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## Kia Corporate Governance Charter

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## 1. Preface

Kia, a global enterprise providing mobility solutions, focuses its capability on meeting the varied mobility needs of its customers beyond automobiles. As a global enterprise, Kia contributes to creating a sustainable society through the continuous growth and the fulfillment of its social responsibilities. In the belief that the establishment of sound governance will serve as a solid foundation to build trust from all stakeholders and to faithfully perform management activities in a manner that a global enterprise to be looked up to should, the Corporate Governance Charter was established.

Kia will continuously reinforce the diversity, expertise, and independence of the board of directors for the purpose of maximizing the value of shareholders and customers in accordance with the Charter. The Company makes every effort to promote the rights and benefits of stakeholders (shareholders, customers, employees, partners, etc.) in a balanced manner by requiring executives to perform in a transparent and responsible manner under the supervision of the board of directors. In addition, Kia will preemptively respond to new paradigm shifts. Kia will devote its time and effort to go beyond its economic growth and fulfill its corporate social responsibilities in dedication to environmental and social matters.

## 2. Shareholders

### A Rights of Shareholders

- ① A shareholder, as an owner of Kia(hereinafter referred to as 'the Company'), shall have the following intrinsic rights.
  - The right to share profits
  - The right to participate in the general meeting of shareholders with voting rights
  - The right to receive information in a timely manner on a regular basis
  - Other rights guaranteed by the Commercial Act, other relevant legislation, and the articles of incorporation
- ② The following matters that cause fundamental changes in the Company's existence and shareholders' rights shall be decided by the general shareholders' meeting on the principle of protecting the utmost rights of shareholders.
  - Modification of the articles of incorporation
  - Mergers, business transfers, and spin-offs
  - Dissolutions
  - Reductions in capital
  - Comprehensive exchanges and transfers of shares, etc.

- ③ A shareholder's rights shall be exercised in a convenient manner at the shareholder's discretion. For easy exercise of shareholder rights, the Company shall provide shareholders with information regarding the date, location, and agenda of the general meeting of shareholders in advance of the general meeting. As many shareholders as possible shall be able to participate in the general meeting on the determined date and location.
- ④ A shareholder can make suggestions to the general meeting agenda in accordance with the Commercial Act and other relevant legislation. A shareholder may also ask questions about the agenda at the general meeting and request explanation.

#### **B. Fair Treatment of Shareholders**

- ① A shareholder shall have one voting right per one share and the intrinsic rights of a shareholder shall not be violated. However, the restriction of the voting rights of specific shareholders shall be enforced as prescribed by law.
- ② The Company shall provide necessary information for a shareholder in a timely, sufficient, and easily understandable manner. Even information that is not required to be provided by law shall be equally provided to all shareholders.
- ③ The Company shall protect the shareholder from the unfair conduct of internal transactions such as transactions between dominant shareholders and transactions by individual dominant shareholders.

#### **C. Responsibility of Shareholders**

- ① A shareholder shall make every endeavor to actively exercise his/her voting rights for the Company's advancement, recognizing that his/her exercising voting rights can have an impact on the management of the company.
- ② A dominant shareholder, having influence on the management of the company, shall act in the best interests of the Company and all its shareholders. A dominant shareholder shall be held appropriately accountable for causing any loss to the Company and other shareholders by conducting activities that contradict the interests of the Company and its shareholders.

### **3. Board of Directors**

#### **A. Functions of the Board of Directors**

- ① The board of directors is responsible for the management of the company and must perform the company's important management decision-making and management supervision functions.

- ② The board of directors may delegate its authority to the CEO or a committee within the board of directors other than major matters prescribed by legislation, the articles of incorporation, or the bylaws of the board.

