average hours of training per year per employee	●	77	
404-2	Programs for upgrading employee skills and transition assistance programs	●	78, 82-83	
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				
405-1	Diversity of governance bodies and employees	●	74-77	
405-2	Ratio of basic salary and remuneration of women to men	●	76	See our business report
GRI 406: Non-discrimination				
Management Approach				
406-1	Incidents of discrimination and corrective actions taken	●	76	
GRI 407: Freedom of Association and Collective Bargaining				
Management Approach				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	●	38-39, 80	
GRI 408: Child Labor				
Management Approach				
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				
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				
410-1	Security personnel trained in human rights policies or procedures	●	76-77	
GRI 411: Rights of Indigenous Peoples				
Management Approach				
411-1	Incidents of violations involving rights of indigenous peoples	○	-	Not applicable
GRI 412: Human Rights Assessment				
Management Approach				
412-1	Operations that have been subject to human rights reviews or impact assessments	●	76-77	
412-2	Employee training on human rights policies or procedures	●	76-77	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	●	76, 80	
GRI 413: Local Communities				
Management Approach				
413-1	Operations with local community engagement, impact assessments, and development programs	●	40-43, 47, 81, 84-85	
413-2	Operations with significant actual and potential negative impacts on local communities	○	-	Not applicable
GRI 414: Supplier Social Assessment				
Management Approach				
414-1	New suppliers that were screened using social criteria	●	38-39, 80-81	Applied to the entire supply chain
414-2	Negative social impacts in the supply chain and actions taken	●	38-39, 80-81	Sanctions taken in the event of negative impact
GRI 415: Public Policy				
Management Approach				
415-1	Political contributions	○	-	Not applicable
GRI 416: Customer Health and Safety				
Management Approach				
416-1	Assessment of the health and safety impacts of product and service categories	●	18-19	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	○	-	2020 plans to be developed
GRI 417: Marketing and Labeling				
Management Approach				
417-1	Requirements for product and service information and labeling	●	79	
417-2	Incidents of non-compliance concerning product and service information and labeling	○	-	Not applicable
417-3	Incidents of non-compliance concerning marketing communications	○	-	Not applicable
GRI 418: Customer Privacy				
Management Approach				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	●	79	
GRI 419: Socioeconomic Compliance				
Management Approach				
419-1	Non-compliance with laws and regulations in the social and economic area	○	-	Not applicable

About MOVE

**Kia Motors publishes sustainability reports on an annual basis titled *MOVE*.
The 2020 edition of *MOVE* represents its 18th volume.**

Under the theme of “MOVE UP,” the current report touches on the company’s efforts and progress in its sustainability management. While maintaining its original structure, which consists of an editorial section called Magazine, as well as a Factbook part, this report was created to make it easier to find material issues with a higher level of readability. Kia Motors’ *MOVE* will continue to deliver every sustainability issue of high interest to stakeholders in detail and with accuracy.

Reporting Standards

Kia Motors’ 2020 Sustainability Report, *MOVE*, was prepared according to GRI Sustainability Reporting Guideline Standards. The GRI Guideline Index, along with item-for-item coverage ratings and reporting pages, can be found in the GRI Index pages of the Factbook section.

• GRI: Global Reporting Initiative

Reporting & Assurance

All of the information disclosed herein is based on materials gathered and verified by the relevant departments at Kia Motors. The reliability of report content was verified by a third party, Korea Management Registrar. The assurance statement is on pages 82 and 83 of this report.

Reporting Scope & Period

The reporting period covers calendar years 2017 to 2019. Quantitative performance data covers trends over the past three years to provide a comparison for readers of both positive and negative progress. The base year is listed for systems that were adopted in that particular year. Data for the performance results beginning between 2018 and 2019 starts from the year in question. The qualitative performance data focuses on activities and initiatives for only 2019. The corresponding time period is listed for those activities and efforts that are underway without significant changes upon being adopted or implemented. The reporting period corresponds to Kia Motors’ fiscal year, which is from January 1 to December 31. There were no significant changes during the reporting period of Kia Motors’ 2020 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 external auditor. They also follow the investment assessment standards adopted by Kia Motors in 2004. Details of the environmental and CSR expenditures are provided in the Environment and Local Communities pages of the Factbook section.

Reporting Scope & Boundaries

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

Contact Us

Visit our websites for more details concerning Kia Motors’ sustainability management practices.

Management and Product Information: Kia Motors’ official corporate website and official PR website

Business Reports: Kia Motors’ PR website, Repository of Corporate Filing to Korea’s Financial Supervisory Service

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