## **B. Composition and Operation of the Board of Directors**

- ① The Company shall appoint seven to eleven directors to the board of directors for the purpose of the board expressing diverse views and exercising efficient decision-making. With a view to the board performing its function in an independent and practical manner. Half of the total number of directors shall be comprised of independent directors as recommended by the Recommendation Committee on Candidates for Independent Directors.
- ② The board of directors shall appoint its chairman with a 3-year term at the first meeting following the regular general meeting of shareholders. The chairman shall preside over the meeting of the board and make every effort to have the roles of the board effectively performed in all aspects.
- ③ The board of directors shall meet on a regular basis. Temporary meetings shall be frequently held if required. The bylaws that specifically prescribes the authority, responsibility, and procedures of the board of directors shall be established and maintained for the purpose of smooth operation of the board.
- ④ The board of directors shall record the minutes in writing at every meeting and keep details of the meeting. The board of directors shall use remote communication devices to have as many board members as possible participate in board meetings.
- ⑤ The guidelines for improving the diversity of the board of directors are as follows:
  - Nationality: Discovering a group of candidates with a variety of nationalities to establish progressive global governance
  - Gender: Striving for improved gender balance
  - Others: Considering various points such as race, religion, ethnic group, etc.

## **C. Qualification and Independence of Directors**

- ① A director shall comply with the standards stipulated by relevant legislation, have exemplary ethics, professionalism, and honesty, and be able to support the rights and benefits of shareholders and stakeholders in a balanced manner.
- ② A director shall be able to devote sufficient time to performing his/her duties and have a strategic way of thinking, practical knowledge, mature judgment and a thorough sense of responsibility.
- ③ An independent director, such as a person with extensive expertise or practical experience in a relevant field such as finance, economy, management, law, accounting, etc. or as a domestic or foreign management specialist, or as an expert on an emerging technology, shall be able to make independent decisions with the goal of benefitting and not harming the Company.

- ④ In order to strengthen the independence of an independent director, the following guidelines have been established. When all standards are fulfilled, (s)he shall be considered independent.
- An independent director must not have worked for the past 5 years as a full-time executive, staff member or non-executive director of the Company or its affiliates.
  - The lineal family members of an independent director must not have worked for the past 3 years as an officer of the Company or its affiliates.
  - An independent director is not an officer of major partners or suppliers.
  - An independent director has not had an employment relationship with the external auditor of the Company for the past 3 years.
  - An independent director has no stake in other matters determined by the board of directors
- ⑤ According to the Commercial Act, an independent director cannot take 3 or more positions as a company's (including Kia) director, an executive officer, and an auditor in order to have sufficient time for devoted performance of duty.

#### **D. Appointment of Directors and Recommendation of Candidates**

- ① A director of the Company shall be appointed at the shareholders' general meeting based on the recommendation of the board of directors or the Recommendation Committee on Candidates for Independent Directors. The Company shall provide shareholders with sufficient information about candidates for directors and sufficient time to consider the candidates.
- ② In order to make a balanced appointment of able and responsible independent directors who are capable of making actual contributions to the corporate management, independent directors shall be appointed at the shareholders' general meeting based on the recommendation of the Recommendation Committee on Candidates for Independent Directors, half of which is composed of independent directors. However, an independent director who will be appointed as a representative in charge of protecting shareholders' rights and benefits of the Sustainable Management Committee shall be recommended by the Recommendation Committee on Candidates for Independent Directors after direct recommendation by shareholders and an objective and independent evaluation process of the evaluation group composed of outside experts.

#### **E. Roles of Independent Directors**

- ① An independent director shall participate in the major decision-making process of the Company through the activities in the board of directors. The independent director shall supervise the executives as a member of the board and support them by providing constructive advice.
- ② An independent director may request information necessary for performing his/her

duties. In addition, the independent director may obtain advice from an external expert by appropriate procedures if necessary and the Company shall be responsible for the required expenses.

- ③ For an independent director to timely and accurately understand the Company's management status, the Company shall regularly report or provide management information such as the business execution status and shall establish and operate consistent education or training program(s) for the independent director.

#### **F. Responsibilities of Directors**

- ① A director shall act in the interest of the Company and shareholders by performing his/her duty of care as a good manager and shall not leak official information or use it for private interests.
- ② When a director violates legislation or the articles of incorporation or neglects his/her duties, the director is liable for damages to the Company. In the case that a director acts with malice or gross negligence, the director shall also be liable for damages to third parties. However, if a director acted in the best interest of the Company during the course of making business judgments based on good faith and reasonable determination, such judgment of the director shall be respected.
- ③ In order to mitigate the burden related to the director's liability and recruit a competent director, the Company shall provide directors and officers liability insurance at its own expense.

#### **G. Subcommittees under the Board of Directors**

- ① The board of directors may establish and operate subcommittees in order to increase the expertise in conducting business activities and efficiency of its operation.
- ② The composition and operation of a committee shall follow bylaws of each subcommittee which are separately prescribed. The bylaws shall be made and abolished via resolution(s) through the board of directors.
- ③ The organization, operation, and authority of all subcommittees shall be expressly stipulated in writing. The resolution of the subcommittee on the matter entrusted from the board of directors shall have the same force as that of the board.

#### **H. Sustainable Management Committee**

- ① The Sustainable Management Subcommittee shall aim at reviewing the transparency of internal transactions and the protection of the rights and benefits of shareholders and vote on the matters below.
  - Transactions between specially related parties stipulated in the Commercial Act, the Monopoly Regulation and Fair-Trade Act, and the Financial Investment Services and Capital Markets Act
  - Matters on the protection of the rights and benefits of shareholders

- ② For the purpose of performing the sustainable management, the Company shall report the following matters to the Sustainable Management Subcommittee.
  - Inspection of the implementation of a CP (compliance program)
  - Major policies related to the ethical management and social contributions
  - Evaluation of the establishment/revision of the code of ethics including the general principles of ethics and how they are implemented
  - Quarterly execution results of major social contributions including the donation of more than KRW 1 billion in the previous quarter
  - Inspection of the current ESG status (including risk management) and its promotion plan
  - Safety and health planning and performance
  - Other matters considered important for the operation of the Company
- ③ The Sustainable Management Subcommittee shall appoint an independent director recommended by shareholders as a representative in charge of protecting shareholder rights and benefits for the purpose of strengthening communication with shareholders. The roles of the representative are as follows:
  - Participation in the major IR events and the communication between the board of directors and shareholders through meetings with shareholders
  - Delivering the opinions and suggestions heard on shareholder rights to the Sustainable Management Committee and the Board of Directors.
  - Continuous development and proposal of policies to improve the protection of shareholders' rights and benefits
- ④ The Sustainable Management Subcommittee shall be composed of every independent director, and internal directors shall be added if necessary. The Company shall provide maximum support of information and expense necessary for the Subcommittee's activities and operate continuous educational or training programs to enhance its expertise.
- ⑤ In principle, the Sustainable Management Subcommittee shall hold a quarterly meeting and provisional meetings may be held frequently if necessary. The minutes shall be written in every meeting. In addition, the details of its annual activities shall be available to every shareholder by disclosing them through a variety of channels such as the governance report etc.

## **I. Evaluation and Compensation**

- ① The management activities of the executives shall be fairly evaluated and the evaluation result shall be appropriately reflected in their remuneration.
- ② The remuneration of a director or business expenses shall be paid within the limit determined by the resolution of the general meeting of shareholders.
- ③ The remuneration of a director shall be reasonably proportional to his/her duties and determined at an appropriate level in light of the Company's financial status.

## 4. Audit Organization

### A. Audit Committee

- ① The Audit Committee shall be composed of three or more directors appointed through the resolution of the general meeting of shareholders. More than one expert on accounting or finance shall be included in the Committee. In addition, two-thirds or more of its members shall be independent directors to ensure an independent and transparent audit process.
- ② The Audit Committee shall perform the following functions.
  - Inspect the legitimacy of business activities of directors and executives
  - Review the soundness and validity of the Company's financial activities and the accuracy of the financial reports
  - Select and dismiss an external auditor
  - Other matters prescribed by legislation, the articles of incorporation, and the bylaws of the Audit Committee
- ③ The Audit Committee shall hold a meeting at least once a quarter and the executives, an officer in charge of financial affairs, an external auditor, etc. may participate in the meeting if necessary.
- ④ The Audit Committee shall record the minutes in writing at every meeting, be able to freely access information necessary for performing its audit and receive advice from outside experts if necessary. The Committee members shall be independent from the executives and a dominant shareholder and shall not receive any other compensation but the remuneration as a director.

### B. External Auditor

- ① An external auditor shall maintain a legally and effectively independent position from the Company, the executives and any dominant shareholder(s), etc.
- ② An external auditor shall participate in the general meeting of shareholders and explain the questions raised by shareholders regarding the audit report.
- ③ An external auditor shall be liable to pay for damages to the Company and other information users caused by his/her careless audit. The external auditor shall investigate any information against the audit results among the information regularly disclosed with audited financial statements. In addition, the external auditor shall make every endeavor to find out whether there are fraudulent or illegal acts of the Company while auditing.
- ④ External auditors shall consider the sustainability of the company as required by relevant laws, such as the Act on External Audit of Stock Companies, etc., and report important matters identified during external audit activities to the Audit Committee



## 5. Stakeholders

- ① The Company shall make continuous efforts to not violate the rights of each stakeholder including customers, employees, partners, the community, etc. and fulfill its social responsibilities including consumer protection, the preservation and maintenance of the environment, etc.
- ② The Company shall respect the rights of employees, strengthen their quality of life, promote the establishment of a fair market order by observing relevant statutes of fair trade, and try to build up the national economy in a balanced manner.
- ③ The Company shall observe the procedures for protection of creditors regarding matters such as mergers, reductions in capital, spin-offs, etc. which have a significant influence on the status of creditors.
- ④ When a stakeholder also serves as a shareholder, the company shall guarantee each right as a stakeholder and shareholder, provide the stakeholder with information necessary to protect the rights of stakeholders to the extent permitted by law, and the stakeholder(s) shall have easy access to relevant information.

## 6. Management Oversight

### A. Disclosure

- ① In addition to the matters the law requires to disclose, the Company shall disclose matters that have or may have an enormous impact on the decision-making of a shareholder and a stakeholder.
- ② The Company shall regularly prepare and disclose business reports, semi-annual and quarterly reports. Other than regular disclosures, significant matters shall be disclosed in a timely, detailed, and accurate manner.
- ③ The Company shall prepare the contents of the disclosure to be easily accessible to the stakeholder in a form that can be utilized in a convenient manner. The Company shall appoint a supervisor in charge of the disclosure and make every effort to have significant information delivered promptly to the supervisor.
- ④ The company shall specifically disclose the status of stock ownership of the actual controlling shareholder(s) and parties related to them.
- ⑤ The Company shall not prioritize nor discriminate against anyone in terms of the scope and timing of the disclosure of the Company's significant information, and every stakeholder shall have concurrent access to the disclosure.

### B. Reporting on Activities Materially Affecting the Company

- ① Such activities including acquisitions, mergers, spin-offs of the company, business transfers, and others which materially affect the business and/or management of the

business right shall be performed in a transparent and fair manner.

- ② The company's act of defending management rights shall not be performed in a way to sacrifice the interests of the Company and shareholders for the purpose of maintaining management rights of some shareholders or executives.
- ③ The company shall allow shareholders who oppose important structural changes, such as mergers and business transfers, to exercise their right to claim shares at a fair value reflecting the real value of their shares, as prescribed by statutes.